

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1298

2007 HOUSE FINANCE AND TAXATION

HB 1298

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1298

House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 02-05-2007

Recorder Job Number: 2781

Committee Clerk Signature

Lisa M Thomas

Minutes:

Chairman Belter opened the hearing on HB 1298.

Rep. Wrangham introduced the bill. See attached testimony.

There were no questions from the committee.

Curly Haugland, business man in Bismarck, spoke in support of the bill.

Haugland: Much of the use of the local one cent sales tax is for economic development. It is a tool to take money from Peter and give it to Paul. Arguably, I think our economy has been stimulated to the maximum. We have hardly any unemployment and things are coming along pretty good in North Dakota and I think it's time we stop spending money in that fashion. If we stop spending money in that fashion the cities would have what they didn't spend on economic development to buy other things and legitimate government functions in their local communities. I would like to call your attention to an article in the current issue of the St. Louis Federal Reserve Publication; there has been extensive discussion about economic development. The analysis of that particular article is that it doesn't seem to be doing much in fact it is probably counter productive because of the slippage from taking the money from Peter and giving it to Paul. A lot of politicians have to use that money to campaign. So instead of just

becoming a zero sum gain it actually becomes a negative. From that perspective, I would like to encourage you to limit the use of city sales tax for local governments.

Connie Sprynczynatyk, ND League of Cities, spoke in opposition to the bill.

Sprynczynatyk: I have some written testimony from others to pass out. The mayor of Fargo and I will ask him to provide comment at this time.

See attached testimony.

Dennis Walaker, Mayor of Fargo, spoke in opposition to the bill.

Walaker: It is getting exceedingly difficult with all of the issues that we have to deal with, like the city of Fargo, we have a lot of issues and one of the concerns about limiting our ability to raise revenue to provide services for our community is continuing to grow and hopefully will continue to grow. Things are good right now, I agree with that. But we are going to be entering a period where the baby boomers are going to start making a real issue and we all want to keep the people that we education in our area in the state. All of the demographers and so forth at the University talks about that we are going to continue to lose; we are not going to continue to grow like we have been doing. My two children, fifteen years ago, would not be in the city of Fargo. They have gone to California or Minneapolis. They are both educated. Marvin Windows for instance, is the reason why my daughter is a mechanical engineer, because Marvin Windows was invented and they came in with those two plants, one in West Fargo. She is an engineer for them and then Prax is a huge success there. Dr. Carlson has done a wonderful job of creating a facility that started in a garage and now it employs hundreds of people. Those are not stealing from anyone else. These are expansions or new business. Our present sales tax in Fargo is normally about one percent. The state collects five percent. We use a half of a cent for the dome and that provides entertainment for a large, the entire Red River Valley, basically. That expires in January of 2008. The other half cent is basically for

infrastructure. What that does is provide for the wider streets and reduces specials for the surrounding property. That is definitely a benefit. So in 2012 we have some water needs. We have some flood control on the south side we are trying to deal with and that will start in 2012 for twenty years. Groceries are exempted. Our needs, we don't use any sales tax for operations. It is only for capitol. Fargo has been a home rule charter city for several cities and we need the flexibility to bring issues to our constituents. Who pays for the airport and people can provide services to the entire area? Fargo is the city, rather a region, not just a city. As far as the taxation, the scrutiny is amazing. There have been lots of issues brought up that died. Personally I don't believe it is necessary to place a cap on sales tax. It is my personal feeling that there is enough out there without another law that restricts the ability to raise revenue. How do we provide services to our people without the tools?

Rep. Belter: Currently, Fargo is at one percent, has there ever been a time where it has been above the one percent?

Walaker: My sales tax in 2012 is one percent and if this bill passes, it would limit us for other opportunities to build other structures. I would be against using sales tax for anything other than capitol improvements. For instance, transportation, we have about one hundred miles of streets, the funding for transportation in Fargo, other than the interstates, is limited by the ability of the state to fund it so we have to take these projects on and fund them locally. The only way we can do that is to use part of the sales tax and it has come a long ways. In my opinion, we went through a period; we have been through about fifteen years of cosmetic repairs to streets. I feel we made a lot of progress for instance our water main replacement. In 1988 and 1989 we had six hundred failures of our water main system around Fargo. Last year there was twenty five and this year it will probably be fifty. My goal when we started our water main replacement program was to get it under one hundred and we have accomplished that.

