

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2086

2001 SENATE EDUCATION

SB 2086

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2086

Senate Education Committee

Conference Committee

Hearing Date 01-15-01

Tape Number	Side A	Side B	Meter #
1	x		25.4 - 53.8
1 (01-16-01)		x	40.0 - end
2 (01-16-01)	x		0 - 30.1
2 (02-05-01)	x		42.0 - end
2 (02-05-01)		x	0 - 3.2
1 (02-06-01)		x	33.3 - 56.0
1 (02-12-01)	x		4.0 - 31.9
1 (02-12-01)		x	14.8 - 17.2
Committee Clerk Signature <i>Andrea Johnson</i>			

Minutes:CHAIRMAN FREBORG opened the hearing on SB 2086 relating to general obligation bonds that may be issued by the governing body of a school district without a vote upon the question of the issuance of the bonds.

Testimony in support of SB 2086.

TOM TUDOR, Executive Director of the ND Municipal Bond Bank, testified in support of the bill. (see attached). He also is proposing amendments to the bill. (see attached). He further stated QZAB bonds are taxable bonds which entitles the holder to a tax credit which is determined on a daily basis. SEN. WANZEK asked if individuals can be holders of QZAB's. MR. TUDOR replied no. Under current federal language, only banks, insurance companies, or other corporations engaged in the business of lending money are eligible. There is not a broad market for the bonds in North Dakota because of the stipulations related to holding them.

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Senate Education Committee
Bill/Resolution Number SB2086
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TOM DECKER, Director of Finance and Organization for the Department Public Instruction, spoke in support of the bill. (see attached). SEN. O'CONNELL asked for examples of a "qualified purpose". MR. DECKER stated that many schools in ND are using the money for remodeling (new furnace in one case), technology and infrastructure improvements, upgrade the school in technology, or to purchase school buses. This money that school districts use for remodeling and any kind of capital improvement comes under the school construction approval process. SEN. WANZEK questioned the ND allocation of roughly one million dollars. He asked Mr. Decker to explain the tax rate. MR. DECKER stated that the tax rate is in lieu of interest for the buyers of the bonds. This does not affect the actual amount of the allocation. MR. DECKER also stated the one million dollars is the actual allocation of capital construction dollars available.

There was no opposition.

The hearing was closed on SB 2086.

01-16-01, Tape 1, Side B, 40.0 - end. Tape 2, Side A, 0 - 30.1

The committee reviewed the Tom Tudor amendment. SENATOR FREBORG explained it extends the time limit on 15 mills from 15 years to 20 years. SENATOR FREBORG asked the committee to look carefully at subsection E of the proposed amendment to see if there is a time limit on the of mills if the district does not bond. Discussion continued.

The committee was at ease while waiting for Tom Tudor and Tom Decker to appear for questions.

TOM DECKER, explained what 15 mills, which were originally for asbestos, are now levied by board discretion for asbestos, ADA, fire marshal, types of improvements, with some limitations on the numbers of mills for each.(NDCC 57-15-17.1) . SENATOR COOK asked Mr. Decker

1-16-04

what can be done with a qualified purpose enhancement levy that you can't do now. MR.

DECKER stated that QZABs are available to any school district, but more and more districts don't have capabilities to pay them back. This legislation allows the districts to use the mills to repay QZABs. This legislation also allows the districts flexibility to use the mills how they see fit. He feels there are limits and controls already in place to allow DPI to oversee.

TOM TUDOR answered questions from the committee involving the use of QZAB bonds.

SENATOR FREBORG has a concern that a school board could apply 15 mills for some purpose indefinitely by resolution of the board. The amendments' intent is to allow districts to levy the 15 mills for a project and once that project is paid for, the board would be able to levy again for another project. The longest term of a QZAB now is 13 years.

The committee adjourned.

02-05-02, Tape 2, Side A, 42.0 - end, Side B, 0 - 3.2

CHAIRMAN FREBORG explained what he feels is questionable in the Tudor amendment. Changed the levy maximum length of time from 15 to 20 years. Also, that includes the fire and remodeling which takes in any and all remodeling unless it's for a frivolous reason. He stated there is some pressure from administrators around the state to loosen this law. They want more mills in it and they want to be able to use it almost as a building fund. He is not opposed to loosening it up a little bit. He would be opposed to going another 5 mills and then by resolution of the board, if they aren't using it in any other area, allow them to extend it to the building fund. This could be continual if they don't remove it. SENATOR COOK stated the school board could use up to 15 mills without a vote of the taxpayer and the levy could be left on indefinitely. More discussion on the law (NDCC 57-15-17.1). Of the 15 mills now allowed, 10 are designated for education fund and 5 are for remodeling.

2-5-01

Testimony was distributed from DEAN KOPPELMAN, Superintendent Dickinson Public Schools.

