2023 HOUSE FINANCE AND TAXATION

HB 1461

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1461
1/31/2023

A bill relating to limitations on property tax levies by taxing districts without voter approval and relating to the determination of school district state aid payments.

Chairman Headland opened the hearing at 10:00AM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVille, and Representative Ista. Members absent: none.

Discussion Topics:
- Tax rate limits
- Taxing entities
- Levies restrictions

Representative Bellew introduced bill in support (#17900).

Brandt Dick, Board President with North Dakota Small Organized Schools, testified in opposition (#17823).

Aimee Copas, Executive Director for the North Dakota Council of Educational Leaders, testified in opposition (#18062).

David Lakefield, Finance Director with the City of Minot, testified in opposition (#17962).

Cole Higlin, Public Policy Chair of North Dakota Recreation and Park Association and Director of Mandan Parks and Recreation, testified in opposition (#17976).

Linda Svihovec, Research Analyst with North Dakota Association of Counties, testified in opposition (#18059).

Bill Wocken, North Dakota League of Cities, testified in opposition (#18144).

Larry Syverson, Executive Secretary with North Dakota Township Officers Association, testified in opposition (#18079).

Additional written testimony:
Maureen Storstad, Finance Director with the City of Grand Forks, testimony in opposition #18039.

Alexis Baxley, Executive Director with North Dakota School Boards Association, testimony in opposition #18018.

Chairman Headland closed the hearing at 10:34AM.

Representative Olson moved a Do Not Pass.

Representative Hatlestad seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	N
Representative Glenn Bosch	Y
Representative Jason Dockter	N
Representative Lisa Finley-DeVille	Y
Representative Jay Fisher	N
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	N
Representative Nathan Toman	N

Motion carried 9-5-0

Representative Hagert is the bill carrier.

Meeting adjourned at 10:46AM.

Mary Brucker, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1461: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO NOT PASS** (9 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). HB 1461 was placed on the Eleventh order on the calendar.

TESTIMONY

HB 1461

HB 1461 Testimony

Chairman Headland and members of the House Finance and Taxation Committee, for the record my name is Brandt Dick, North Dakota Small Organized Schools (NDSOS) Board President, and North Dakota Association of School Administrators Legislative Focus Group finance chair. I am here to speak in opposition to HB 1461.

Below is a chart that shows and explains the challenges of placing a cap when compared to actual valuation growth. I have titled the W affect for West Fargo, Watford City, and Williston as examples of three districts who have experienced great taxable valuation growth the last 10 years and may well continue to see growth moving forward. The chart shows what would happen with the proposed 5% growth index if that district had a 10% growth in valuation every year. By the end of the two years in which this bill proposes this is in effect, using $300 million as a base taxable valuation, this "fictitious" W school district would have their deduction pushed down to 54.7 mills, and would cost the state an additional $2.8 million compared to language that would deduct 60 mills converted to a dollar amount each year, or the school district would be shorted $2.8 million as the 5% would keep them from being able to levy 60 mills.

The W affect

Year	% Increase	Baseline Year TV	60 mill deduction + 5%	Mill Deduction Actual	If 60 mill
2022		$300,000,000	$18,000,000	60	
2023	10%	$330,000,000	$18,900,000	57.3	$19,800,000
2024	10%	$363,000,000	$19,845,000	54.7	$21,780,000
			$38,745,000		**$41,580,000**
				Difference	**$2,835,000**

The chart above shows the challenge of any "caps" on deductions and levying authority for rapidly growing districts as identified in Section 6 of the Fiscal Note as prepared by Adam Tescher. I will stand for any questions.

HB 1461
LIMITATION ON PROPERTY TAX LEVIES

Mr. Chairman, members of the Finance and Tax Committee, the bill before you is what I call real property tax reform. This legislative body for years has given property tax relief to no avail. It is now time to reform our property tax system. The property owners of North Dakota need property tax reform that prevents government entities from raising property taxes without voter approval. North Dakota property owners need serious property tax reform with a revenue cap.

