

**HB 1552 – Testimony by Dustin Gawrylow (Lobbyist #266) North Dakota Watchdog Network**

Mr. Chairman and Members of the Committee,

I urge a DO NOT PASS recommendation to limiting county and cities sales taxes as it removes a useful tool for allowing local citizens to vote to address their own property tax problems.

I would be supportive of a 3% or 2% cap on non-dedicated sales tax.

However, I would suggest the following amendments to give citizen leeway to have dedicated sales tax that would offset existing property taxes, on a line-item purpose basis.

This would involve adding an exception to the current language in HB 1552 (in both sections, as applicable):

**Any sales tax levy that is expressly and exclusively dedicated for the purpose of offsetting or replacing expenditures for law enforcement, jail construction and/or operations, states' attorney's office budgets, public transportation that would otherwise be paid for with property tax revenue on a line-item basis shall not count toward this three-percent limit, unless the enacting language approved by voters says otherwise.**

**Sales tax levies that are dedicated to replace special assessments on projects that involve state or federal matching dollars shall not count toward this three-percent limit, unless the enacting language approved by voters says otherwise.**

**Any function funded with sales tax dollars may not also be funded with property tax dollars.**

**Any excess revenue may be placed in a dedicated reserve fund that is also reserved to only be used for the purpose(s) stated and shall not be transferred to the general fund.**

**All sales tax levies, new and existing non-dedicated sales tax levies must be renewed by voters every ten years on the November general election ballot, and every 10 years after that.**

**Political subdivisions seeking to convert currently non-dedicated sales tax levies into dedicated sales tax levies may do so with a simple-majority, even if the home rule charter requires more than a simple-majority for measures related to taxation.**

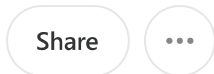
This exception would allow cities and counties to shift basic core functions away from property taxes and to sales tax while not encumbering other functions such as entertainment and tourism, if the voters so choose. And allow voters to renew or cancel sales taxes every decade, which is an answer to the complaint about sales taxes that “never sunset”.

# Burleigh County To Consider Local Property Tax Reform Plan

Committee unanimously approves sending plan to full Burleigh County Commission to replace property tax mills on a functional line-item basis with sales tax revenue. Public input sessions forthcoming.



DUSTIN GAWRYLOW  
OCT 27, 2023 · PAID



Over the last year, I've updated you on the [fiscal situation in Burleigh County](#) and the problems surrounding county's budget.

In September, the [Burleigh County Commission](#) approved a budget that included a mill levy increase of 7-mills on the previous year's 34-mill levy rate to minimize the draining of the county's reserve funds to balance the county budget.

In May, the [Burleigh County Commission](#) appointed a new [Home Rule Charter Commission](#), which included Commissioner Wayne Munson, Commissioner Steve Schwab, County State's Attorney Julie Lawyer, Emergency Management Director Mary Senger, State Rep. Pat Heinert, Kay LaCoe, and myself.

Since that time, this commission hashed over the numbers and possible angles to address the long-term finances of the county to bring the draining the reserve funds under control before they run out (which would have happened within the next three budget years if the mill levy had not been increased for the 2024 budget).

On Wednesday, October 25th, 2023 this commission finalized its recommendation to the Burleigh County Commission. That commission recommended the following plan, [which will be presented to the Burleigh County Commission on November 1st](#):



**Home Rule Charter Draft 2024**  
165KB · PDF file

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**Summary:**

- Upon the payoff of the Burleigh-Morton Detention Center bonds and the expiration of the existing 1/2-cent designed to pay for those bonds a new 1-cent sales tax would be created for the explicit purpose of replacing property tax revenues needed to fund the ongoing operations of the Burleigh County share of the Burleigh-Morton Detention Center, the Burleigh County Sheriff's Department, and the Burleigh County States' Attorney's Office. The county mill levy would be reduced by the amount now being used to pay for these line-item functions.
- Any revenue left over would be available to the Burleigh County Commission to fund other public safety priorities.

The Home Rule Charter Commission also asked the States' Attorney to draft a few options for the language that would actually appear on the ballot, depending on how much space is available on the ballot.

### Ballot Language proposal

Please use the ballot language, in the following order, based upon which fits on the ballot but does not cause the ballot to exceed 2 pages.

#### **Option 1**

The Home Rule Charter proposed amendment requires that all revenues raised and collected from a 1% sales and use tax, less administrative expenses, shall be dedicated only to offset property taxes used for public safety department budgets within Burleigh County. Revenues raised and collected from July 1 of the preceding year through June 30 of the current year shall be used towards the budgetary needs of the public safety departments for the following year. Specifically, revenues shall be used for the following departments in the following priority order: A. Burleigh County's obligation to the Burleigh Morton County Detention Center; B. Sheriff; and C. State's Attorney. Any proceeds remaining that exceed the budgetary needs of the listed departments shall be used to offset property taxes by dedicating the excess revenue to other public safety needs of the county as determined by the County Commission.

Shall the Home Rule Charter, as amended as follows, be approved?

A "yes" vote means you approve the proposed amendment.

A "no" vote means you reject the proposed amendment.

#### **Option 2**

The Home Rule Charter proposed amendment requires that all revenues raised and collected from a 1% sales and use tax shall be used to offset property taxes used for the following departments in the following priority order: A. Burleigh County's obligation to the Burleigh Morton County Detention Center; B. Sheriff; and C. State's Attorney. Any proceeds remaining that exceed those budgetary needs shall be used to offset property taxes by dedicating the excess revenue to other public safety needs of the county as determined by the County Commission.

Shall the Home Rule Charter, as amended as follows, be approved?

A "yes" vote means you approve the proposed amendment.

A "no" vote means you reject the proposed amendment.

#### **Option 3**

The Home Rule Charter proposed amendment requires that all revenues raised and collected from a 1% sales and use tax shall be used to offset property taxes used for the budgets of the Detention Center, Sheriff, and State's Attorney, and other public safety needs of the county.

Shall the Home Rule Charter, as amended as follows, be approved?

A "yes" vote means you approve the proposed amendment.

