

Senate Finance and Taxation Committee

Senator Jordan Kannianen, Chairman

Senator Mark Weber, Vice-Chairman

March 1, 2023

Chairman Kannianen, Members of the Senate Finance and Taxation Committee:

My name is Keith Hunke and I am the City Administrator for the City of Bismarck.

I am providing written testimony in support of House Bill 1237.

Over the course of the last several years, the City of Bismarck has been evaluating various funding options for city infrastructure including the replacement of special assessments which are currently used to pay for street maintenance projects.

In November of 2016, the Infrastructure Task Force was created and had a goal of developing sustainable, long term financial plans for street, water and sewer projects to meet the needs of our community.

In April of 2017, the Special Assessment Task Force was created and took a deep dive into the special assessment process used to fund street, water and sewer projects.

In October of 2017, the Infrastructure and Special Assessment Task Forces were combined. Task force members included representatives from the business community, apartment owners, builders, realtors, manufactured home parks, homeowners and renters.

In 2018, the combined Bismarck Infrastructure Task Force and Special Assessment Task Force presented a recommendation to pursue the development of a street utility fee. Unfortunately, it came to light that the North Dakota Century Code did not provide the City the authority to levy and collect a street utility fee for payment of street maintenance projects.

In January of 2019, House Bill 1474, which was sponsored by several of our local legislators, was introduced in the state legislature. This bill would have provided the City of Bismarck the authority to levy and collect a fee for payment of street maintenance projects. The result of this legislation was the creation of a study that was assigned to the 2019-2020 Interim Taxation committee.

Starting in July of 2019, the Interim Taxation Committee initiated its review of House Bill 1474 for study purposes and solicited comments from city representatives on the language in the bill over the course of several months. It was determined that the committee's preference was for individual legislators to introduce legislation on this topic in the future. The committee concluded its study of special assessment revenue replacement options at its January 29, 2020 meeting.

In April of 2020, the City of Bismarck issued a request for proposals for Street Utility Fee Consultant Services. Our selected consultant AE2S Nexus has worked with city staff members from Engineering, Finance, Community Development, Public Works and Administration over the course of several months developing a framework and strategies to replace the street maintenance special assessment revenue received from residential and commercial properties with an alternative funding source such as a street utility fee.

Enabling legislation was approved by the North Dakota Legislature during the 2021 Legislative Session with the passage of HB 1419, which provided the City of Bismarck the authority to levy and collect an infrastructure fee for payment of street maintenance projects. The City of Bismarck Special Assessment Task Force continued its work throughout the remainder of 2021 and into 2022. During that time, it was discovered that current law does not provide the opportunity to pay for the infrastructure fee (proposed Bismarck Street Utility Fee) with the existing levy for special assessments currently utilized by Bismarck Parks and Recreation and Bismarck Public Schools.

House Bill 1237 provides the exemption of infrastructure fees from levy limitations which addresses the issue discovered by the work of the Bismarck Special Assessment Task Force.

I urge you to give HB 1237 a DO PASS recommendation.

Thank you for the opportunity to provide testimony in support of House Bill 1237. I am happy to stand for any questions the Committee may have.

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