Support SB 2178

Senate Finance and Taxation Committee

January 17, 2023

Good morning, Chairman Kannianen and Committee members.

I am Larry Syverson from Mayville, I am the Chairman of the Board of Supervisors for Roseville Township in Traill County, and I am also the Executive Secretary of the North Dakota Township Officers Association. NDTOA represents nearly 6,000 Township Officers that serve in more than 1,100 dues paying member townships.

The purpose of the special road fund is to allow a township to save up to do larger more costly road projects. The reason the special road fund is needed is that without it the laws concerning the township budget require using any general fund, cash in hand, no matter what the source, first, before the budgeted expenses can be put on the levy for the coming year.

57-15-31. Determination of levy.

1. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes must be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:
    a. The available surplus consisting of the free and unencumbered cash balance; .
    b. Estimated revenues from sources other than direct property taxes;
    c. The total estimated collections from tax levies for previous years;
    d. Expenditures that must be made from bond sources;
    e. The amount of distributions received from an economic growth increment pool under section 57-15-61; and
    f. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.
2. Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

57-15-19. Township tax levies.

The electors of each township have power at the annual meeting to vote to raise such sums of money for the repair and construction of roads and bridges, and for all township charges and necessary expenses as they deem expedient, within the limitations prescribed in section 57-15-20, and on the fourth Tuesday in March, or within ten days thereafter, of each year, the board of supervisors of each civil township shall levy annual taxes for the ensuing year, as voted at the annual township meeting, and the tax levy must be limited by the amount voted to be raised at such annual meeting. The electors at such annual meeting may direct the expenditure of the road tax, or a part of it, in an adjoining township under the joint direction of the boards of supervisors of the townships interested and furnishing such funds.

57-15-20. Township general fund levy - Approval of increased general fund levy authority.

The general fund levy in a civil township, exclusive of levies to pay interest on any bonded debt and to provide a sinking fund to pay and discharge the principal of bonded debt at maturity, may not exceed the amount produced by a levy of eighteen mills on the dollar of the taxable valuation of property in the township. Upon approval of a majority of electors of the township voting on the question, a civil township general fund levy may be increased by an additional amount not to exceed the amount produced by a levy of eighteen mills on the dollar of the taxable valuation of property in the township. The increased levy under this section may be made only if notice of the question of the approval of such levy has been included with or upon the notice of the annual meeting provided for in section 58-04-01. An excess levy approved by electors of a township under chapter 57-17 before January 1, 2015, may continue to be imposed for five taxable years or the period of time for which it was approved by the electors, whichever is less, under the provisions of law in effect at the time it was approved. After January 1, 2015, approval by electors of increased levy authority under this section may not be effective for more than five taxable years.

57-15-20.1. Excess levies in townships - Authorization for more than one year.

The board of township supervisors may submit the question of authorizing an excess levy for not to exceed a total of five years, provided the notice of election and the ballot upon which the authorization for the excess levy is submitted both contain the specific years for which such authorization is sought. Upon approval by the voters as provided in section 57-17-05, such excess levy may be levied for the years specified in the ballot.

- Because of 57-15-31 a township has no savings ability except as provided under 57-15-19.2.
- SB 2178 does not allow a township any higher mill levy authority than set by 57-15-20.
- The township general fund includes funds not from property tax
    - Township Road Milage payments (about $125 per mile per year)
    - Oil and Gas Tax Distributions
    - Prairie Dog Payments or One-Time Funding from state.
- 57-15-19.2 was last amended in 2015, increasing the limit from $30,000 to $100,000 and adding snow removal as an allowed use. (64th SB 2195)
- Even in 2015 the $100,000 limit was insufficient in western townships because of high costs.

SB 2178 is not an ask for any more state funds, or a new tax, it just allows the electors of a township the ability to continue the levy they have approved by vote so a sufficient fund can be built to complete needed road work. Township electors and officers are very conservative by nature and are reluctant to put the township in debt; they want cash in hand before spending it. That is hard to do when a regrade and gravel job might cost several hundred thousand dollars.

I will be followed by Township Officers that have traveled here today to give you examples of the high costs of road work in their townships

Chairman Kannianen and Committee Members, that concludes my prepared testimony. On behalf of the membership of NDTOA, I ask that you give SB 2178 your favorable recommendation and I will try to answer any questions.