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County Auditor & County Treasurer

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North Dakota Senate Standing Committee
Finance and Taxation

Please consider the entire state of North Dakota, including the rural areas that make our state so special and unique. The property tax caps that are being discussed and, really, threatened will have a significant and extremely negative impact on rural counties and other rural political subdivisions.

The Senate received four significant property tax bills from the House after crossover, and all have 3% caps as a factor within. However, HB1168 and HB1176 are absolutely not the way to go. These two bills put a 3% cap on the dollars levied by any political subdivision. For a larger community/county, a 3% cap isn't so bad. In Cass county, a 3% cap is \$1,831,865. In Grand Forks county, a 3% cap is \$962,895. In Burleigh, Morton and Ward, that same cap is \$806,647, \$640,470, and \$404,485, respectively. Each of these is a significant amount of money that could actually be used to provide service, and, if it isn't enough for the plans of these counties, there are sales tax revenues that can be called upon to help bridge the gap.

Looking at a smaller county, our county, a 3% cap on dollars levied is a much greater and much more significant hit. A 3% cap in Towner County equates to **\$86,098** across all our funds. The bulk of our county services (think sheriff, state's attorney, clerk of court, emergency manager, etc.) all run through the general fund. A 3% cap on the general fund is only **\$64,854**. This is not enough of an increase to allow our county to continue to provide meaningful services to our residents.

I understand that there is the potential for an "opt out" of these limitations through elections. The issue with this option is that elections cost money...significant amounts. For 2024, our election expense was \$25,579.19, which use 30% of our total allowed increase and nearly 50% of the allowed increase in the general fund. So, for that year we needed to have an election, we couldn't provide our workers a cost of living raise, we couldn't complete any necessary improvements or repairs on our facilities, we wouldn't be able to purchase additional gravel where it is so desperately needed on our rural county roads. A 3% cap on dollars levied is the first shot in an attempt to end the rural North Dakota lifestyle.

I can understand the frustration coming from the legislature when political subdivisions continue to raise taxes time and time again even with increased state funding. I can't speak for any other than Towner County in that regard, but I know that we look with a very critical eye on how much to raise our mills, if any. We want to keep the services we have without bankrupting our tax basis. We take an extremely conservative approach to tax increases and work to keep things as economical as possible.

If guardrails or limitations are what is needed for a law to pass, I understand that the legislature will work toward that. However, I can promise that if a 3% cap on dollars levied is put in, Towner County and every single subdivision here we have will increase taxes 3% each and every year, whether it's needed or

not, out of the fear that we will need more funds one year and won't be able to levy what is needed. I don't think that is the goal of what the legislature hopes to do with caps, but that is what will happen. We have to protect ourselves, even if that means a 3% tax increase when we don't need it.

If the legislature feels that a cap is absolutely needed, please look at what is being capped. Please cap the taxable value of property and not the ability of the local political subdivisions to provide the services our rural residents deserve.

Sincerely,

Mindy S. Reimer
Auditor / Treasurer