That is the process. We use some of that money to cap everything. The problem of capping this is there is no guarantee that this income is going to come from any place else and we know where our property taxes are personally. I am not complaining, but my personal property tax went up eighteen percent. A house that we built in 1976.

Rep. Wrangham: I understand the tough job you have maintaining a city the size of Fargo and I appreciate that the budget short falls that you have. Would you agree that under cities who don't have a shopping district have the same ongoing expenses and so forth? I realize that you don't use any of your sales tax dollars for maintaining what is there but can you imagine how hard it must be for those other cities that don't have those opportunities that Fargo does?

Walaker: I understand fully about small towns. I came from a small town. Our school district where I came from in northern North Dakota, it is costing us about five thousand dollars a student. So folks went to Casselton and Kindred and so forth. Leonard basically lost. It has happened all over ND. The population in Fargo, we have basically, you send you children to Fargo and if you want to drive to Minneapolis, I thank God every day that my two grandchildren are in ND. We want to keep that situation going. I worked in Wing and Kulm and all over in ND. The people were happy to see us come into their city because we made improvements. The city now, we will come and destroy their house and rip their street up from sidewalk to sidewalk and take away your access and then bill them for it. There is a lot of inadequacies in the taxation system but to take away this cap. We are capped at sixty-four mills. Mayor Ternes dropped it to sixty-one and a half and I dropped it to fifty-eight. Trying to get a message to the state legislature that we are going to try and do our share. Everybody feels that Fargo is spending too much, I would be happy to offer them a tour of the city. We run a lean machine as far as the city is concerned. Our school district is criticized over and over again for building, but neighborhood schools are a huge issue and we are expanding to the south. I understand

your frustrations about coming to a larger city and paying the sales tax. If we don't support our cities, where are you going to get your services?

Rep. Brandenburg: In looking at the sales tax trying to find the balance what it can be used for, my only problem with that is that there is a balance, but I do have a problem with it being used for education. We are trying to find a balance of what it can be used for and what it can't be used for.

Walaker: George Sinner, his answer was to fund education through (can't hear).

Rep. Drovdal: You had mentioned that you had lowered the mill levy in Fargo, did the dollars received from property tax, and did that go down?

Walaker: Basically, the evolution, this gets to be a simplistic issue. Property taxes when we are required to assess the property to set a present value, they are doing their job that is why I got caught. A dollar I can't give you, but we can assess sixty-four mills. We are trying to live within our budget. The problem is with gas. The price per gallon is driving us all nuts. Am I happy to pay over two dollars a gallon? No I'm not because my dad used to sell it and I can remember when it was thirty cents. The problem is where is this going to end? People are going to move to MN because the property taxes are lower over there. If I am forced by the state legislature, we will have to increase our mill levy. That's just the name of the game. Money got to come from some place.

Rep. Drovdal: The reason for my question is that we know about mill levies and valuation going up and down, but there are tax payers out there who come in and are calling us and don't care about the mill levy I don't care about my valuation is, my taxes went up and that is what I am wondering, did the taxes go up even though your mill levy went down?

Walaker: Mine went up eighteen percent. I guess it's a revolving thing. We can't look at twenty seven thousand pieces of property and mine was done without a visitation. As far as over all our budget went up.

Rep. Pinkerton: In Fargo, is your sales tax used for property tax abatement at all?

Walaker: No.

Rep. Pinkerton: That varies across the state as far as you understand?

Walaker: I have some information. There is a push right now by our economic people to get something to offer these businesses real dollars.

Rep. Pinkerton: Fargo uses quite a bit of their operating income comes from tax and sales business?

Walaker: Well we have a variety. We have a tax on the cell phone and home phone and utilities and you take away those taxes and the money is gone.

Bill Wolf, City Administrator of Bismarck, spoke in opposition to the bill.

