



March 17, 2021  
Senate Finance and Taxation  
Sen. Bell, Chairperson  
HB 1380

Good morning Madame Chair and members of the Senate Finance and Taxation Committee. For the record Blake Crosby, Executive Director, North Dakota League of Cities.

I am here in support of HB 1380 as amended, as the bill still recognizes the time for the State to bond to support clean energy, income tax relief and the infrastructure revolving loan fund is now. Bond rates are not going to stay this low forever.

The Federal Reserve continues to state their intentions of keeping interest rates at historic lows in the range of 0 to .25 percent until the economy has weathered the full effects of the coronavirus and until inflation has crept above 2%. That decision by the Federal Reserve Board drives municipal bond rates just as it drives mortgage rates. As an example, I have had cities tell me that they have recently issued refunding bonds, or sometimes combinations of refunding bonds and regular bonds, at interest rates in the 1.4% to 1.9% range. We cannot ignore these rates. The longer we kick the can, the more expensive it becomes.

The bill specifies using 6% of the 5-year average value (percent of market value or POMV) and I believe that is an appropriate amount and protects the Legacy Fund for the future.

I ask as you discuss this bill, and other bills related to bonding, to think about the needs of the citizens and how these bills could quickly get some projects started, finished and save taxpayers money. Paying back a 30 year 2% loan is a lot cheaper than paying back a 30 year 5% loan.

Thank you for your time. I will try to answer any questions.