

Testimony in Opposition to House Bill 1367
January 24, 2023
House Finance and Taxation Committee
Bill Wocken on behalf of the North Dakota League of Cities

Good morning, Mr. Chairman and members of the House Finance and Taxation Committee. For the record, my name is Bill Wocken, appearing on behalf of the North Dakota League of Cities in opposition to House Bill 1367.

This bill proposes to set a new schedule for preparation of the preliminary budget for political subdivisions utilizing the property tax and to make that budget subject to referral. This bill has been before you in previous sessions. Coincidentally, it was HB 1367 in the 67th Legislative Assembly.

At present, NDCC 40-40-04 requires a completed preliminary budget from each taxing entity to be submitted to the County Auditor by August 10th of each year. This deadline is set to allow the County Auditor to prepare a consolidated notice for all taxpayers by August 31st giving them each taxing jurisdiction's preliminary budget numbers and the date on which each jurisdiction will hold a public hearing on their final budget. This notice includes some comparative budget information. This requirement was added into law by the 65th Legislative Assembly.

Each jurisdiction must hold a public hearing on their final budget on the date advertised but no earlier than September 7th of each year. After the public hearing is concluded, each jurisdiction must calculate the amount of tax levy needed to fund the final budget and it must provide this information to the County Auditor no later than October 10th. Once this information is turned into the county, the County Auditor prepares the annual tax statements which are mailed to taxpayers before the end of the calendar year.

House Bill 1367 moves the completion of the preliminary budget forward one month. This directly conflicts with NDCC 40-40-04. This section of law is not addressed in this

bill. It also makes the preliminary budget subject to referral. This is problematic. NDCC 40-21-02 Subsection 5 requires at least 64 days between the publication of a notice of election and the actual date of the election. It is impossible to call an election on the budget, if it is referred, and get the information required by NDCC 40-40-04 to the County Auditor in time for the Auditor to comply with that statutory requirement.

A further concern we have is the number of electors who need to sign a referral petition to take the budget to an election. HB 1367 calls for referral signatures of 10% of the vote cast in the last regular gubernatorial election OR 10% of the electors voting in the most recent school election. If the school election was to fill board positions and the only candidates running were the incumbents, this could be a pretty small number of petitioners needed to trigger such an important election.

With the consolidated notices required by NDCC 40-40-04 we believe the public is very well aware of the budgets proposed by local taxing jurisdictions. The referral opportunity offered by this proposal would not offer any greater opportunity to have input into the budget and its timing is not possible with the consolidated notice in effect. The League of Cities supports the present notice and therefore we ask for a Do Not Pass recommendation on this bill. I will be happy to answer any questions you may have of me.