Wolf: The bill as I see it would cap sales tax at one percent. The city of Bismarck has talked about opportunities and utilized sales tax at an additional one percent. We would like to have the versatility to continue to consider alternatives that would exceed this one percent. We presently use our sales tax on the road systems and we retire debt with it. We have mill levy reduction programs and we have a number of infrastructure improvements for ourselves and others who are in the city that are utilizing sales tax by vote of the public. We do not fund operations just on sales tax. That one percent local option sales tax can provide for our charter and of course have to go to our voters for approval. There are property tax impacts in these.

Rep. Froseth (To Sprynczynatyk): How many cities charge a sales tax? More than one percent?

Sprynczynatyk: When I last looked at it, it was one hundred and eleven cities and it's now one hundred and thirteen. There are three counties that charge local sales tax. Of those thirty-three are above one percent. Your question about special purpose, we periodically ask cities via email to tell us how they use that money and the most common use is economic development and infrastructure repair and replacement. Not frequently, sales tax is used to buy down property tax. That is the case in Bismarck.

Myles Vosberg, ND Tax Department, spoke in opposition to the bill. See attached testimony.

There were no questions from the committee. The hearing was closed and no action was taken at this time.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1298 B

House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: February 5, 2007

Recorder Job Number: 2827

Committee Clerk Signature

Mickie Schmidt

Minutes:

Chairman Belter called the committee to order and opened the hearing on HB 1298.

Chairman Belter: This limits the home rule cities to 1%.

Representative Wrangham: I move a Do Pass.

Chairman Belter: There's no second. The motion fails. Do we have another motion?

Representative Pinkerton: I move a Do Not Pass.

Representative Kelsh: Second it.

Chairman Belter: Is there any discussion?

Representative Wrangham: Sometimes it's unfortunate that the people who are back home and elected us aren't organized enough to be able to send their lobbyists in to work on us. I would just ask each of us to think of who elected us.

Representative Headland: In some ways there's a lot I like about the Bill. However, there's one problem that I have; Home Rule Cities have already taken these to a vote of the people and they've Ok'd it. So, to limit that, I think we are in fact then taking away some local authority.

Vice Chairman Drovdal: You just talked me into voting against this. I'm tired of going into every town and paying their tax and I don't get the services I would like.

Representative Grande: That's all fine but keep in mind while you're there you are protected by our police, our fire and everything else that goes with it. You have every ability to raise that sales tax. It's just a matter of what's working for that community.

Chairman Belter: As a State Legislature, we have an obligation to preserve certain tax authorities with the State. Two major ones are income tax and sales tax. As we allow Cities to increase their sales tax, we as a Legislature are giving up our ability to raise sales tax. It would be really tough for Rep. Pinkerton to vote for sales tax increase when he's already got two on and that's the difficulty with it.

Representative Grande: That's understood, we also in the Legislative body gave them that ability to do that. Yes, you can take it away but there was a reason for it to be given in the first place.

Representative Pinkerton: Is it limited to 2? Is that as high as it can go? Is there a cap on it?

Chairman Belter: No there is no caps at the present time.

Representative Pinkerton: I might be interested to seeing an amendment to limit it to two and I would also support an amendment that would prevent the use for property tax abatement. It seems like we're moving money from one pocket to the other.

Chairman Belter: If you want to have some amendments prepared by the Counsel, if they'll withdraw their motion, I don't have any objection to that.

Representative Froseth: I was going through this chart that the Tax Dept. passed out. I don't think I'd be in favor of just dedicating it to property tax relief or something like that. If you look at the chart of Belfield; they have 2%. (He goes on to read examples from the chart) These are all projects that there isn't much of a source of funding for. I know our town, we had everybody's water checked out because of EPA standards. We had 16 parts per million of arsenic in our water and the federal level is 14. We cannot get excused or exempted for that so

we're faced with about 1-1/2 million dollar water treatment plant to fix our water. We don't know how else to finance this. I don't know if we'll use the sales tax or not. If we look at this chart, that extra 1/2% or 1% that's for them for a certain period of time is being put to the uses that probably there's no other funding methods that can finance that project; these are necessary projects. The voters do have to approve it, and it is set for a certain period of time. I would support the motion.

