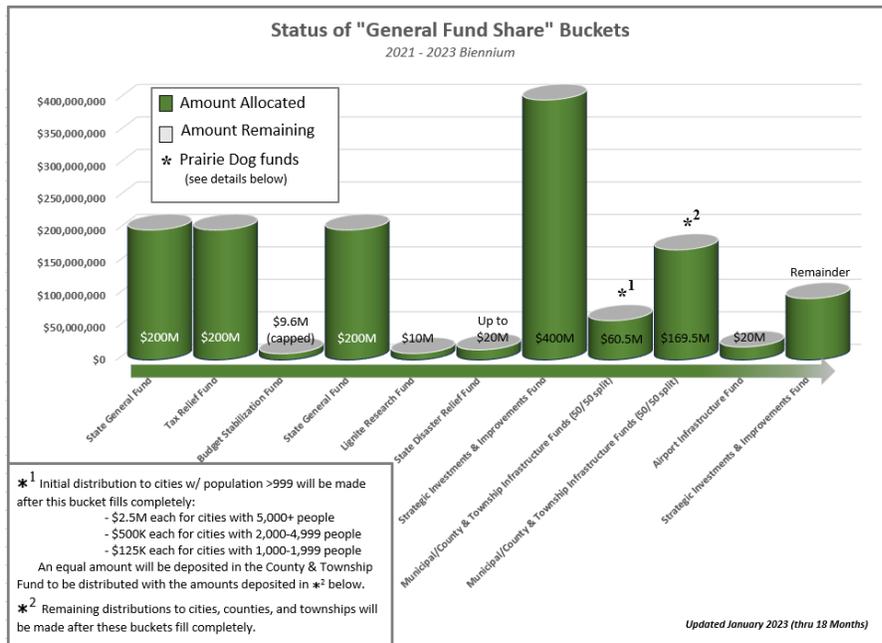


Testimony to
 Senate Finance & Tax Committee
 January 30th, 2023
 Donnell Preskey, NDACo



RE: Opposition to SB 2367 – Increasing State Buckets

Mr. Chairman and committee members, I'm Donnell Preskey with the North Dakota Association of Counties. Our counties are concerned about Senate Bill 2367, for the main reason that the actions of this bill will more than likely delay prairie dog funds getting to non-oil counties, cities and townships for infrastructure funding.



NDACo does not support the concept of increasing the state buckets (two state general fund buckets, the property tax relief fund and the Strategic Investments & Improvements Fund by \$150 million before the municipal, county and township and airports buckets. As you can see on the chart, there is a SIIF bucket after the local buckets which fills indefinitely.

We do recognize that the property tax relief fund is used to fund social services, however if additional funds are needed, there are other funds with healthy balances that are available, like the general fund.

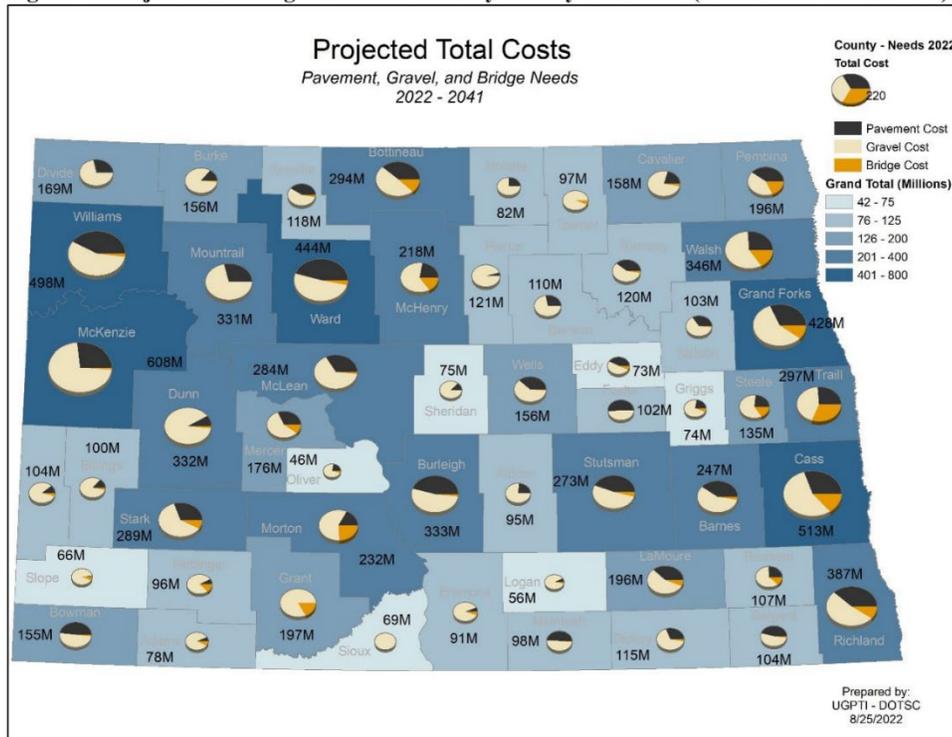
In 2019, the legislature made a commitment to local infrastructure funding with approval of HB 1066, otherwise know as "Operation Prairie Dog". Non-oil counties in the last few weeks have received their first deposit of prairie dog funds. These funds have been long-awaited for. While the political subs were never guaranteed those funds, they were hopeful they would receive them in 2020, until the COVID-19 pandemic dramatically impacted the state's oil production. In the first biennium of Prairie Dog's existence, oil and gas tax revenues stopped short of reaching the Prairie Dog buckets for cities, counties and townships.

The need for a permanent funding structure to address roads and bridges is only increasing. The most recent Upper Great Plains Transportation Institute’s Local Roads Study identifies a \$10.5 billion dollar need for local roads and bridges over the next 20 years, or, on average, an investment of \$525 million each year. For comparison, in 2019, UGPTI’s estimate was \$8.7 billion investment for local roads and bridges over 20 years or \$440 million a year to maintain their road networks.

Table E: Summary of All Road and Bridge Investment and Maintenance Needs for Counties, Townships and Tribal Areas in North Dakota (Millions of 2022 Dollars)

Period	Unpaved	Paved	Bridges	Total
2022-23	\$ 660.35	\$557.10	\$139.42	\$1,356.87
2024-25	\$ 650.79	\$515.00	\$139.42	\$1,305.21
2026-27	\$ 665.91	\$371.50	\$139.42	\$1,176.83
2028-29	\$ 665.55	\$344.90	\$139.42	\$1,149.87
2030-31	\$ 651.44	\$274.30	\$139.42	\$1,065.16
2032-41	\$ 3,251.62	\$1,186.00	\$18.45	\$4,456.07
2022-41	\$ 6,545.66	\$3,248.80	\$715.57	\$10,510.01

Figure A. Projected Funding Needs Statewide by County 2022-2041 (Millions of 2022 Dollars)



ND Counties support revamping the buckets as suggested in a bill before you last week. That bill removes the \$400 million SIIF bucket that sits immediately ahead of the local buckets. This would provide greater reliability in a long-term funding stream for local infrastructure. In our visits with county officials, the removal of the SIIF bucket is a top priority.

While there may be a time when the state should look at increasing the funds, now is not the time.