Enough is enough. North Dakotans are fed up with property taxes being raised without any consequences to those who raise them. They are tired of endless spending while honest, hard-working people struggle just to keep up with paying their tax bills. This is especially true for retired homeowners, living on a fixed income who do not have the ability to earn extra income to pay for the increase in their property tax. To pay the extra tax, they must reduce their budgets.

We as lawmakers can no longer sit idly by while homeowners are reduced to tenants of their very own property with taxing authorities playing the role of landlord. No government should be able to tax people out of their home. No government should disregard the private property rights of its citizens. We must remember that property owners should not be renting their home from their local taxing entity.

Along the effort to compress school district tax rates (which is a Senate bill), we as policymakers should also reform to better control city, county, and park district excesses. One way to do so is to implement a voter-approved tax rate limit, which is the maximum threshold before local officials must get voter permission. The bill before you will allow local taxing entities to raise revenues by 5% per year. Anything beyond that would require a vote of the people, a 60% majority. Revenue increases from new construction do not apply toward the 5% revenue increase.

This bill will give property owners a say in their property taxes.

Property tax limitations have been adopted in numerous states and the District of Columbia. Some examples include:

1. Massachusetts
    a. Property tax rates are capped at 2.5%
    b. Annual increases in property taxes are capped at 2.5%
2. Colorado
    a. 5.5% property tax revenue limit that puts a cap on local millage rates.
3. Alabama
    a. Property tax rate changes require a vote of the citizens.
4. Michigan

    a. Limits annual property tax revenue growth to the rate of inflation and requires a “rollback” of property rates (mills) if the increased in assessed value leads to revenue exceeding inflation.
5. New Jersey
    a. Counties/cities cannot increase property tax budgets by more than 2.5% or the increase in the cost of living (up to 3.5% through referendum).
    b. Property tax levies cannot increase by more than 2% over the previous year without voter approval.

Other states that have a fixed property tax revenue cap include Arizona (2%), Idaho (3%), Kentucky (4%), and West Virginia (3%).

Some view property tax limitations as a sensible constraint on the growth of local government, or as a fail-safe to avoid pricing people out of their home.

A cap on revenue that would restrict the amount of money that a local government can raise would begin to stem uncontrolled property tax growth. Under the current system of property taxation, the tax burden is affected by property appraisals (which can increase exponentially yearly), the tax rate, and bond issues and debt. Limiting local property tax growth to 5% per year would provide one simple method by which taxpayers are protected from excessive increases in their property tax burden.

House Finance and Taxation
Chairman Craig Headland
January 31, 2023

By: David Lakefield
Finance Director, City of Minot
701-857-4784

HB 1461

Chairman Headland and Members of the House Finance and Taxation Committee, my name is David Lakefield and I am the Finance Director for the City of Minot. I would like to thank you for your time to address this bill this morning.

As a city staff member that is very involved in preparation and management of the annual budget for the City of Minot I would like to highlight a few concerns with the proposed legislation.

As we develop a budget for the city we incorporate priorities that are determined by our elected officials. These priorities include essential services as well as an expected level of service to be provided across the entire organization. The budget is then compiled to provide these services as close to the expected service level at the most cost effective method using the best data available at the time. This process requires us to make a number of assumptions and forecasts.

The City of Minot 2023 budget totaled $182,627,269 of which $27,186,821 or 14.9% was funded by property tax. The bulk of the funds raised through property tax are used to fund public safety, street maintenance and general administrative functions. In the 2023 budget, Minot appropriated $23,413,081 for public safety activities and another $5,596,528 for street maintenance. These departments represented a 9.3% increase YOY and these budgets were nearly $2 million more than what was levied for property tax. The dollar amount levied as property tax increased 4% although the mill rate decreased by 1.3%. This was the result of an increase in taxable value of 5.4%. 41% of this increase came from new construction and the bulk of that was from the Trinity Hospital project. When the new hospital becomes operational, it will cease to be taxable and under this bill would count against any future tax increase. This will make it extremely difficult to even keep pace with inflation in the 2024 budget.

Restrictions such as those imposed by this bill do not allow a local government to be responsive to the needs of their community, does not provide the ability to react to outside economic forces and severely limits the ability to recover from weather related events.