Representative Pinkerton: I must not have been clear. I don't think it should be used for property tax abatement. It should be used for projects like you talked about.

Representative Owens: In one sense, I agree we have given them the authority to tax, we need to limit it. The reason being is I can introduce you to Cities in the State where the property tax is the lowest in the nation. It's my understanding that our Counties can levy the, sales tax as well, only three of them have chosen to do so. It fascinates me that the rest haven't. On the flip side though, we have limited it so that they can't do it for schools except for debt funding and what not. I could support two; one's a little too stiff.

Representative Wrangham: This Bill limits it to 1% for the Cities plus 1% for the Counties so in fact this is 2% if two different entities put the tax in. If you were going to draft an amendment to limit it to a cap of 2%, would that be inclusive of all subdivisions in that entity?

Representative Pinkerton: That would be a combined City and County at 2%.

Representative Wrangham: That's not the way the Bill is presently written but that's what I'm asking if that's your intent? Because otherwise it would be affective with 4%, and my though is if we're going to make it 4%, why have it?

Representative Pinkerton: I'm questioning the sales tax. Does anyone know of the highest tax paid in? Is there some that are taxed more than 2% in the State?

Vice Chairman Drovdal: Williston's got a 2% and Williams County has got a ½% so there affectively at 2-1/2%. Medora is also @ 2-1/2%.

Representative Froseth: Medora's extra ½% is to fund the \$100,000 dollar donation to the North Dakota Cowboy Hall of Fame.

Chairman Belter: Committee, what are your wishes?

Representative Froseth: I really think the voters should handle this.

Chairman Belter: Will the clerk read the roll; 9-y; 4-n; 1-absent; Rep. Froseth will carry the Bill. We will close the hearing on HB 1298.

FISCAL NOTE
Requested by Legislative Council
01/10/2007

Bill/Resolution No.: HB 1298

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1298 limits the local option city and county sales tax rates to one-percent.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 of HB 1298 "grandfathers in" current local option sales tax rates in excess of one-percent for the length of time the voters have approved this higher rate. Therefore, there is no direct fiscal impact to this bill. However, limiting the local option tax rates to one-percent may limit future city and county revenues.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	02/02/2007

Date: 2-5-07 pm
Roll Call Vote #: 1298

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House Finance & Tax Committee

Check here for Conference Committee

Legislative Council Amendment
Number _____

Action Taken Do Not Pass

Motion Made By Rep. Pinkerton Seconded By Rep. Kelsh

Representatives	Yes	No	Representatives	Yes	No
Chairman Belter		✓	Rep. Froelich		
Vice Chairman Drovdal		✓	Rep. Kelsh	✓	
Rep. Brandenburg		✓	Rep. Pinkerton	✓	
Rep. Froseth	✓		Rep. Schmidt	✓	
Rep. Grande	✓		Rep. Vig	✓	
Rep. Headland	✓				
Rep. Owens	✓				
Rep. Weiler	✓				
Rep. Wrangham		✓			

Total (Yes) 9 No 4

Absent 1

Floor Assignment Rep. Froseth

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1298: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO NOT PASS (9 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). HB 1298 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

HB 1298

HB 1298

#1 2-5-07 Am

Testimony HB 1298 By Representative Dwight Wrangham 2/5/07

HB1298 Caps local sales tax rates at 1%. Local entities are a creation of and are regulated by the State of North Dakota. The legislature gave local political subdivisions the authority to collect local sales tax. Up until that time, sales and income taxes were used only by the state to raise revenue. The constitution specifies real estate property tax as a funding mechanism for local government. The state is forbidden from imposing real estate property taxes. HB1298 merely places a restriction on the authority that the legislature granted.

HB1298 should not create friction between cities and counties or between the state and the local political subdivisions. Quite the opposite, HB1298 should prevent future friction between these governmental entities.

There is conflict when a local subdivision charges local sales tax to citizens who do not live or vote within that subdivision. The citizens who do not live in the taxing subdivision are not allowed to vote for the officials of that subdivision or for local sales tax increases. Some may say those from outside the local subdivision can choose to not shop in the taxing subdivision. That choice does not really exist.