A "no" vote means you reject the proposed amendment.

**These recommendations were approved by a unanimous vote of the Home Rule Charter Commission (Note: County Commissioner Steve Schwab was absent.)**

**This 1-cent sales tax is expected to generate between \$20-22 million dollars (the existing 1/2 cent sales tax generated over \$10 million last year). The budgetary needs**

of the Detention Center, Sheriff's Department, and States' Attorney's Office are somewhere just under \$19 million.

It will be the local responsibility of the county commission to ensure that the full value of this sales tax plan is realized on the property tax mill levy. They will be able to reduce the overall mill levy from the new 42-mill levy level to approximately 22-mills. The county would still have the added revenue generated by the 7-mill increase this year. The net impact of this 1-cent plan would be to reduce the county's share of property tax by approximately half, while still fixing the previous shortfall.

The Home Rule Charter Commission discussed putting hard caps on the mill levy, but decided to let the full Burleigh County Commission figure out how to maximize the property tax savings generated by the 1-cent sales tax. It will be up to them, as always, to keep the county budget under control and limit future property tax increases to residents.

This plan will have to be approved by voters. If the voters reject this plan, the Burleigh County Commission will be constrained to using the mill levy to fix its budget problems with more property taxes.

The major benefit of this plan is that over 30% of the sales tax is paid by visitors who are not residents of Burleigh County. This is appropriate because a large portion of law enforcement costs are also generated by individuals who are not from Burleigh County.

By replacing the mill-levy on a line-by-line basis, it removes these functions from the list of excuses for property taxes to go up in the future. The elected officials will still have to justify their decisions in other areas, but basic government functions like law enforcement will now be off the table as an excuse for property tax increases.

[As the North Dakota Watchdog Network has said for over a decade, the state legislature's approach to property taxes has not worked.](#)

[Governor Burgum has also tried to explain](#) that the state's approach to addressing property tax has not been effective in doing what it tried to do - and has spent over

\$7 billion trying to do it.

This Burleigh County sales tax proposal would put property tax reform into the hands of local voters and local citizens and may act as a template for other counties and cities in North Dakota to fix their own property tax issues.

POLL

**If you live in Burleigh County, would you support this plan to replace property tax revenue with sales tax revenue to pay for basic law enforcement functions?**

Yes

72%

No

28%

67 VOTES ·

POLL

**If you live outside of Burleigh County, would you like to see more cities and counties try to find ways to fix their own property tax problems instead of waiting for the legislature to bail them out?**

Yes

77%

No

23%

48 VOTES ·

POLL

## If Rick Becker's plan to abolish property taxes entirely statewide is on the ballot next year, how would you vote?

Yes

57%

No

43%

75 VOTES ·



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**Home Rule Charter  
for Burleigh County**

**DATE**

Submitted by the Home Rule Charter Commission Committee Members:

Dustin Gawrylow  
Pat Heinert  
Kay LaCoe  
Julie Lawyer  
Mary Senger  
Steve Schwab  
Wayne Munson



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## **Preamble**

We, the people of Burleigh County, do establish this Home Rule Charter.

### **Article I – Board of County Commissioners to Exercise Powers**

Subject to the limitations imposed by the North Dakota Constitution, state law, and this charter, the home rule powers of Burleigh County will be vested in the Board of County Commissioners.

### **Article II – Home Rule Powers of County**

In addition to powers granted counties under the constitution and laws of the State of North Dakota, Burleigh County will have the power to:

1. Levy a one percent (1%) sales, use, and gross receipts tax.
2. Provide for the adoption, amendment, repeal, initiation, referral, enforcement, and penalties for violation of ordinances, resolutions, and regulations to carry out its governmental and proprietary powers and to provide for public health, safety, and welfare. However, this subsection does not confer any authority to regulate any industry or activity which is exclusively regulated by state or federal law or by rules adopted by a state or federal agency. This subsection does not confer the authority to regulate the private use of agricultural chemicals.

### **Section 1. Sales, Use, and Gross Receipts Tax**

**Definitions:** All terms defined in chapters 11-09.1, 57-39.2, 57-39.4, 57-39.5, 57-39.6, and 57-40.2 of the North Dakota Century Code (N.D.C.C.), including any future amendments, are adopted by reference. All references to the N.D.C.C. include amendments adopted by the North Dakota Legislative Assembly.

**Collection and Administration:** Where not in conflict with the provisions herein, the provisions of N.D.C.C. chapters 11-09.1, 57-39.2, 57-39.4, 57-39.5, 57-39.6, and 57-40.2, and all administrative rules adopted by the Tax Commissioner, pertaining to the collection and administration of the retail sales, use, and gross receipts tax, including provisions for liability, refund, penalty, interest or credit, govern the administration by the North Dakota Office of State Tax Commissioner (hereinafter “Tax Commissioner”) of the taxes imposed.

**Sales Tax Imposed:** Subject to the provisions of N.D.C.C. § 11-09.1-05, and except as otherwise provided, or the sales and use tax laws of the State of North Dakota, a tax of one percent (1%) is imposed upon the gross receipts of retailers from all sales at retail, including the leasing or renting of tangible personal property, within the corporate limits of the county of Burleigh, North Dakota.

**Use Tax Imposed:** Subject to the provisions of N.D.C.C. § 11-09.1-05, and except as otherwise provided, or the sales and use tax laws of the State of North Dakota, an excise tax is imposed upon the storage, use, or consumption within the corporate limits of the county of Burleigh, North Dakota of tangible personal property purchased at retail for storage, use, or

consumption in this county, at the rate of one percent (1%) of the purchase price of the property. An excise tax is imposed on the storage, use, or consumption within the corporate limits of the county of Burleigh, North Dakota of tangible personal property not originally purchased for storage, use, or consumption in this county at the rate of one percent (1%) of the fair market value of the property at the time it was brought into this county.

With respect to the purchase price of tangible personal property used by a contractor or subcontractor to fulfill a contract as defined in N.D.C.C. § 57-40.2-03.3, the tax imposed by this section applies only to bids submitted on or after the effective date of this Ordinance.

