

Testimony Prepared for the  
**House Finance & Taxation Committee**  
January 24, 2023  
By: Linda Svihovec, NDACo



## **RE: Opposition to HB 1367: Referral of Prelim Budgets**

Mr. Chairman and Committee members, I am Linda Svihovec with the North Dakota Association of Counties.

HB1367 adopts a referral process for political subdivisions preliminary budgets. However, the July 10 preliminary adoption date as well as the publication date of two consecutive weeks no later than July 13 are in conflict. It would be impossible to approve the preliminary budget on July 10 and have time to publish it in the paper for two consecutive weeks in a three-day period. In addition, the time constraints for petitioning, providing the proper notice of an election (64 days prior to election), ballot preparation, ballot printing, and holding a special election would be too tight, while waiting until a regular November election (if held that year) would place the results after levies had been certified and taxes prepared. This could put us at odds with the requirement to have statements mailed out before December 26 (NDCC 57-20-07).

We have provided information to this committee in the past demonstrating the tight schedule for the tax department and local governments in completing a fair and transparent budget and property tax process each year. Taxpayers receive multiple notices about opportunities to discuss their property value and their city, township, county and school budgets (see graphic at the end of testimony).

### **Assessment and Budget Timeline**

- Cut off date for property values is **February 1**
- **Notice** of increase in value mailed to township and city property owners in **March**
- City and township equalization meetings held in **April**
- **Notice** of increase in value mailed to county property owners in **May**
- County equalization meeting held first 10 days in **June**
- State Board of Equalization meets on Centrally Assessed properties 2<sup>nd</sup> Tuesday in **July**
- Centrally assessed values certified to counties by tax department last two weeks in **July**
- State Board of Equalization meets on all other properties 2<sup>nd</sup> Tuesday in **August**
- Preliminary Budgets filed with county auditor by **August 10**
- Estimated Tax **Notice** mailed by **August 31**
- Public budget hearings held **September 7 to October 7**
- Budgets and levies finalized for all political subdivisions by **October 10**
- County Auditor prepares property tax calculations for all political subdivisions **October/November**
- Tax statements printed and mailed **end November/early December**

**Estimated Tax Notice provides:**

1. The date, time and location of the public budget hearing for each taxing district.
2. The true and full value of the property for current and previous year.
3. Current year estimate and previous year taxes for each political subdivision.
4. The dollar amount of change from previous year's tax for each political subdivision.
5. The word "INCREASE" in boldface, capital letters if proposed levy is larger than previous year.
6. The effective tax rate (tax divided by value) for each tax year.

The 2017 legislative assembly passed legislation to move up the preliminary budget date and provide taxpayers with an Estimated Tax Notice. This process took a lot of effort to initiate with changing budget deadlines, programming changes, increased workload in county auditor offices, and increased mail costs. The Estimated Notices provide taxpayers advance notice of how changes in their valuation will affect their property taxes. Taxpayers are better informed and are able to speak directly on how the budget of the city, school district, or county is affecting them. Gradual improvements have been made to the budget and tax process with the common goal being to increase transparency, education, and awareness with our citizens.

The below sections of current NDCC relate to levying in specific dollar amounts and prohibit increases in budgets or levies from the preliminary budget estimates. The North Dakota Association of Counties supports language requiring political subdivisions to budget and communicate to the public in dollars rather than mills and to communicate to the public the change in dollars levied from the previous year. It may make more sense for that language to be included in political subdivision budget law rather than tax law.

**Current ND Century Code related to political sub levies and budget:**

**11-23-04. Hearing on budget - Taxpayer may appear.** *The board of county commissioners shall meet at the time and place designated in the notice prescribed by section 57-15-02.2. Any taxpayer who may appear shall be heard in favor of or against any proposed expenditures or tax levies. When the hearing shall have been concluded, the board shall adopt such estimate as finally is determined upon. All taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates.*

**40-40-08. Hearing of protests and objections - Changes in preliminary budget - Preparation of final budget - Contents.** *The governing body shall meet at the time and place set pursuant to section 40-40-06 and shall hear any and all protests or objections to the items or amounts set forth in the preliminary budget statement. At the hearing, the governing body shall make any changes in the items or amounts shown on the preliminary budget statement as it may deem advisable except as limited in this chapter, and shall prepare the final budget, which must consist of the preliminary budget with the addition of columns showing:*

