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EXHIBIT 6
DATE 3/25/11
HB ALICIA CLAYTON 630
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Sidney Public Schools

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March 24, 2011

To: Representative Mark Blasdel, Chairman
Taxation Committee Members

Fr: Sidney Public School Trustees, Sidney, Montana

Re: Support for HB 630 introduced by Representative Knudsen

WE, the trustees for the Sidney School District would like to state our initial support for HB 630. Sidney, Montana, and our surrounding neighbors are at the epicenter of much of the oil and gas impact. Unless you are living in the region, it is difficult to understand the impacts and the wisdom of the current tax structure and at the same time, recognize the needs of other schools and communities across the state. SB 630 as drafted accounts for the current economic realities while recognizing that the loss of local production revenue or major changes to the current tax structure would have a negative or reverse effect on local economies central to support of ongoing and future production and development (i.e., Alberta, Canada 2007-increases resulted in a 40 percent decline in exploration and investment by producers). The ongoing domino effect would serve to lessen revenue for the State from production regions. Senate Bill 630 accounts for tax implications and ongoing impact for counties and schools. So, what are the impacts?

- School program demands due to the high number of at-risk students—students needing additional academic intervention. The very nature of the industry causes families to relocate often resulting in academic gaps as families are “migratory” in the sense that they follow the development. As example, in addressing staffing needs for the 2011-12 school year, the district will have to hire one additional full-time special education teacher with an entry level cost around \$47,000 to deal with increased student participation in this program.
- Demand on community services: public schools, law enforcement, county health, community infrastructure—housing, roads, and public utilities.
- Salary inflation due to the high salaries paid workers employed in exploration, production, or the refining of oil and gas products, \$91,000 for oil and gas jobs in contrast to the state-wide average of \$31,000 (Source: *The 2010 Treasure State Journal, MPA, Scott Rickard, 2010, p.36-39*). The school district cannot inflate salary schedules due to the “boom and bust” nature of the industry.
- Staffing essential programs and functions in schools and business is an ongoing challenge due to the lure of high wages paid by the oil and gas industry. Sidney schools has a revolving door with employees which is not good for children.
- Housing demands and rental rates are obscene. Needed young teachers cannot pay \$1000 to \$1200/month for a one bedroom apartment.
- Cost-of-living rises sharply with respect to the day-to-day basics which adds additional burden on schools trying to pay school employees.

While the aforementioned represents a basis for keeping production taxes local, Sidney Public School also recognizes that once impacts are met locally with oil and gas production revenue, excess would be utilized on a 5:1 ratio to offset state educational expenses. Sidney Public Schools views HB 630 as a reasonable mechanism that accounts for increases as well as decreases in revenue based on production variables associated with oil and gas. **On a final note, the bill will require some clarification with respect to the school funding mechanisms contained in the bill (Section 2, Section 3, and Section 5) to make certain components are aligned with school funding specifics.**

Again, the Sidney School District understands the State's economic condition and supports HB 630. In closing, we thank you for your time and your work as a legislator.

Sidney Public School Trustees

Sidney Public Schools Serving Parents and Students