**Gross Receipts of Alcoholic Beverages:** Subject to the provisions of N.D.C.C. § 11-09.1-05, and except as otherwise provided, a gross receipts tax of one percent (1%) is imposed upon all gross receipts from the sale of alcoholic beverages within the county. A person who receives alcoholic beverages for storage, use, or consumption in this state is subject to tax on storage, use, or consumption of those alcoholic beverages at the rate of one percent (1%).

**Gross Receipts of New Farm Machinery and New Farm Irrigation Equipment:** Subject to the provisions of N.D.C.C. § 11-09.1-05, and except as otherwise provided, a gross receipts tax of one percent (1%) is imposed upon all gross receipts from the sale of new farm machinery and new farm irrigation equipment within the county. A person who receives new farm machinery or new farm irrigation equipment for storage, use, or consumption in this state is subject to tax on storage, use, or consumption of that machinery and/or equipment at the rate of one percent (1%).

**Exemptions:** No additional exemptions from imposition and computation of the county sales and use tax other than those provided by state law are provided for.

Sales to contractors that are exempt pursuant to subsection 15 of N.D.C.C. § 57-39.2-04 shall be exempt from any county sales tax, but contractors shall be subject to the county use tax on those items used within the county that would be taxed pursuant to N.D.C.C. § 57-40.2-03.3 on which the county sales tax has not previously been paid.

**Maximum Tax Imposed:** Any patron or user paying a tax imposed in excess of \$25 upon any single transaction of one or more items may obtain a credit or refund of the excess tax at the time of purchase directly from the vendor or request a refund of the excess tax payment by filing a request for refund upon the forms provided by the Tax Commissioner.

**Contract with Tax Commissioner:** The Burleigh County Auditor/Treasurer is hereby authorized to contract with the Tax Commissioner for administration and collection of taxes imposed. The County Auditor/Treasurer has all powers granted to the Tax Commissioner and in the absence of a valid contract with the Tax Commissioner or failure of the Tax Commissioner to perform the delegated duties, shall perform these duties in place of the Tax Commissioner.

**Dedication of Tax Proceeds:** All revenues raised and collected under this charter, less administrative expenses, shall be dedicated only to offset property taxes used for public safety department budgets within Burleigh County. Revenues raised and collected from July 1 of the preceding year through June 30 of the current year shall be used towards the budgetary needs of the public safety departments for the following year. Specifically, revenues shall be used for the following departments in the following priority order:

- A. Burleigh County's obligation to the Burleigh Morton County Detention Center;
- B. Sheriff; and
- C. State's Attorney.

Any proceeds remaining that exceed the budgetary needs of the listed departments shall be used to offset property taxes by dedicating the excess revenue to other public safety needs of the county as determined by the County Commission.

**Compensation:** County sales, use, and gross receipts tax permit holders are allowed to retain a portion of tax collected to help recover administrative expenses. This compensation shall equal three percent (3%) of the county tax due; however, the deduction is limited to \$83.33 per month or \$250 per quarter. A tax return must be filed and paid in full by the scheduled due date or the compensation will be disallowed and the tax obligation will be subject to penalty and interest.

## **Section 2. Adoption of Ordinances and Resolutions**

**Definitions:** An ordinance is any enactment by the Board of County Commissioners or the people which prescribes a permanent rule or statute governing the actions of persons or bodies.

A resolution is any enactment by the Board of County Commissioners or the people which defines policies or procedures governing the actions of persons or bodies for a limited period of time.

**Procedures:** Any enactments by the people or the Board of County Commissioners implementing charter provisions, or expanding or curtailing any of the powers or authorizations provided herein, will be in the form of ordinances or resolutions. Each ordinance or resolution introduced through the Board of County Commissioners will have two readings, with the first reading consisting of announcement of the title of the ordinance or resolution at a meeting of the Board of County Commissioners and publication of a summary of the enactment in the official newspaper of the county at least twenty (20) days before the second reading.

The proposed enactment will then be given second reading, which will be by title, and submitted to a roll call vote of the Board of County Commissioners. If a majority of the elected commissioners concur, the enactment will become effective on the date stated in the enactment or if no date is stated, on the first day of the month following the date of enactment.

**Initiative and Referendum:** The powers of initiative and referendum are reserved to the electors of Burleigh County. The applicable provisions of state law will govern the exercise of powers of initiative and referendum under this charter. The number of signatures required to exercise these powers is at least equal in number to fifteen per cent of the number of electors voting in the county of the office of governor in the last general election.

**Limitations:** No ordinance enacted under this charter will supersede any ordinance of any political subdivision without its consent.

No ordinance may be enacted to diminish the authority of the boards of supervisors of townships or change the structure of organized township government.

### **Article III – Elections**

1. The Board of County Commissioners shall consist of five members who shall be elected on a nonpartisan ballot. All of the candidates seeking the office of county commissioner shall be voted upon by the qualified electors.
2. The Board of County Commissioners may follow state law concerning the organization and structure of elected county offices in accordance with state law.
3. The Board of County Commissioners may follow state law converting the elected offices of the county auditor/treasurer and the county recorder into appointed offices. Any resolution to convert an elected office to an appointed office shall not shorten the term for which the official was elected nor reduce the salary of the official's office for that term.
4. The elected offices of the County Sheriff, and State's Attorney shall remain as elected positions voted upon by the qualified electors.

### **Article IV – Amendments, Repeal and Termination**

In the manner provided by state law, this charter may be amended or repealed by a proposal of the Board of County Commissioners or by petition bearing signatures of qualified voters at least equal in number to fifteen percent (15%) of the number of electors voting in the county for the office of governor in the last general election.

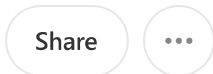
Respectfully submitted by the Burleigh County Home Rule Charter Commission, this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

# Burleigh County's Local Property Tax Reform Plan

Join us for a Public Forum scheduled for (May 7th, 2024) to discuss Burleigh County Voters' opportunity in the June election to approve or reject a "local control" approach to property tax reform.