In today's world, society has decided to do their shopping in regional shopping centers. Bismarck, Minot, Grand Forks and Fargo are the large regional shopping centers in North Dakota. Citizens who live in small and even medium size North Dakota cities are very limited in what they can buy locally. My constituents who live in Wilton, Mercer Washburn, Underwood, Coleharbor, Butte or Turtle Lake do not have much choice. They must make the majority of their purchases in a large city.

Mandan is another good example. Bismarck has become the shopping center. Bismarck, and rightfully so, enjoys the growth and increased sales and property tax revenues associated with being a regional shopping center. Mandan residents pay the Bismarck sales tax but cannot vote on or influence the sales tax policies of Bismarck.

Under present law there is potential for conflict between the state and local subdivisions. The state who traditionally uses sales tax as a major revenue source might reduce the state sales tax rate in an effort to give tax relief to all North Dakota Citizens only to have local entities increase their sales tax rate. If, and I hope this never happens, the State decides it needs to raise the sales tax for the good of all citizens in North Dakota, they may find local entities have already increased their local sales tax rates to the point that any further increase would make the total sales tax burden too high. Sales tax is the most regressive of all taxes. It hits those least able to pay the hardest. All citizens affected by a sales tax should have a say in its imposition.

Maybe local sales taxes should be charged only to residents of the local subdivision?

HB1298 does not suggest the local subdivisions have not been responsible with their budgets, or whether they need more revenue. If local entities need more revenue it should come from; 1) local property taxes, where the revenue is collected from the citizens who have a say in the decisions or 2) uniform state aid to political subdivision where all citizens of North Dakota have a say in the decision.

Please support HB1298.

Submitted by: Connie Sprynczynatyk

Testimony to the Finance and Taxation Committee
Chairman Wes Belter and Vice Chairman David Drovdal
Prepared by Cindy Hemphill, Finance Director
City of Minot
hemphill@web.ci.minot.nd.us

HOUSE BILL No. 1298

Mr. Chairman and Vice Chairman, my name is Cindy Hemphill and I serve as the Director of Finance for the City of Minot. I am representing the City of Minot to encourage a DO NOT PASS on House Bill No. 1298.

Currently, the City of Minot has a two (2) percent sales tax. One cent is dedicated strictly to the Northwest Area Water Supply (NAWS) project. This one-cent sales tax does not have a specific sunset provision. It will expire, by terms of the ordinance, when the local (35%) share of the NAWS project is raised. The other one-cent sales tax is used by the City of Minot, per our City ordinance, for capital infrastructure, economic development, and property tax relief. This one-cent sales tax will sunset June 30, 2014.

The one-cent sales tax that sunsets on June 30, 2014 will undoubtedly be brought to the voters of Minot to renew this sales tax. The one-cent is vital to the City of Minot and the surrounding areas.

The portion of the one-cent sales tax used for capital infrastructure (50%) has gone toward such things as the North Central Research Center and Greenhouse, MSU Library, MSU Dome improvements, MSU Old Main improvements, Nelson Auditorium, urban/rural highway debt, community owned arena improvements, airport terminal construction and airport equipment building, etc. As you can see many of the items financed through this sales tax have a regional benefit.

The portion of the one-cent sales tax used for economic development (40%) goes toward economic development in our entire region. The MAGIC Fund has financed projects in Crosby, Ray, Velva, Mohall, Minot, Bottineau, Dunseith, Garrison, Harvey, Kenmare, Parshall, Rugby, Sawyer, Stanley, and Westhope. Marketing-match money has also been made available to every city in our region based on a demonstrated need.

The remaining portion (10%) goes directly to property tax relief. This portion is used to service the City's debt and reduces the mill levy necessary to fund the debt service.

The important point to remember regarding the sales tax is the citizens of Minot have voted to approve the sales tax. The citizens of Minot recognize the many benefits the sales tax provides to them.