The committee was directed to read through the testimony and the amendments and be prepared to act on this bill the following day.

The committee was adjourned.

02-06-01, Tape 1, Side B, 33.3 - 56.0

The committee is to look at the bill, not the amendment. For purposes of discussion, SENATOR FREBORG stated we would be extending the levy time to 20 years. Some administrators would like to see this loosened up. This would be freeing up at least 10 mills and maybe 15 mills to use as a "building fund", and the levy can be left on indefinitely. SENATOR COOK feels the end result of this bill would be to undermine the democratic process whereby the taxpayer would vote on an increase in mills. Discussion on the amendment and the bill. Questioned how remodeling is different from reconstruction. What is "qualified purpose enhancement" which is at the top of the amendment. The committee does not seem to want the amendment and preferred just the bill as written. More discussion on NDCCC sections mentioned in the bill. **SENATOR O'CONNELL moved a DO NOT PASS. Seconded by SENATOR FLAKOLL.**
Roll Call Vote: 7 YES. 0 NO. 0 Absent. Motion Carried.

Carrier: SENATOR O'CONNELL

Committee Adjourned.

02-12-01, Tape 1, Side A, 4.0 -

SENATOR FREBORG asked the committee to reconsider this bill. He stated it is a bill that was put in as a vehicle. He said that several administrators have contacted him about this bill. He stated that asbestos abatement is about cleaned up, and that is where, according to code, the 15

2/12/01

mills can be applied. Everything else is limited except alternative education. There are 5 mills for ADA requirement and for required remodeling (fire-related such as fire inspections and remodeling to correct violations). The administrators are trying to increase 5 mills for ADA and required remodeling to 10 mills. This is still within the 15 mill limit and Senator Freborg is not in favor of extending that to 20 mills. Increasing the 5 mills to 10 mills will give the administrators a little more latitude within the 15 mills. This would be by resolution of the Board.

SENATOR COOK moved to reconsider SB 2086. Seconded by SENATOR WANZEK.

Roll Call Vote: 7 YES. 0 NO. 0 Absent. Motion approved.

The committee looked at the amendment brought by Tom Tudor to clarify what they want to do in raising the mill levy to 10 mills and how it relates to NDCCC. More committee discussion.

SENATOR COOK moved to adopt the amendment that would increase the 5 mills to 10 mills for ADA and required remodeling. Seconded by SENATOR WANZEK.

Roll Call Vote: 7 YES. 0 NO. 0 Absent. Amendment Adopted.

02-12-01, Tape 1, Side B, 14.8 - 17.2

The committee reviewed the amendment and approved it.

SENATOR WANZEK moved a DO PASS as Amended. Seconded by SENATOR CHRISTENSON.

Roll Call Vote: 7 YES. 0 NO. 0 Absent. Motion Carried.

Carrier: SENATOR O'CONNELL

FISCAL NOTE
 Requested by Legislative Council
 12/14/2000

Bill/Resolution No.: SB 2086

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant your analysis.*

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Tom Tudor	Agency:	ND Municipal Bond Bank
Phone Number:	8-3981	Date Prepared:	12/19/2000

Date: 2-6-01

Roll Call Vote #: /

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2086

Senate Education Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken ONP

Motion Made By Sen. O'Connell Seconded By Sen. Flakoll

Senators	Yes	No	Senators	Yes	No
Senator Freborg - Chairman	✓		Senator Christenson	✓	
Senator Flakoll - Vice Chairman	✓		Senator Kelsh	✓	
Senator Cook	✓		Senator O'Connell	✓	
Senator Wanzek	✓				

Total (Yes) for 7 No 0

Absent # 0

Floor Assignment Sen. O'Connell

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 6, 2001 1:49 p.m.

Module No: SR-21-2501
Carrier: O'Connell
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2086: Education Committee (Sen. Freborg, Chairman) recommends DO NOT PASS
(7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2086 was placed on the
Eleventh order on the calendar.

Date: 2/12/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2086

Senate Education Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken reconsider SB 2086

Motion Made By Sen. Cook Seconded By Sen. Wanzek

Senators	Yes	No	Senators	Yes	No
Senator Freborg - Chairman	✓		Senator Christenson	✓	
Senator Flakoll - Vice Chairman	✓		Senator Kelsh	✓	
Senator Cook	✓		Senator O'Connell	✓	
Senator Wanzek	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 2/12/01
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2086

Senate Education Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken adopt amendments

Motion Made By Sen. Cook Seconded By Sen. Flakoll

Senators	Yes	No	Senators	Yes	No
Senator Freborg - Chairman	✓		Senator Christenson	✓	
Senator Flakoll - Vice Chairman	✓		Senator Kelsh	✓	
Senator Cook	✓		Senator O'Connell	✓	
Senator Wanzek	✓				

Total (Yes) 7 No 0

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent: to increase to 10 mills for required remodeling