As you are all aware, the Souris River Basin in in the middle of a very large flood control project of which the City of Minot is the primary funding source for the local match. Minot has dedicated a portion of their sales tax revenues to fund this project and has also issued bonds in support of the project. Even though sales tax revenues are projected to be sufficient to service the debt, underwriters look to reduce risk by adding an additional general obligation guarantee. This is possible because the city currently has the ability to raise the revenue via its levy authority should sales tax collections be insufficient. Limits to that ability such as that proposed in this bill could negatively impact the cost and/or capacity to fund these projects via the sale of bonds.

For these reasons, I would request that the committee give HB 1461 a do not pass recommendation.

Thank you.

Testimony of Cole Higlin
North Dakota Recreation & Park Association
To House Finance and Taxation Committee
In Opposition to HB 1461
Tuesday, January 31, 2023

Chairman Headland and Members of the Committee, my name is Cole Higlin, and I am the public policy chair of the North Dakota Recreation & Park Association (NDRPA). We represent more than 900 members, primarily park districts, and work to advance parks, recreation and conservation for an enhanced quality of life in North Dakota. We are in opposition to HB 1461.

Section 2 of the bill would limit political subdivisions to a 5% tax increase per year, through a mill or valuation increase, unless there is a public vote. Part of park districts revenue is generated through property taxes. Passing this bill would limit our ability to levy additional dollars if necessary and impact our ability to respond to certain circumstances that effect our operations. For example, given the 7-9% inflation we are currently experiencing, a 5% increase wouldn't even keep us even with past years' budgets. A 5% across the board cap also fails to take into account the variations of needs and costs across the state. For example, the oil boom caused a very different economic climate in the western part of our state than in the eastern part.

NDRPA believes that the current limitations in law are sufficient to protect property owners from large increases. For park districts, they can levy, for general fund purposes, up to thirty-eight mills on the taxable valuation of property in the district.

NDRPA urges a do not pass recommendation on HB 1461. Thank you.

NDSBA
NORTH DAKOTA SCHOOL BOARDS ASSOCIATION
P.O. Box 7128
Bismarck ND 58507-7128
1-800-932-8791 • (701)255-4127
www.ndsba.org

HB 1461
House Finance & Taxation Committee
Testimony of Alexis Baxley | January 31, 2021

Chairman Headland and members of the Committee, my name is Alexis Baxley. I am the executive director of the North Dakota School Boards Association. NDSBA represents all 170 North Dakota public school districts and their boards. NDSBA stands in opposition to HB 1461.

HB 1461 would reduce a school district's ability to increase its mill levy without going to a vote. Currently, the number of dollars a district can raise each year – mills levied multiplied by assessed valuation – cannot increase by more than 12 percent each year. Additionally, the formula caps the number of general fund mills a district can levy. This provides protection to property owners. If districts are forced to go to a vote each time they hope to raise their mill levy by more than 5 percent – if they are not already at the max - and assessed valuations cannot increase, it will be absolutely devastating. The costs school districts incur are not stagnant – electricity, food, transportation costs, teacher salaries – the cost of these things increase every year.

To further cap a district's ability to levy the currently allowed 60 mills will disproportionately harm our fastest growing districts. We have tweaked the formula over the last few biennia to get these districts closer to on-time funding. Rather than ensuring these districts are able to serve the students in their district, we will have effectively reduced the per pupil payment they receive from the state below the level set by this body. This will create considerable inequities between districts. Furthering the issue, one district's patrons may be willing to increase their mill levies regularly, while another district's may not ever be willing to approve an increase.

We believe protections for property owners are already written into the formula and state law. Our school boards are responsible stewards of public funds and are constantly under pressure to keep their levies low. However, citizens have the opportunity to vote out anyone who they believe is not being prudent with taxpayer funds.

For this reason, NDSBA stands in opposition to HB 1461 and encourages this committee to give it a do not pass recommendation. I would be happy to answer any questions the committee may have.

