



Testimony Prepared for the
Senate Finance & Taxation Committee
Monday, January 16, 2023
By: Linda Svihovec, NDACo

RE: Senate Bill 2162 – 10 Road Mills for GPT

Chairman Kannianen and members of the Senate Finance & Tax Committee, thank you for the opportunity to address Senate Bill 2162 on behalf of North Dakota's counties.

Several years ago, the legislature revised the oil and gas production tax allocation formula and included a provision for counties to levy at least ten mills for roads and bridges to receive funding through the allocation formula in tax years after 2012.

Statistics for oil and gas counties receiving gross production tax allocations for tax year 2021:

- Sixteen counties received oil and gas production tax allocations in December 2022
- Six of those counties levy over 10 mills for roads
- Road mills for the oil and gas counties range from 10 to 17.75 mills
- Taxable values for the oil and gas counties range from \$12.4M to \$390M
- Dollars levied for roads and bridges range from \$124K to \$6.6M

What is clear is that the 10-mill road levy requirement generates a wide variation in dollars for the oil and gas counties, regardless of budgetary needs. North Dakota counties are conscious of the rising costs of providing necessary services and levy taxes based on prioritized needs. This mandate prevents oil and gas counties from assessing other revenue sources and determining the property tax level needed for roads and bridges. In an environment where property taxes are closely scrutinized and understanding that gross production tax is in lieu of property tax, it does not seem appropriate to mandate a minimum level of tax at the local level.

The ND Association of Counties supports the elimination of the ten mill road levy requirement for oil and gas counties and requests a DO PASS recommendation on SB2162.