

**Testimony on House Bill 1168**  
**Brenton Holper- City Administrator, Horace**  
**3/11/2025**

Chairman Weber, members of the Senate Finance & Taxation Committee:

Thank you for the opportunity to testify regarding HB 1168. My name is Brenton Holper, City Administrator for the City of Horace. I'm here to express concerns regarding HB 1168 as currently written.

Horace is one of the fastest growing cities in North Dakota. In 2024, our growth for single family residential building permits represented over 17% of those issued within the entire state. With this growth comes tremendous challenges in being conscious of property taxes for our residents, while still being able to provide relief when we've been able to. Within the 2024 budget, our City Council was able to reduce the mill rate for our residents. We pride ourselves in being conscious of our mill rate, while keeping a lean staff and building our reserve funds (that were non-existent as recent as 2018) when revenues are positive.

Although we have concerns regarding HB 1168, we're focusing on just the ones that would most impact our community. These include:

- The cap formula (CPI + 1%)
  - Although better than a 3% cap based on total property tax dollars levied, it still reduces our ability to keep up with both inflation and be able to address the core services that we would be able to provide residents.
- Sustainability of the proposed reform long-term on core services.
- Secondary impacts, due to our relationships with other local government entities such as Cass County (Sheriff and Assessor responsibilities).
  - The City of Horace partners with Cass County for law enforcement services with a cost share. If Cass County faces a significant reduction in property tax revenues, they may have to reduce partnerships, therefore put additional financial burden on communities.

A few potential revisions to HB 1168 include:

- Provide a higher percentage above the CPI. This would help with accounting for services in growing communities, while still providing reform.
- Consider changing the \$2M budget threshold to be population based at 10,000.
  - Although the population threshold may seem high, this would impact the highest population cities and counties, which rely less on property taxes to fund their budgets.

I urge this committee to consider the impacts and pressures it puts on local governments, along with the long-term ramifications. Thank you for your time and consideration.

Respectfully,

Brenton Holper, City Administrator  
City of Horace