

Testimony to the
House Finance & Taxation Committee

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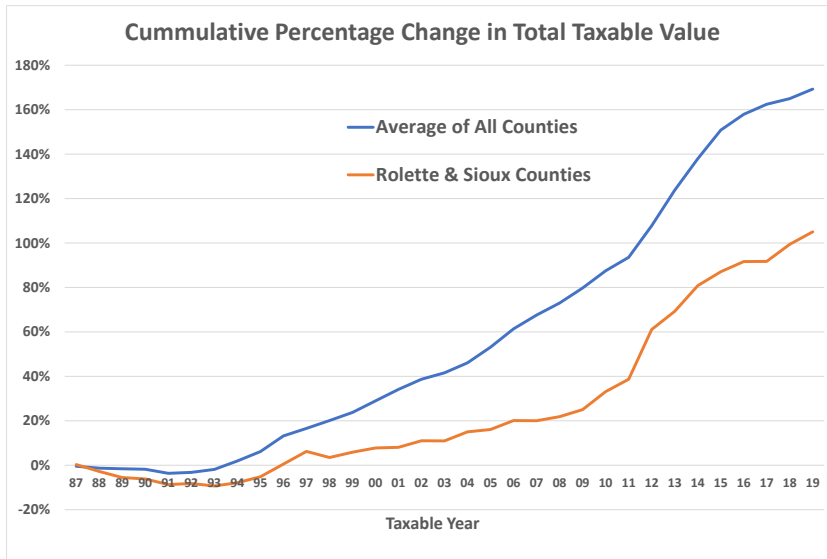
Regarding: House Bill 1449

The following has been prepared to provide background information regarding the relative revenue generating capacity of counties across the state.

Background: While federal and state governments provide some “payment in-lieu of taxes” for non-taxable government-owned lands (BLM, CoE, FWS), there is no such funding for non-taxable tribal lands (except for specific school funding). Several counties are heavily impacted as they remain responsible for many local government services throughout the county without the property tax base sufficient to support them.

In North Dakota this is very significant in two counties – Rolette and Sioux. Although they are not alone, the size and distribution of non-taxed property in other counties with tribal lands makes their taxable property deficit not as significant. The table below illustrates the challenge. This shows the thirteen counties with the lowest ratio of taxable value to population. As shown, Rolette and Sioux have a ratio about one-third of the next lowest county, and less than one-fourth of the statewide average.

COUNTY	2020 Taxable Value	Population	Gen. Fund Mills	Gen. Fund Dollars	\$ of Value/ person
Sioux	\$6,580,718	4,230	60.00	\$394,843	\$1,556
Rolette	\$22,179,629	14,176	60.00	\$1,330,778	\$1,565
Grand Forks	\$324,102,844	69,451	47.13	\$15,274,967	\$4,667
Ward	\$336,938,140	67,641	28.59	\$9,633,061	\$4,981
Benson	\$34,663,670	6,832	24.24	\$840,247	\$5,074
Cass	\$976,813,585	181,923	30.00	\$29,304,408	\$5,369
Walsh	\$57,583,446	10,641	60.00	\$3,455,007	\$5,411
Morton	\$172,699,058	31,364	37.50	\$6,476,215	\$5,506
Ramsey	\$63,818,829	11,519	46.00	\$2,935,666	\$5,540
Burleigh	\$544,472,357	95,626	25.89	\$14,096,389	\$5,694
Stutsman	\$128,016,189	20,704	42.04	\$5,381,801	\$6,183
Stark	\$199,192,209	31,489	35.00	\$6,971,727	\$6,326
Richland	\$102,682,476	16,177	58.75	\$6,032,595	\$6,347
			37.86	Average	\$6,824



The line chart at the left shows that this is not a recent development, but a problem that has been growing over time. As taxable value has been growing on an annual average of 5% statewide over the last 30 years, these two counties have been averaging a 3% increase over that period.

The table also identifies the only three counties that are currently limited in their General Fund, levying at the statutory cap of 60 mills. Counties have no statutory option to increase their general fund beyond 60 mills, and after the “levy consolidation” of 2015, additional (formerly special levy-funded) services were moved into the general fund. Only through adoption of a Home Rule charter can a county expand its tax revenue options, by adjusting its mill levy maximum or authorizing county sales tax.

As the cost of government services has risen, and property tax levies have been capped, these two counties have struggled to maintain general government services, and particularly law enforcement responsibilities. These counties have asked for the exploration of options to address this growing deficit.

A preliminary analysis of the state sales tax revenue dedicated to this relief, and the allocation based on HB1449 is below.

Preliminary Analysis of HB1449

Based on 1/2 of 1% of 1 Penny of sales tax = \$ 1,130,000

	Population Estimate	40% Equally	60% by Population	Total
Rolette	14,176	\$226,000	\$522,185	\$748,185
Sioux	4,230	\$226,000	\$155,815	\$381,815
	<u>18,406</u>			<u>\$1,130,000</u>