

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.