255 N. 4th St.
PO Box 5200
Grand Forks, ND 58206-5200

CITY OF GRAND FORKS
NORTH DAKOTA

FINANCE AND
ADMINISTRATIVE SERVICES
(701) 746-2620

TESTIMONY ON HOUSE BILL 1461
House Finance and Taxation Committee
January 31, 2023

Maureen Storstad, Finance and Administrative Services Director
City of Grand Forks, ND

Mr. Chairman and members of the committee, my name is Maureen Storstad, and I am the Finance and Administrative Services Director for the City of Grand Forks. I want to thank you for the opportunity to provide testimony and express my concern and opposition to this legislation and what is, perhaps, its unintended consequences.

- Impact on bond rates – Implementing limitations on the annual levy does not consider the impacts to our local taxing entities ability to sell debt at the best rates possible for our citizens and may result in an unintended and incalculable cost to our citizens.
  - Bond rating agencies and investors consider certain criteria when rating or making a decision to buy our bonds. The result of their decision affects the rates at which our citizens pay back the bonds. As we all know, just the slightest increase in payback rates result in substantial increase in the total bill. Some of the factors considered by bond rating agencies and investors are:
    - Operating Margin – this is our ability to pay for services and the service levels set forth by our citizens and elected officials.
    - Financial Flexibility – how much authority do we have to manage our own finances and what type of infringements on this management authority have been put into place?
    - Ability to control costs – What is our ability to make sound long-term decisions, such as replacing capital items, or maintaining infrastructure – that responsibly control existing and anticipated costs?
    - Fund Balances – Are fund balances sufficient to meet emergencies? Do we have the financial ability to react to an emergency or have these safety nets for our citizens and community been worn away by spending them down?

I believe placing limitations on local entities will have a negative impact on all the above criteria. This issue needs far more consideration and research before we suffer the unintended consequences of even higher burdens on our residents.

255 N. 4th St.
PO Box 5200
Grand Forks, ND 58206-5200

CITY OF GRAND FORKS
NORTH DAKOTA

FINANCE AND
ADMINISTRATIVE SERVICES
(701) 746-2620

Although the bill does exempt levy limitations directly for debt service, it does not consider the operational impacts and its effects listed above. It does allow for an increase larger than 5 percent if approved by 60% of qualified electors through a general or special election. We estimate the cost of a special election to be $10,000 to $15,000. The timing of putting together a budget and running an election with the budget dependent on the results of the election would be administratively difficult and cumbersome.

I believe the City of Grand Forks has a good track record of being fiscally responsible in holding down property taxes at a time of increased costs.

It is for these reasons that I would respectfully ask for a DO NOT PASS on House Bill 1461.

Thank you for your consideration.

Testimony Prepared for the

House Finance & Taxation Committee

January 30, 2023

By: Linda Svihovec, NDACo

RE: Opposition to House Bill 1461
5% Levy Cap without voter approval

Good morning Chairman Headland and committee members. I am Linda Svihovec with the North Dakota Association of Counties. Thank you for this opportunity to provide testimony in opposition to House Bill 1461 on behalf of our 53 counties.

Property taxes are the most significant funding source for our nearly 2000 taxing districts in the State. Each of them faces unique challenges to continue to provide the services our citizens demand in an efficient and cost-effective manner. The annual inflation rate for the 12 months ended December 2022 was 6.5% after rising 7.1% previously, according to the U.S. Labor Department data published January 12, 2023. An arbitrary cap on property tax levies prevents local government from adequately responding when the costs of goods and labor increase at a level beyond the cap.

Applying a uniform levy limit across all taxing authorities, a one-size fits all approach, will produce fiscal constraints and take away authority to effectively manage finances at the local level. This bill will encourage taxing districts to increase their budgets by 5% each year whether they need it or not, as local elected officials would not know if the next year, or the year after, would involve a snow emergency, a flood, or a major roadway wash out. It would only be prudent to "take the maximum" to ensure that any potential increase was preserved in the future and the governing board had not jeopardized their citizens.

NDACo has historically supported efforts to increase transparency and improve public participation in the budget and property tax process and will continue to work with this committee to enhance the Estimated Tax Notice further.

Ultimately, control of property taxes is the responsibility of the local governing boards and the citizens who elected them. Restricting the capacity of local governments to provide services by limiting their authority to levy property taxes will have an affect on the quality of life in our communities. If infrastructure investments are delayed, productivity suffers. If schools are unable to fund their needs, the quality of education declines. If local law enforcement is not able to be adequately staffed, public safety is at risk.

