

TESTIMONY ON HOUSE BILL 1367

House Political Subdivision Committee

**Maureen Storstad, Finance Director
City of Grand Forks, ND**

February 11, 2021

Mr. Chairman and members of the committee, my name is Maureen Storstad, and I am the Finance 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.

House Bill 1367 relates to adoption and referral of preliminary budgets for cities, counties, school districts, and park districts. If this bill were to pass, the preliminary budget would need to be approved by July 10th, and would be subject to referral. This early preliminary adoption date and the possibility of an election as part of the budget process are both causes for concern.

HB1367 proposes a preliminary budget be approved by July 10th. Much detail goes into a budget. Moving this date up would cause the need for greater dependence on estimates as much of the information needed in putting budgeted numbers together is not available at such an early date. Recent changes in state law moved the preliminary approval date to August 10th. This change went into effect in 2018 and also requires a consolidated notice of estimated property taxes to include all taxing entities. Taxpayers are mailed an estimated tax statement and taxpayers are informed when budget hearings are set for each taxing entity. This goes out to all households. This allows taxpayers to see the impact on their specific tax bill in dollars. The timing is set in a way that gives the taxpayer sufficient time to ask questions and give feedback prior to final approval. This worked well with the City

of Grand Forks 2019, 2020 & 2021 budget processes. As a city, we generally also hold budget work sessions throughout the spring and summer months. These are televised and open to the public. All information is shared on our website and we ask for feedback from the public. We also share information through social media. I am pleased to say that no one came to our public hearing regarding the 2019, 2020, or 2021 budgets to share concerns.

HB1367 also makes the preliminary adopted budget subject to referral. The bill does not address a timeframe for a petition to be submitted. But, even if the petition were submitted one week following preliminary approval, an election would not fit the timeframe of budget deadlines. Based on current law, council would need to call for a special election 75 to 90 days prior to the election being held. This allows time for the necessary publications and approvals required. Legally, the final budget must be adopted by October 7th and be filed with the county no later than October 10th of each year. The required timelines of the budget and elections do not coincide to make this possible. An election also causes increased expense and staff time during an already busy budget process.

HB1367 creates uncertainty in the budget and planning process. Our locally elected officials currently have authority to adopt the budget. This bill compromises that authority. Creating this uncertainty may cause concern with bond rating agencies. It is important that we can show our bondholders that we have the ability to pay for our services, that we have the financial flexibility to manage our own finances, the ability to control costs with long term planning, and retain sufficient fund balances. To compromise this authority would create uncertainty.

It is for these reasons that I would recommend a DO NOT PASS recommendation of House Bill 1367.

Thank you for your consideration.