Yes, the City has a two-cent sales tax. The two-cent sales tax demonstrates the citizens recognized the need for the NAWS project and the need to fund capital infrastructure, economic development, and property tax relief. They understood fully when voting for the NAWS project that the sales tax will benefit them and many individuals outside the City limits. To effectively eliminate our ability to allow the citizens an opportunity to vote on continuing the one-cent sales tax that funds capital infrastructure, economic development, and property tax relief this bill takes away our citizens' ability to actively have input on how revenue may be raised to fund capital infrastructure, promote economic development, and provide property tax relief.

Again, we encourage a DO NOT PASS on House Bill No. 1298. Thank you for your consideration.

TESTIMONY ON HOUSE BILL 1298

House Finance and Taxation Committee

**John Schmisek, Finance Director
City of Grand Forks, ND**

February 5, 2007

Mr. Chairman and members of the committee, my name is John Schmisek and I am the Finance Director for the City of Grand Forks. I want to thank you for the opportunity to testify on House Bill 1298.

The City of Grand Forks opposes HB 1298 on the basis there is already an accountable process in place to impose and regulate sales taxes, it infringes on home rule authority and ties the hands of local governments and, finally, would very well result in an increase in property taxes to citizens.

There currently exists a trusted and sound process by which to levy a sales tax that is accountable to the ultimate authority: The people. Further, not only are new sales taxes required to pass a vote of the people, but so are any continuances of existing taxes. Clearly, this is a function of local government best left to the will of a city's residents and managed by the local officials to whom they are responsible.

House Bill 1298 also infringes on Home Rule authority and serves to tie the hands of local governments specifically in the area of raising revenue for the services their citizens expect. Every service has a cost and how to fund that cost is a responsibility of the local

governments who provide the services. Sales tax revenue is used to fund important functions of government. In Grand Forks, sales tax is used for the general fund, economic development and infrastructure needs.

Lastly, without the ability to raise sales tax, funding would have to be made up from other sources. The most likely source, of course, is property taxes. Therefore, this legislation would ultimately result in the increase of local property taxes. This result stands contradictory to the general sentiment across the entire state that we all work together to lower property taxes.

It is for these reasons that I would ask for a DO NOT PASS recommendation of House Bill 1298.

Thank you for your consideration.

Local Taxes Greater Than 2 Percent
As Of April 1, 2007

2#

	City/County	Rate	Effective Date	Current Dedication	Sunset Date
1	Belfield	1.00%	3/1/1995	Bonded indebtedness and Property Tax Reduction - 40%; Parks and Recreation - 30%; Senior Citizen Activities - 20%; Belfield Ambulance Department - 10%	None
		1.00%	4/1/2007	NRCS Belfield Watershed Project - 50%; Street Maintenance - 50%	None
2	Bottineau	1.00%	10/1/1999	Street Improvements; Curb and Gutter Installations, Street Repairs and Maintenance	10/1/2011
		1.00%	10/1/1993	Infrastructure Improvements, Economic and Jobs Development	None
3	Cando	1.00%	1/1/1998	Community Development Fund - 25%; Discretion of City Council - 75%	None
		1.00%	4/1/2007	Community Development Fund - 25%; Discretion of City Council - 75%	None
4	Cavalier	0.50%	10/1/1998	Retirement of Refunding Improvement Bonds	1/1/2013
		1.00%	10/1/1994	Capital Improvements and Economic Development	None
5	Devils Lake	1.00%	7/1/1988	Expansion, Construction, and/or Renovation of a Sewer Treatment Disposal System - 50%; Water Treatment, Water Source, Storm Water, Infrastructure Improvements, Community Development, Library, and Other Public Facilities - 25%; Infrastructure Improvements	None
		0.50%	1/1/1997	Expansion, Construction, and/or Renovation of a Sewer Treatment Disposal System - 50%; Water Treatment, Water Source, Storm Water, Infrastructure Improvements, Community Development, Library, and Other Public Facilities - 25%; Infrastructure Improvements	None
		0.50%	4/1/2007	Expansion, Construction, and/or Renovation of a Sewer Treatment Disposal System - 50%; Water Treatment, Water Source, Storm Water, Infrastructure Improvements, Community Development, Library, and Other Public Facilities - 25%; Infrastructure Improvements	None
6	Dickinson	1.00%	7/1/1990	Bonded Indebtedness, Property Tax Reduction, and Infrastructure - 50%; Capital Improvements - 30%; Job Creation and Senior Citizen Activities - 20%	None
		0.50%	1/1/2002	Community Center, Property Tax Reduction, and Infrastructure	None
7	Edgeley	1.00%	1/1/1997	Capital and Infrastructure Improvements - 50%; Parks and Recreation - 25%; Job Development (Business Retention, Expansion, and Recruitment) - 25%	None
		1.00%	10/1/2006	Edgeley Park Board - New City Pool	None
8	Fargo	0.50%	4/1/1989	Multipurpose Dome Facility	12/31/2008
		0.50%	7/1/1992	Fargo Street Improvement - 50%; Fargo Water Treatment Plant Fund - 50%	6/30/2012
9	Garrison	1.00%	1/1/1996	Community Development and Infrastructure - 50%; Projects Enhancing the General Welfare of the Area - 50%	12/31/2015
		1.00%	10/1/2006	City Water Project and Project Indebtedness, and Water Infrastructure	None

