



City of Mandan Administration

Senate Political Subdivisions Committee

HB 1419

Senator Randy Burckhard, Chair

March 26, 2021

Chairman Burckhard, Members of the Committee:

My name is Jim Neubauer and I am the City Administrator for Mandan North Dakota. I am here today regarding House Bill 1419.

Special assessments are certainly not popular among property owners and finding alternative funding methods is a worthy endeavor. At the end of the day, the cost of projects will remain the same; the only difference is how the funding is generated. Special assessments are a common way in North Dakota to raise the required amount of money to fund infrastructure projects and assign those costs (benefits) to properties in a fair and equitable manner. The cost of special assessments are generally spread over a period of years related to the life of the improvement. For example, asphalt street construction projects may be spread over 15 years and concrete streets over a 20-year-period.

The City of Mandan enjoys many benefits of being a part of a larger metro area with Bismarck. However, along with those benefits also come challenges. Comparisons are often made on why Bismarck does this and why Mandan doesn't. Or Mandan does this and why doesn't Bismarck? We recognize we are one metro area, but we have significantly different pocketbooks. In reviewing the "Street Utility Framework Report" prepared for the City of Bismarck, I find that Bismarck is able to buy down or subsidize its street maintenance costs utilizing sales tax by roughly 40%. We know a portion of the sales tax collected by Bismarck is attributable to Mandan residents. The best way to demonstrate that is Mandan's taxable sales per capita is roughly \$10,000 and Bismarck's is \$20,000. The 2021 budget for the City of Mandan relies on 89% of the sales tax revenue being applied to property tax buy down, the balance for infrastructure, economic development and municipal debt reduction. There are simply very few dollars from our sales tax collections available to be used for infrastructure subsidies.

We are pleased to report that the "City" portion of our property tax along with our utility fees are currently competitive, generally in the middle among the state's largest cities, and in 2021 actually a bit lower than Bismarck's. A street utility fee, if approved, that is also subsidized by sales tax would simply widen the gap when comparisons are made between our cities, and put Mandan and other cities and counties that have low sales tax collection per capita at a competitive disadvantage when vying for new residents and businesses.

It is for that reason that we would ask for a do not pass on HB 1419.