DUSTIN GAWRYLOW  
MAY 01, 2024 · PAID



**Attention Burleigh County Taxpayers And Voters:**

**Join us on Tuesday, May 7th at 7pm at the Bismarck Mandan Chamber EDC Conference Room located at 1640 Burnt Boat Drive Bismarck, ND to discuss this issue.**

**The public, media, and elected officials are invited to discuss this important local ballot measure on the June 2024 ballot in Burleigh County.**

**(I will be on the panel as a member of the Burleigh County Home Rule Charter Committee that came up with this plan.)**



Over the last year I have been serving as a member of Burleigh County's latest Home Rule Charter Committee looking at ways to simultaneously address the [budget issues at the county level](#) and provide a mechanism for local voters to reform and reduce their own property tax burdens even if [property taxes are not abolished](#) at the statewide level.

In May of 2023, the Burleigh County Commission appointed Commissioner Wayne Munson, Commissioner Steve Schwab, County State's Attorney Julie Lawyer, Emergency Management Director Mary Senger, State Rep. Pat Heinert, Kay LaCoe, and myself to look at the budget and the possibility of a sales tax to address the issues.

This commission hashed over the numbers and possible angles to address the long-term finances of the county to bring the draining the reserve funds under control

before they run out (which would have happened within the next three budget years if the [mill levy had not been increased for the 2024 budget](#)).

## What Does The Plan Do?

In October 2023 this commission finalized its recommendation to the Burleigh County Commission. [That commission, including myself, recommended the following plan:](#)

### 2024 Sales Tax Proposal

#### **Ballot Language**

The Home Rule Charter proposed amendment requires that all revenues raised and collected from a 1% sales and use tax shall be used to offset property taxes used for the budgets of the Detention Center, Sheriff, and State's Attorney, and other public needs of the county.

Shall the Home Rule Charter, as amended as follows, be approved?

A "yes" vote means you approve the proposed amendment.

A "no" vote means you reject the proposed amendment.

#### Summary:

- Upon the payoff of the Burleigh-Morton Detention Center bonds and the expiration of the existing 1/2-cent designed to pay for those bonds a new 1-cent sales tax would be created for the explicit purpose of replacing property tax revenues needed to fund the ongoing operations of the Burleigh County share of the Burleigh-Morton Detention Center, the Burleigh County Sheriff's Department, and the Burleigh County States' Attorney's Office. The county mill levy would be reduced by the amount now being used to pay for these line-item functions.
- Any revenue left over would be available to the Burleigh County Commission to fund other public safety priorities. This will likely diminish if the County Commission cannot keep the rise of expenses at or below the rate that sales tax



revenues increase due to economic growth and inflation. But it does give them a small buffer for the overall budget.

## Video Explainer Of The Plan

Home Rule Charter Commission member Kay LaCoe and [myself](#) created a [short animated video](#) explaining this plan.

Burleigh County Property Tax Reform - 1% Sales Tax Measure



## Why Was The Plan Crafted This Way?

The term “offset” was explicitly used instead of the word “replace” [just in case Rick Becker’s measure to eliminate property taxes does get on the ballot and pass](#) - in that event, this 1% sales tax would go away and the state’s replacement funds would take over. We did not want a situation where Burleigh County taxpayers would be punished for trying to be pro-active and not wait for the measure to be voted on.

This 1-cent sales tax is expected to generate between \$20-22 million dollars (the existing 1/2 cent sales tax generated over \$10 million last year). The budgetary needs of the Detention Center, Sheriff’s Department, and States’ Attorney’s Office are somewhere just under \$19 million.

It will be the local responsibility of the county commission to ensure that the full value of this sales tax plan is realized on the property tax mill levy. They will be able to reduce the overall mill levy from the new 42-mill levy level to approximately 22-mills. The county would still have the **added revenue generated by the 7-mill increase this year**. The net impact of this 1-cent plan would be to reduce the county's share of property tax by approximately half, while still fixing the previous shortfall.

## **Why Not Include Mill Levy Limits?**

The Home Rule Charter Commission discussed putting hard caps on the mill levy, but decided to let the full Burleigh County Commission figure out how to maximize the property tax savings generated by the 1-cent sales tax. It will be up to them, as always, to keep the county budget under control and limit future property tax increases to residents.

This plan will have to be approved by voters. If the voters reject this plan, the Burleigh County Commission will be constrained to using the mill levy to fix its budget problems with more property taxes.

## **The Math**

The major benefit of this plan is that 30-40% of the sales tax is paid by visitors who are not residents of Burleigh County. This is appropriate because a large portion of law enforcement costs are also generated by individuals who are not from Burleigh County.

By replacing the mill-levy on a line-by-line basis, it removes these functions from the list of excuses for property taxes to go up in the future. The elected officials will still have to justify their decisions in other areas, but basic government functions like law enforcement will now be off the table as an excuse for property tax increases.

## **The Big Picture**

As the North Dakota Watchdog Network has said for over a decade, the state legislature's approach to property taxes has not worked.

Governor Burgum has also tried to explain that the state's approach to addressing property tax has not been effective in doing what it tried to do - and has spent over \$7 billion trying to do it.

This Burleigh County sales tax proposal would put property tax reform into the hands of local voters and local citizens and may act as a template for other counties and cities in North Dakota to fix their own property tax issues.

## **A Hedge Against The Property Tax Elimination Measure Failing**

One big question I get is “why would we vote for this when we can eliminate property taxes statewide?”

Because there is no guarantee that measure will be on the ballot or that the voters will approve it. ([Contact the supporters of that measure if you want to help.](#))

The special interest groups are already coming out in full-force against Rick Becker's property tax elimination measure.

Burleigh County voters have a chance to place a hedge against that measure failing at the statewide level and still reduce their property tax burdens.