1998 2-5-07 pm from Nyles Noberg

Local Taxes Greater Than 2 Percent
As Of April 1, 2007

	City/County	Rate	Effective Date	Current Dedication	Sunset Date
10	Grafton	1.00%	1/1/1991	Community Development Fund - 75%; Christian Unity Hospital Corporation - 25%	None
		1.00%	4/1/2007	Community Development Fund - 75%; Christian Unity Hospital Corporation - 25%	None
11	Grand Forks	1.00%	1/1/1985	Property Tax Relief, Infrastructure Improvements, and Economic Development - 56%; Multiuse Civic Events Center - 41.5%; Events Center (operation, promotion, and marketing) - 2.5%	None
		0.75%	4/1/1996	Property Tax Relief, Infrastructure Improvements, and Economic Development - 56%; Multiuse Civic Events Center - 41.5%; Events Center (operation, promotion, and marketing) - 2.5%	Upon the Retirement of Related Debt
12	Hillsboro	1.00%	10/1/1998	Development of New and Existing Businesses and Capital Improvements	None
		1.00%	1/1/2003	General Obligation Bonds Issued by the Public School District	Upon General Obligation Bonds are Paid in Full
13	Jamestown	1.00%	7/1/1991	Jobs Development and Infrastructure Improvements for Economic and Jobs Development	12/31/2012
		1.00%	4/1/2002	General Obligation School Building Bonds	3/31/2022 or payment of bonds, whichever comes first.
14	Killdeer	1.00%	4/1/1995	Operation and Maintenance of Swimming Pool	4/1/2015
		0.50%	1/1/2007	Dunn County Golf Association	None
15	Lamoure	0.50%	1/1/2005	Jobs Development Authority - 75%; City of LaMoure - 25%	12/31/2009
		1.00%	1/1/1997	Jobs Development Authority - 75%; City of LaMoure - 25%	None
16	Linton	1.00%	10/1/1993	Capital Improvements - 30%; Economic Development - 70%	None
		1.00%	10/1/2006	Municipal Swimming Pool	None
17	Maddock	1.50%	10/1/2002	Community and Economic Development Projects and General Infrastructure Improvements	None
18	Mayville	1.00%	7/1/2003	Lewy Lee Fieldhouse Amortized Bonds	12/31/2023 or Payment of Debt for Mayville State University, whichever comes first
		1.00%	1/1/1997	Infrastructures Improvements and Jobs Creation	None
19	Medora	2.00%	1/1/2000	Capital Improvement Account	None
		0.50%	4/1/2002	Capital Improvement Account to fund the 100,000 Donation to ND Cowboy Hall of Fame and Thereafter the \$500,000 Donation to the Theodore Roosevelt Medora Foundation	When the fund reaches \$600,000