Local governments need the financial flexibility to respond to the demands in their communities for infrastructure and services and not be limited by an arbitrary cap determined by the state legislature on the amount of property taxes they can levy. Mr. Chairman and members of the committee, I urge a Do Not Pass on HB1461.

HB1461 – Property Tax limitations on school districts –

NDCEL Testimony in opposition

Good morning, Chairman Dockter and members of the House Finance and Taxation committee. For the record, my name is Dr. Aimee Copas. I am the Executive Director for the ND Council of Educational Leaders. NDCEL works with our ND School leaders and administrators and directors in public k12 education.

We are here today to express concern about HB 1461 and to share with your committee information that may make you agree with this position regarding the negative position this would put school districts in and the state in from a fiscal standpoint.

HB 1461 is bringing to this committee a similar bill that this legislative body has seen for several sessions as well as being very similar to HB 1367 which was heard in House Finance and Tax earlier this week and received a do not pass recommendation out of committee and was killed on the floor by a vote of 76-16. While I understand full well the positive intent of this bill to save taxpayers money, the reality is that it may – or may NOT do just that. Furthermore, it erodes the authority of another group of elected officials that have a very real duty and job to perform, and that is our locally elected school boards, as well as eroding voter approved levies already in place. This bill effectively limits the boards rightful authority to establish their local tax request with their patrons. School budget hearings are noticed and take place annually and the opportunity is very appropriate to allow those local communities work out the amount they wish to invest in their school.

When we think about conservative ideals – we must consider how we manage through decisions. It is possible that sponsors of this bill feel they are answering to the needs of their constituents or of their own beliefs to put a desire to control taxable rates in front of local decision making. In an effort to center more control in the capital, state lawmakers are restricting local elected officials' ability to make local quality of life decisions. At the same time in policy committees there is a deluge of bills before education each session (this one being no different) that often have a claim to **not** have a fiscal note, but which ultimately do cost school districts money upon their application. Local school boards must be able to respond and ensure those laws are applied and that they can be afforded.

Furthermore, allow me to highlight a few key issues and legislator approved pieces of the education formula that this bill removes…

- Currently schools are the only political subdivisions with tax caps. The current rule of 12% in dollars authority to increase doesn't even allow schools to keep the pace of property values and has forced some districts to pay a disproportionate amount locally for taxes due to that cap (cities in the west are prime examples).
- Although it allows to tax up to the 60 mills – that is the full amount that is deducted from the state, it removes the other "available" mills that are board approved and or voter approved. This is how districts locally handle things such as increases in health insurance cost, transportation costs not covered by state (state only covers about 40% of transportation costs), students that cost above the state reimbursed amount when they have special needs, as well as the full cost of new students coming into our students (state only covers 50% of these special needs student cost at this time).
- Furthermore, any other voter approved excess levy authority (which is a voter approved authority) would be removed in this bill as would sinking and interest saying that the votes of those communities would be null.
- The current formula came out of a result of the last lawsuit in our state regarding equitable education. This could potentially walk our districts and state back to a place of inequities and could set us up for possible further lawsuits.
- The cost of the annual vote to provided needed district funds would be a costly consequence of this bill as well.

Last session we worked to partner with the legislature to put in place a plan that would bring ALL districts onto the formula within 7 years. We must stay the course on this pathway to ensure equity. Adjusting critical functions within the formula such as this one could derail the work done last session. We strongly encourage this committee to recommend a do-not-pass on this bill.

Oppose HB 1461

House Finance and Tax Committee

January 31, 2023

Chairman Headland and Committee members,

I am Larry Syverson from Mayville, I grow soybeans on my farm in Traill County, I am the Chairman of the Board of Supervisors for Roseville Township, and I am also the Executive Secretary of the North Dakota Township Officers Association. NDTOA represents nearly 6,000 Township Officers that serve in more than 1,100 dues paying member townships.