**Join us on Tuesday, May 7th at 7pm at the Bismarck Mandan Chamber EDC Conference Room located at 1640 Burnt Boat Drive Bismarck, ND to discuss this issue.**

**If you live in Burleigh County, would you support this plan to replace property tax revenue with sales tax revenue to pay for basic law enforcement functions?**

YES

71%

NO

29%

24 VOTES · · SHOW OPTIONS

POLL

**If you live outside of Burleigh County, would you like to see more cities and counties try to find ways to fix their own property tax problems instead of waiting for the legislature to bail them out?**

YES

78%

NO

22%

18 VOTES · · SHOW OPTIONS

POLL

**If Rick Becker's plan to abolish property taxes entirely statewide is on the ballot this year, how would you vote?**

YES

51%

NO

49%

35 VOTES · · SHOW OPTIONS



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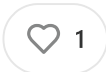
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Burleigh County Property Tax Reform - 1% Sales Tax Measure



## Why Was The Plan Crafted This Way?

The term “offset” was explicitly used instead of the word “replace” [just in case Rick Becker’s measure to eliminate property taxes does get on the ballot and pass](#) - in that event, this 1% sales tax would go away and the state’s replacement funds would take over. We did not want a situation where Burleigh County taxpayers would be punished for trying to be pro-active and not wait for the measure to be voted on.

This 1-cent sales tax is expected to generate between \$20-22 million dollars (the existing 1/2 cent sales tax generated over \$10 million last year). The budgetary needs of the Detention Center, Sheriff’s Department, and States’ Attorney’s Office are somewhere just under \$19 million.

It will be the local responsibility of the county commission to ensure that the full value of this sales tax plan is realized on the property tax mill levy. They will be able to reduce the overall mill levy from the new 42-mill levy level to approximately 22-mills. The county would still have the **added revenue generated by the 7-mill increase this year**. The net impact of this 1-cent plan would be to reduce the county's share of property tax by approximately half, while still fixing the previous shortfall.

## **Why Not Include Include Mill Levy Limits?**

The Home Rule Charter Commission discussed putting hard caps on the mill levy, but decided to let the full Burleigh County Commission figure out how to maximize the property tax savings generated by the 1-cent sales tax. It will be up to them, as always, to keep the county budget under control and limit future property tax increases to residents.

This plan will have to be approved by voters. If the voters reject this plan, the Burleigh County Commission will be constrained to using the mill levy to fix its budget problems with more property taxes.

## **The Math**

The major benefit of this plan is that 30-40% of the sales tax is paid by visitors who are not residents of Burleigh County. This is appropriate because a large portion of law enforcement costs are also generated by individuals who are not from Burleigh County.

By replacing the mill-levy on a line-by-line basis, it removes these functions from the list of excuses for property taxes to go up in the future. The elected officials will still have to justify their decisions in other areas, but basic government functions like law enforcement will now be off the table as an excuse for property tax increases.

## **The Big Picture**

As the North Dakota Watchdog Network has said for over a decade, the state legislature's approach to property taxes has not worked.

Governor Burgum has also tried to explain that the state's approach to addressing property tax has not been effective in doing what it tried to do - and has spent over \$7 billion trying to do it.

This Burleigh County sales tax proposal would put property tax reform into the hands of local voters and local citizens and may act as a template for other counties and cities in North Dakota to fix their own property tax issues.

## **A Hedge Against The Property Tax Elimination Measure Failing**

One big question I get is “why would we vote for this when we can eliminate property taxes statewide?”

Because there is no guarantee that measure will be on the ballot or that the voters will approve it. ([Contact the supporters of that measure if you want to help.](#))

The special interest groups are already coming out in full-force against Rick Becker's property tax elimination measure.

Burleigh County voters have a chance to place a hedge against that measure failing at the statewide level and still reduce their property tax burdens.

**Join us on Tuesday, May 7th at 7pm at the Bismarck Mandan Chamber EDC Conference Room located at 1640 Burnt Boat Drive Bismarck, ND to discuss this issue.**

**If you live in Burleigh County, would you support this plan to replace property tax revenue with sales tax revenue to pay for basic law enforcement functions?**

YES

71%

NO

29%

24 VOTES · · SHOW OPTIONS

POLL

**If you live outside of Burleigh County, would you like to see more cities and counties try to find ways to fix their own property tax problems instead of waiting for the legislature to bail them out?**

YES

78%

NO

22%

18 VOTES · · SHOW OPTIONS

POLL

**If Rick Becker's plan to abolish property taxes entirely statewide is on the ballot this year, how would you vote?**

YES

51%

NO

49%

35 VOTES · · SHOW OPTIONS



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Government ACCESS

Burleigh Commission Special Meeting Replay 4/24/23

Tom Baker Meeting Room, City/County Office Building, 221 N 5th St, Bismarck

April 24, 2023

3:00 PM

- Meeting called to order by Chair Matthews.
- Roll call of members.
- County Deputy Finance Director Schulz will conduct a County Finance Workshop
  - Buildings/Properties discussion
 


| Property                          | Estimated Value     | Fund Balance       |
|-----------------------------------|---------------------|--------------------|
| Missouri Valley Complex           | \$20,000,000        | \$5,397,025        |
| President Building                | \$3,000,000         | \$1,512,800        |
| Professional Building Parking Lot | \$250,000           | \$68,128           |
| Bismarck Tire Parking Lot         | \$100,000           | \$0.00             |
| County's Dept Shop (Old Hwy Dept) |                     |                    |
|                                   | <b>\$13,350,000</b> | <b>\$6,978,953</b> |
- New Building General Plan and Budget
- Contracts and Leases: Obtain and review for Burleigh County, Departments, Boards and Committees
  - Long-Term Commitment from State on Human Service Zone Lease
- Wells Fargo bid
- Sales Tax 5.05
- Investment Review
- SDM APRN fund allocation
  - \$400,000 APRN Interest Income - transfer to General Fund?
- County Administrator
- Public Information Officer
- Challenges and Opportunities: Review and discuss transforming to a strategic plan.

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# Burleigh County To Form Home Rule Charter Commission to Address Budget Shortfalls

Previous county commissioners and county staff have led to a situation where the county's reserve funds will be drained in the next few years, and a solution will be needed to fix the budget.

