

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

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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.

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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.