Each year, for the annual township meeting in March, the township clerk publishes a notice in the official paper advising the citizen-electors of the time and place of the meeting. At the annual meeting the electors are given the reports of the township officers covering the finances and road maintenance activities. The board of supervisors will also submit a proposed budget for the approval of the electors.

The electors at the annual meeting can modify the budget; the electors could move and vote to stop all expenses and not levy any taxes; they have that right and ability. However, it is my experience that few, if any, will vote against the proposed budget. Those that came in with concerns about spending will see where the last year's spending went and can be a part of directing the future. They might have attended because they didn't understand the scale of expenses. But they will vote a budget.

57-15-19. Township tax levies. **The electors of each township have power at the annual meeting to vote to raise such sums of money for the repair and construction of roads and bridges, and for all township charges and necessary expenses as they deem expedient, within the limitations prescribed in section 57-15-20, and on the fourth Tuesday in March, or within ten days thereafter, of each year, the board of supervisors of each civil township shall levy annual taxes for the ensuing year, as voted at the annual township meeting, and the tax levy must be limited by the amount voted to be raised at such annual meeting.** The electors at such annual meeting may direct the expenditure of the road tax, or a part of it, in an adjoining township under the joint direction of the boards of supervisors of the townships interested and furnishing such funds.

The township levy is limited to 18 mills unless the published meeting notice includes notice of a special election. Upon approval by the electors at the special election, the levy can be expanded to an additional 18 mills, a total of 36 mills. The expanded levy lasts for 5 years and then must be put up for election again.

A special election may be held for the purpose of approving an unlimited levy to deal with an emergency matter. Notice of that election must be published in the official newspaper and may be levied for a maximum of five years.

57-15-19.7. Township levy for emergency purposes.

1. Upon approval of a majority of electors of the township voting on the question, a township may levy the number of mills necessary for the purpose of addressing natural disasters or other emergency conditions.
2. The levy under this section may be made only if notice of the question of the approval of the levy has been included with the notice of the annual or special meeting provided in chapter 58-04.
3. Approval by the electors of increased levy authority under this section may not be effective for more than five taxable years.

Taxes are levied because citizens need services; they need snow plowed so they can get to work or school. They need roads maintained so they can haul their product to market. For those reasons the electors of the township have already approved the budget and resulting levy. Please don’t make the citizen-electors redo their actions.

The North Dakota Township Officers Association requests that you allow the budget and levy approval process of the townships to work, please give HB 1461 a do not pass recommendation.

Thank you, Chairman Headland and Committee members, I will try to answer any questions you may have.

Testimony in Opposition to House Bill 1461
January 31, 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 1461.

This bill proposes to cap property taxes at an annual increase of 5% and to require an election if a taxing unit proposes a tax levy in excess of that amount.

The League of Cities has objected to tax caps in the past and we continue to advocate againstt them for a number of reasons. The chief reason is that caps work against the ability and responsibility of local government to determine its financial needs and to act appropriately to fulfill those needs. Commissioners and councilpersons interact with their constituents frequently in their social and political roles. They are in a position to know and understand the needs of the community. Those out of touch usually end up being out of office.

There are many expenses cities face, not unlike the state, in their daily operations. Not all these expenses are predictable and some vary widely based on events outside the control of a city. Snow removal costs, public safety emergencies, health care premiums, oil and asphalt pricing are only a few examples of expenses that need to be anticipated when budgets and mill levies are set.

A more difficult and seldom discussed issue is the General Obligation Deficiency Pledge fund. This fund is set aside in the budget to cover deficiencies that occur in repayment of a city's issued bonds. Investors who purchase city bonds wany to be assured that they will be repaid according to the bond maturity schedule. This fund is a backup to the normal repayment plan. Without the ability to maintain this fund and to levy property taxes to adequately fund it, bond sales will not happen or they will occur at higher interest rates for the city.

This bill requires voter approval if the tax levy needs to exceed 5%. The election is problematic. First, it is costly. The notices, education about the issue and conduct of the election are a cost concern. But even more difficult is the timing of this election. 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. Each jurisdiction must hold a public hearing on their final budget 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. 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 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.

For these reasons the League of Cities respectfully requests a Do Not Pass recommendation on this bill. I will be happy to answer any questions you may have of me.