

**House Political Subdivisions
Chairman Jason Dockter
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HB 1367

Chairman Dockter and Members of the House Political Subdivisions 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.

The time constraints imposed by this bill will be very challenging. I would like to take a few minutes to outline the typical schedule that we follow in Minot to prepare the budget. The first quarter of the year is extremely busy. We are processing the daily activity and trying to close the prior year. There is a considerable amount of time spent preparing documents for our independent audit and preparing the Comprehensive Annual Financial Report. This year our audit fieldwork is scheduled for the week of April 12th and completion is expected by late April or early May.

If you look at the following schedule from the 2021 budget cycle, you can see that there is already considerable overlap.

2021

BUDGET SCHEDULE

April 1-3	City Manager budget planning meeting with President of Council
April 6	Council Approves Budget Schedule
April - May	Pay Plan and Classification Study (Human Resources)
April 24	Send social service budget request forms
May 4th	City Council Meeting agenda item to outline budget priorities
May 19	Income estimates due from Finance Department
May 29	Budgets due to Finance by Noon
June 12	Budget request forms (including social service budget request forms) due in City Manager's Office
June 15	Annual Plan presentation to Civil Service Commission (Human Resources) 10 AM
June 23	Budget Workshops to be held at Regular City Council Meeting
June 17 to June 28	Meetings with the Department Head, City Manager and Finance to go over Individual Budgets – Time blocked on June 21 st -23 rd to meet individually with each department to discuss the budget.
June 22	Annual Pay Plan Public Meeting (Human Resources) 10 AM
July 1 – July 22	CM/Finance - Work on budget and budget message and presentation
July 27	Have budget ready to copy and bind
August 3	Proposed budget and Annual Plan to City Council
August 17	City Council – Questions & Answers in Council Chambers in conjunction with regular meeting.
August 26	President of the Council message due
September 7	Special City Council meeting - public hearing on Budget Ordinance; Committee of the Whole meeting on budget; and first reading of Budget Ordinance 5:30
September 21	City Council meeting - Final adoption of budget ordinance 5:30

Moving the statutory date for completion of the Preliminary Budget from August 10th to July 10th further compresses this already tight schedule. The earlier submission also forces cities to make forecasts further into the future which will likely reduce accuracy. This is compounded by the uncertain financial climate that we are currently experiencing due to the pandemic.

Following the procedure outlined in the bill could result in not knowing the outcome of an election on the referendum until September 8th. This allows very little time to make the appropriate changes to the budget, hold a public hearing on the final budget and have a second reading of the ordinance to adopt the Final Budget before October 7th.

If the electors are successful in referring a Preliminary Budget and cities are forced to adopt a constrained budget, the electors will have no idea what programs will be reduced to accommodate the reduced tax levy. This could have unintended consequences that could have far reaching impacts. This bill as written allows for the referral of the preliminary budget with no restrictions and could be referred even if it was lower than the prior year? The ability to require a vote on the Preliminary Budget on an annual basis creates an expensive and burdensome process and could result in a special election every year.

Less than 18% of Minot's 2021 Budget was funded by property tax. The bulk of funds raised through property taxes goes to fund the General Fund. The bulk of General Fund spending goes to provide public safety services and administrative services. The bulk of these costs are related to employee salaries and benefits. Over time, these costs tend to escalate with the market. Limiting the dollars that can be raised through property taxes could result in reduced services in the impacted departments including public safety.

The ability to develop a budget that is responsive to the needs of our community is a critical component of local government. City elected officials are elected to represent the best interests of their constituents. They are tasked with balancing the need for services to be provided with the cost of those services and are responsible to the electors of the City for their decisions. The citizens have the opportunity to participate in the existing process and make their opinions known. They also have the ability to elect different representative if they feel that their needs are not be addressed. The current process accommodates this.

Thank you for your time today. I would urge you to give HB 1367 a "do not pass" recommendation.