 DUSTIN GAWRYLOW  
MAY 10, 2023 · PAID

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  1
 



Since the November election, newly elected Burleigh County



North Dakota's Watchdog Update

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Commissioners have been saddled with figuring out what happened last year during the budget approval process. This budget situation was first exposed back in January when the commission held a questionable meeting to disclose the fact the county simply did not have the money to do the full renovation it planned for the Provident building in downtown Bismarck. At the time, I had placed a request with the Attorney Generals' office to look at that meeting

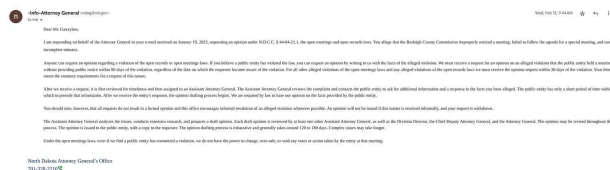


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DUSTIN GAWRYLOW • JANUARY 19, 2023

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That request was acknowledged on February 15th as received. No results have come from it yet.



Since then, I have been working with Burleigh County Commissioners to come to a full detailed explanation has been difficult due to turnover in staff, and a lack of good record keeping. (For the record, the commissioners I have talked to have been very cooperative,



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MAR 31, 2023 • CONTENT CREATION &...

mostly because they themselves wanted more clarity on what really happened.)

In March, I asked the following questions of county staff:

Thank you for continuing to provide clarification of the facts related to the 2022 Budget County Budget.  
What is your request for the benefit of the public? Is it a step by step narrative of what happened in the 2022 budget process during the November 2021 and the January 2022 special meeting of the county commission?  
What the January 2022 Special Meeting of the county commission, have you continued to be updated by email and/or in person by the staff to the extent that the financial situation was not as it was thought to be?  
Examples of specific cases in the counties that would be considered as an example?  
Related to revenues, are expenditures have been included in the regular county commission?  
1. The budget of 2022 was due to the improper estimation of revenues.  
2. The budget of 2022 was due to improper reconciliation of sales tax revenues/outflows related to the bonded debt payments on the jail bonds.  
Related to financial control, two claims have been circulated (by separate county commissioners):  
3. The county commission did not realize that reserves would need to be tapped to "balance the budget".  
4. Decisions were made by former staff to move money from the reserve fund to the general to "balance the budget" without the awareness or explicit approval of the commission.  
Could you provide the facts of the situation as they unfolded in the past?  
If there is a chance that a resolution and that resolution can be provided to the public, on the situation, including an explanation of what really happened and when. I will be happy to help you by sharing the facts on this situation and helping the commission more broadly.  
Again, thank you for your efforts. Please let us know when you are ready to provide the facts and we can help you resolve these disputed claims and establish the facts.  
-Scotty Green

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- 1. The budget shortfall was due to improper estimation of revenues.*
- 2. The budget shortfall was due to improper reconciliation of sales tax revenues/outflows related to the bonded debt payments on the jail bonds.*

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The last written explanation I received attempting to close the book on this discussion was from the current Deputy Finance Director for the county (who was not in that role last year at the time of the troubles):

Related to the Revenues  
1. I, Andy Owen Thompson and I, covering only the Finance Department in November of 2022 and a comprehensive review of the approved 2023 Budget. What we could not locate was the Estimated 2023 Revenue Budget by Department that was used to establish the budget. We found some work papers that we believe were utilized and those papers had the estimated tax revenues higher than what the Final Mill Levy Calculations were.  
2. At that point we decided it would be best to start over on Revenue calculations for 2023 rather than try to use partial information and the fact that we were not sure if that was the information that was utilized by the former Finance Department.  
3. On January 13, 2023, we gave a brief update of General Fund estimated revenues for 2023 to the Board of Supervisors. They were not asked to approve the budget. We did not have any input on the budget.  
4. On January 13, 2023, we gave a brief update of General Fund estimated revenues for 2023 to the Board of Supervisors. They were not asked to approve the budget. We did not have any input on the budget.  
5. The information was not used in the 2023 Budget. The only issue that is that the sales tax collections were being collected in monthly ACHs converted our Cash balances. Since the sales tax collections and bond payments are both funded by the State of NC the County should not be impacted by that. We are working with the State Revenue Office to have a transfer of the sales tax collections and bond payments to the State of NC. This will have an impact on the budget. We are working on a transfer of the State Revenue Office to the State of NC.  
Related to the Financial Control  
6. Financial control during the budgeting process, we did not have the previous Finance Director's role in the Commission that Revenue Funds were being used in the 2023 Budget. I believe there was some clarity that could have been given to make sure the Commission understood how much and what the State Revenue Office was doing for the county and what the State Revenue Office was doing for the county.  
Andy Owen Thompson  
Deputy Finance Director  
Budgeting Committee

### ***Related to the Revenues:***

- 1. Upon Clyde Thompson and I coming into the Finance Department in November of 2022 we did a comprehensive review of the approved 2023 budget. What we could not locate was the Estimated 2023 Revenue Budget by department that was used to establish the budget. We found some work papers that we believe were utilized and those papers had the estimated tax revenues higher than what the Final Mill Levy Calculations were.*
- 2. At that point we decided it would be best to start over on Revenue calculations for 2023 rather than try to use partial information and the fact that we were not sure if that was the information that was utilized by the former Finance*

*Director. On January 13, 2023, we gave a brief update of General Fund estimated revenue for 2023 of \$25,547,200. Since then, we have spent substantial time and effort fine tuning that. At this point we believe a more accurate number is \$27,562,400.*

- 3. At the January 13, 2023 meeting I pointed out the fact that since we were utilizing reserve funds for the 2023 budget that it may be best to put a hold on any remodel or building discussions until the County had more time to do a full review of our total financial picture and plan on how to avoid utilizing reserve funds at as high of a level for future years. It was pointed out at that meeting and future meeting discussions that no money was missing, simply that we wanted to make sure that all current commission members were aware of what was approved for the 2023 budget and how that will impact future years.*
- 4. The Burleigh/Morton Detention Center Bond payments and Sales Tax collections were not related to the 2023 Budget. The only issue there is that the sales tax collections were being receipted in monthly*

