

**Testimony Prepared for the
House Finance and Taxation Committee
February 9, 2021**

By: Valerie McCloud, Rolette County Auditor

RE: HB 1449, County Aid Distribution Fund

Good morning Chairman Headland and Finance and Taxation Committee Members,

Valerie McCloud, testimony in support of the above referenced bill.

As a political subdivision of the state of North Dakota, Rolette County has struggled for many years to provide the essential services set forth and required by the state.

Reasons for shortfall in Finances:

Non-Taxable Land and Taxes:

- Rolette County has a taxable valuation of 22,154,307. Approximately $\frac{1}{4}$ of the land in Rolette County is Non-Taxable. This is due to land exempt from taxation and owned by the Turtle Mountain Tribe, by the BIA in Trust for tribal members, US Fish and Wildlife, ASCS, US Customs, HUD, etc. This creates a loss of per capital tax

Densely populated County:

- Rolette County is the 10th largest in population, higher than Ramsey, Barnes, Mountrail, and Walsh Counties.
- But, while Rolette County levies the maximum in General Fund levy and nearly every other available levy, it does not provide the funding for the essential General Fund departments.
- The impact of the loss of valuation, means that other counties with less population have at least three times the funding to operate the same services.

Additional Revenue considerations:

- In January 2020 the Rolette County Commission attempted to adopt a Home Rule Charter to possibly create a One-Cent Sales Tax to be dedication to law enforcement activities. This initiative was met with stiff citizen resistance ultimately forcing the commission to abandon the initiative.
- An initiative to allow the commission to increase the capital improvements levy from 10 mills to 20 mills was rejected by the voters, in November, 2018.

Effects of Revenue Shortfalls:

- With a shortage in operating revenues, Rolette County tries to cut corners to make ends meet. That means that staffing is compromised, in all areas of the county. That means many officials and staff wear more than one hat or job title. This the case with Sheriff's Department. This has an effect on Public Safety, and possibly an increase in crimes rates in the county. The county operates with the Sheriff and 4 deputies.

- Also impacted is the operation of the County Jail. After a death in the jail in 2020, DOCR ordered a shutdown, and required additional staff to reopen the jail. These included a Jail Administrator and Correction Staff. Prior to this the Sheriff was also the Jail Administrator. Also required was additional maintenance contracts for the Jail Facility.

With COVID in 2020, Rolette County was struggling to make ends meet because of lack of revenues from boarding inmates. Rental income from boarding inmates, was a critical revenue source, when Rolette County needed to pursue the building of the jail back in 2017, as the local tax revenue were not adequate to make the facility cash flow without them.

In addition, DOCR closed the facility temporarily, which not only stopped any boarding revenue, but also increased expenditures. Increases were largely from housing inmates in various facilities throughout the state, continued staffing expense at our facility, which also houses our 911 PSAP and dispatch and DOCR required hiring additional staff to re-open. We were looking at ending the year in the red in the General Fund.

Cost saving strategies:

- The commission temporarily laid off about 10 employees through the summer, including jail staff, Emergency Manager, Tax Director, Deputy Treasurer and Deputy Recorder to try to save \$ so permanent layoffs would not be necessary.
- We approached the Governor's office to see what options may be available including Cares Act funding, and jail financing. We were informed that refinance with the Bank of North Dakota for the Jail debt, would not be possible unless the county had additional funding sources. We did receive CARES Act funding for Public Safety salaries, which ultimately saved our county from end the year in the red in 2020. DOCR, also re-opened the jail as a Class 3, and then upgraded to a Class 2 in November, which helped with outside boarding costs.

Long term Assistance:

- Going forward without some form of long term assistance, Rolette County will not be able to continue to provide all of the state mandated services, as required in each of the Offices of Auditor, Treasurer, Tax Director, Recorder, Sheriff, State's Attorney, etc. Without other available funding sources we look to the State of North Dakota for assistance.
- **HB 1449**, will make sure that Rolette County will continue to meet the needs of its constituents. It is the state that restricts the tax revenues, by setting mill levies, but even if there were an increase in mill rates, Rolette County would need to double its General Fund levy to adequately fund the required services. With the additional state aid, would be able to operate the jail according to DOCR standards and provide for payments and maintenance for the jail facility, allow for additional staffing in the Sheriff's Office to provide for public safety, and make sure that state mandated services are completed in each county office.

Thank you for your time and assistance.