Local Taxes Greater than 2 Percent
As Of April 1, 2007

	City/County	Rate	Effective Date	Current Dedication	Sunset Date
20	Michigan	1.00%	10/1/2001	Job Development Authority - 60%; Revitalization Fund - 15%; Volunteer Ambulance Service - 10%; Park Board - 5%; Golf Course - 5%; Service Club - 5%	None
		0.50%	4/1/2004	Job Development Authority - 60%; Revitalization Fund - 15%; Volunteer Ambulance Service - 10%; Park Board - 5%; Golf Course - 5%; Service Club - 5%	None
21	Milnor	1.00%	10/1/1998	Capital Improvements and Infrastructure - 60%; Economic Development, Emergency Services, Community Projects, and Community Functions - 25%; Parks and Recreation - 15%	None
		0.50%	10/1/2002	Equipment Acquisition and Maintenance	None
22	Minnewaukan	1.50%	1/1/2007	To Access Grant Funds that Require Local Matching; Infrastructure Maintenance and/or Improvements; Economic Development and/or Tourism	None
23	Minot	1.00%	4/1/1986	Minot Area Capital Improvements - 50%; Jobs Creation - 40%; Property Tax Relief - 10%	6/30/2014
		1.00%	1/1/1998	Minot Area Capital Improvements - 50%; Jobs Creation - 40%; Property Tax Relief - 10%	6/30/2014
24	Mott	1.00%	4/1/1997	Street and Infrastructure Improvement - 67%; Mott Park District and Swimming Pool - 33%	None
		0.50%	4/1/2004	Mott Park District and Swimming Pool	None
25	Northwood	1.00%	1/1/2003	Infrastructure Improvements	None
		0.50%	10/1/2006	Economic and Community Development	None
26	Oakes	1.00%	10/1/1996	Job Development Authority - 50%; To Be Determined by Oakes City Council - 50%	9/30/2023
		0.50%	10/1/2003	New Swimming Pool	9/30/2023
27	Park River	1.00%	1/1/1995	Capital Improvements - 25%; Community and Economic Development Projects - 25%; Capital Improvements and Associated Debt Reduction at First Care Health Center - 50%	None
		1.00%	7/1/2005	Capital Improvements - 25%; Community and Economic Development Projects - 25%; Capital Improvements and Associated Debt Reduction at First Care Health Center - 50%	None
28	Portland	1.00%	7/1/2003	Lewy Lee Fieldhouse Amortized Bonds	12/31/2023 or Payment of Debt for Mayville State University, whichever comes first
		1.00%	1/1/1997	Infrastructures Improvements and Jobs Creation	None

Local Taxes Greater Than 2 Percent
As Of April 1, 2007

	City/County	Rate	Effective Date	Current Dedication	Sunset Date
29	Rolla	1.00%	1/1/1994	Capital Improvements - 1/3; Economic Development Fund - 1/3; Sewer Improvement Indebtedness - 1/3	None
		0.50%	10/1/2004	Capital Improvements - 1/3; Economic Development Fund - 1/3; Sewer Improvement Indebtedness - 1/3	None
30	Steele	1.00%	10/1/1996	Economic Development - 50%; Community Healthcare - 50%	None
		1.00%	4/1/2007	Economic Development - 50%; Community Healthcare - 50%	None
31	Underwood	1.50%	10/1/2006	Community Development and Economic Development - 2/3; Underwood Park District - 1/3.	None
32	Valley City	1.00%	1/1/1992	Economic Development, Basic Industry and Job Development - 70%; Property Tax Relief, Infrastructure and Other Special Requests - 25%; Service and Retail Business Development and Image Enhancement	12/31/2009
		0.50%	7/1/2003	General Obligation Bonds Issued by Valley City Public School District #2	7/1/2023 or When Bonds are Paid in Full, Whichever Comes First
33	Wahpeton	1.00%	7/1/1991	Economic Development	6/30/2026 or until obligations have been paid in full, whichever is later.
		0.50%	10/1/1999	Economic Development - 2/3; Flood Mitigation - 1/3	6/30/2026 or until obligations have been paid in full, whichever is later.
34	Williston	1.00%	7/1/1991	Property Tax Relief - 75%; Jobs Creation - 25%	6/30/2010
		1.00%	4/1/2003	General Obligation School Building Bonds - Addition to the High School	When there is sufficient revenue to pay bond principal

Prepared by Office of State Tax Commissioner
February 5, 2007