*which overstated our Cash Balance. Since the sales tax collection and bond payments are both handled by the Bank of ND the County should not have receipted those funds. We are working with the State Auditors Office on how to make our adjusting entry to remove those receipted funds and going forward they will not be receipted. This did not have any impact on budgets, but simply showed an incorrect Cash Balance related to the Detention Center Bond.*

***Related to Financial Control:***

*In reviewing commission meeting recordings, we did find where the previous Finance Director did inform the Commission that Reserve Funds were being used in the 2023 budget. I believe there was some clarity that could have been given to make sure the Commission understood how much and what the future impact of utilizing reserve funds for ongoing expenses could and would be. Since neither Clyde nor I were part of the Finance Department at the time of budget approvals we cannot speak any further to the specifics of any conversations.*

**More recently, County Commission Chairwoman Becky Matthews (who has**

been extremely cooperative in this ordeal) responded with the following statement:

Mr. Gonzalez  
I discussed this response with Justin Schulz and Mark Splonskowski. I felt personally needed to send you this response since out of the three of us I was the only one involved with the 2023 budget cycle. I, in addition to you, have had questions and have meet with the State Auditor's office regarding our 2022 audit and findings. They discovered that a number was used for budgeting that provided an inflated revenue for tax collection in 2023. Second, they discovered an unsustainable use of reserve funds to cover the 2021, 2022, and 2023 budgets.  
With all my discussions noted above, there has never been any money missing, any wrongdoing, or any coverup. Poor financial decisions were made regarding the use of the reserve fund by the county staff and commissioners involved. I hope this provides clarity in the financial issues and questions you had.  
Bobby Mathews  
Brazos County Commissioner

*I discussed this response with Justin Schulz and Mark Splonskowski. I felt I personally needed to send you this response since out of the three of us I was the only one involved with the 2023 budget cycle. I, in addition to you, have had questions and have meet with the State Auditors office regarding our 2022 audit and findings. I have gone over the financial information several times with Mr. Schulz and Mr. Thompson.*

*In December of 2022 the former finance director, resigned due to performance issues with the county. Mr. Thompson and Mr. Schulz soon stepped in to take over the financial responsibilities the former finance director held. During that time, they discovered that a number was used for budgeting that provided an inflated revenue for tax collection in 2023. Second, they discovered an unsustainable use of reserve funds to cover the 2021, 2022, and 2023 budgets.*

*With all my discussions noted above, there has never been any money missing, any wrongdoing, or any coverup. Poor*

*financial decisions were made regarding the use of the reserve fund by the county staff and commissioners involved. I hope this provides clarity to the financial issues and questions you had.*

I have also spoken with State Auditor Josh Gallion about getting to the bottom of this situation in the next audit of the county. As of February, Gallion had stated he expected this audit to start sometime this summer.

## **Tax Hikes Likely Coming, Due Diligence On Spending Needed**

In the video at the top of this message, you will see the conversation that county commissioners had during the last two meetings where they discuss what to do about the budget shortfalls going forward.

Luckily, the county was well positioned with a \$17 million surplus cash reserve going into the 2023 budget - however, with a projected shortfall of \$5 million each year, including the current already-passed 2023 budget, that surplus will only last just over three (3)

years, including the current budget year.

# Burleigh discusses sales tax increase

Committee to work on  
future ballot measure

Last week, [the Burleigh County Commission](#) decided to create a new [Home Rule Charter Commission](#) to discuss the possibility of using sales tax to close the budget gap in future years - as an alternative to increasing the property tax mill levy by at least 10 mills.

The current half-cent sales tax for paying off the county jail is set to expire at the end of 2024. It currently brings in roughly \$10 million per year.

From a strict math standpoint, extending the existing sales tax would eliminate the need to increase property taxes, fix the budget shortfall, and leave enough left over to reduce the mill levy by about 8 mills. [That reduction could be more if there are](#)

savings to be found on the spending side of the ledger.

There are also discussions being had to add a second half-cent sales tax to possibly reduce property taxes further. A dedicated half-cent to remove the on-going operations costs of the county jail and the Sheriff's Department would allow for the county mill levy to be reduced by another 15-20 mills.

If there is to be an extension or expansion of the sales tax, ideally 50-80% of the new revenue could go toward permanently replacing line-item expenses that are currently covered by property tax revenue.

Burleigh County residents need to keep an eye on this topic, and can apply to be on the Home Rule Charter Commission by [filling out this form and sending it to the county auditor](#). (I have already personally applied, as was discussed at the last county commission hearing.)



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Brent N. Winkelman May 10, 2023



A cluster.



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# Reminder: Taxpayer Townhall Meeting on June 4th

The North Dakota Watchdog Network is hosting a Taxpayer Townhall Meeting on Tuesday, June 4th @ 6:30pm at the Bismarck Public Library in the basement for residents of Bismarck and Burleigh County.



DUSTIN GAWRYLOW  
MAY 28, 2024 · PAID



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**\*\*\*The North Dakota Watchdog Network is hosting a Taxpayer Townhall Meeting on Tuesday, June 4th, 2024 @ 6:30pm at the Bismarck Public Library in the basement for residents of Bismarck, Burleigh County, and the outlying towns in Burleigh County.\*\*\***

*The following OpEd was submitted to the Bismarck Tribune and may appear there before the June 11th election:*

## **Burleigh County Ballot Measure Offers Local Approach To Property Tax Dilemma**

Property taxes are out of control. Always have been. Always will be.

The legislature has spent \$7.5 billion in the last dozen years to “relieve” property taxes, but because this only slows the rate of growth rather than reducing the actual dollar-based burden, North Dakota property owners do not believe the legislature is doing anything.

Local governments lack the desire, tools, or creativity to remedy the property tax burden themselves. So every decade or so, we see a new push to abolish property taxes completely.

In 2012, North Dakota voters rejected that approach and trusted the legislature’s commitment to fix the property tax situation. The legislature failed, and spent over \$7 billion on efforts to mitigate property taxes in a way that property owners do not accept as being effective.

In Burleigh County, at the direction of the Burleigh County Commission, a committee including myself was appointed to tackle this issue with a new Home Rule Charter amendment.

The half-cent sales tax that was approved to finance the construction of the Burleigh-Morton Regional jail will soon expire. Our committee proposes that a full one-cent sales tax replace the half-cent sales tax, and the revenue generated go to offset and replace the property taxes used to pay for the operations of the jail, the operations of the Sheriff’s Department, and the operations of the States’ Attorney’s office. The cost of these functions is right around \$18 million annually now, and a full one-cent sales tax should raise just over \$20 million annually.

These functions account for over half of the county’s budget currently paid for with property taxes, and a full one-cent sales tax should be able to cover these costs for the foreseeable future (assuming those agencies and county commission can control their costs).

Much of Burleigh County’s law enforcement costs are caused by violators that are not from Burleigh County. Whereas having the state penitentiary was considered an asset at statehood in 1889 for its ability to create jobs, it has now become a liability as violators who get out of jail have nowhere to go, get stuck in Burleigh County, and re-violate laws putting a strain on local resources.

According to our data, upwards of 40% of the sales tax is paid for by visitors who are not Burleigh County residents. This means that shifting law enforcement expenses away from the property tax and toward sales tax can reduce the dollar burden on Burleigh County and Bismarck residents by about \$7 million of \$20 million the full one-cent sales tax will generate.

This full one-cent sales tax is designed to offset property taxes used for operating the jail, Sheriff's Department, and States' Attorney's office. If the voters of North Dakota vote to abolish property taxes, this one-cent sales tax will no longer be needed or effective as it can only be used to offset property taxes. If there are no property taxes being levied by the county, the one-cent sales tax goes away.

But, if the voters of North Dakota do not abolish property taxes, at least the property owners of Burleigh County will see the county share of their property taxes cut by half (perhaps up to 2/3rds, if the county commission plays their cards right).

Burleigh County Ballot Measure #1 puts property taxes into the hands of local voters, regardless of what North Dakota voters decide on the fate of property taxes in general.

Somebody has to bite the bullet eventually. This is just the current option we came up with this time around. The status-quo and inaction has not been working.

For more information about Burleigh County Measure #1 on the June 11th, 2024 ballot, please read the previous articles on the matter:

## **Burleigh County's Local Property Tax Reform Plan**

DUSTIN GAWRYLOW · MAY 1, 2024



Attention Burleigh County Taxpayers And Voters: Join us on Tuesday, May 7th at 7pm at the Bismarck Mandan Chamber EDC Conference Room located at 1640 Burnt Boat Drive Bismarck, ND to discuss this issue. The public, media, and elected officials are invited to discuss this important local ballot measure on the June 2024 ballot in Burleigh County.

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DUSTIN GAWRYLOW  
JUN 04, 2024 · PAID



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DUSTIN GAWRYLOW · MAY 1, 2024





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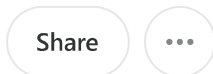


# Breaking News: Burleigh County Passes Property Tax Reform

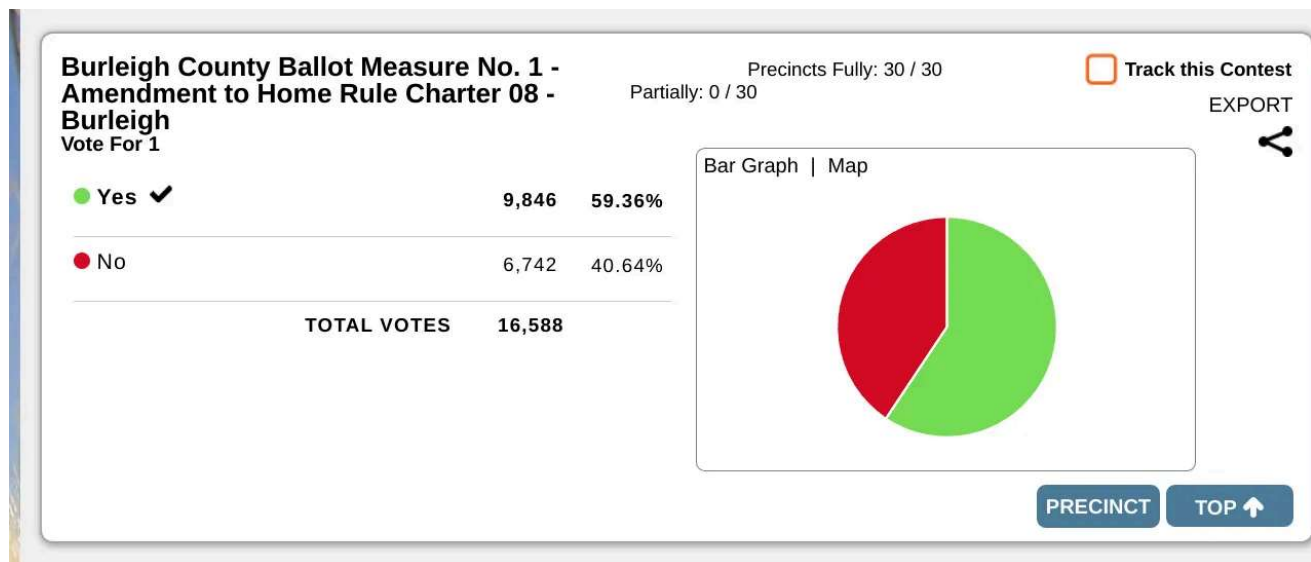
59% of Burleigh County voters approve of shifting county law enforcement costs to local sales tax - of which upwards of 40% is paid by non-Burleigh visitors.



DUSTIN GAWRYLOW  
JUN 11, 2024 · PAID



Quick update on one issue the North Dakota Watchdog Network has tackled directly: Burleigh County voters approve a 1% sales tax to offset costs currently covered by property taxes for the Burleigh County Jail, Burleigh County Sheriff's Department, and Burleigh County States Attorney Office.



For more on this plan to reduce and reform property taxes at the local level, read the previous work on the issue.



## Reminder: Taxpayer Townhall Meeting on June 4th

DUSTIN GAWRYLOW · MAY 28, 2024

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