

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1446

2007 HOUSE POLITICAL SUBDIVISIONS

HB 1446

2007 HOUSE STANDING COMMITTEE MINUTES

Bill No. HB 1446

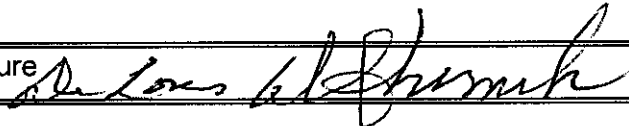
House Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: January 25, 2007

Recorder Job Number: 1935

Committee Clerk Signature



Minutes:

Chairman Herbel opened the hearing on HB 1446.

Rep. Lee Kaldor: I know that this is an odd bill to bring at this session considering all the decision we have had over the past several months about property taxes and I know there are several pieces of legislation in the process that we are going through right now that are intended to cap the local subdivisions in their mill levy efforts. I thought it was important to bring this issue forward because one of the things we may fail to recognize in our pace to put restrictions on local subdivisions is that the costs that are being born by subdivisions are not necessarily being covered by the largest that are benefiting from in the state level through the revenues that are coming in. So this particular measure increases the mill levy cap for the townships from 18 to 24 mills of taxable valuation. I recognize that is a significant increase, but I think it is important to note it does have an affect on excess levies. As the excess levy mechanism is based upon the cap so it will also increase their capacity for an excess levy. Many townships in ND are in excess levies and have for a long time. I was born and raised in Norway Township and Norway Township is a small township, very square, goose river and allot of legal drains requiring bridges and county roads. No paved roads at all. We are situated almost exactly between Mayville and Hillsboro. In 1986 revenues to our township

through property taxes and state distributions was \$20,660. In 2003 that same tax levy allocated to our township rose to \$23,348. Less than \$3,000 increase from 1986 to 2003. In that same period of time the cost of gravel has increased nearly 50% and the hourly rate for motor graders has increased by \$20/hr. I talked to my township chairman this past weekend and asked what is happening back there. He said we have always graveled a few miles of roadway every year. We have to gravel something, but this is the first year we are going to postpone graveling.

I thought it was important to talk about this. We need to recognize that at the local level they are constraining. Much of the tax debate we have had over the last several years has been over education. I want us to separate the two. To understand the local subdivisions that are delegated with the responsibility of providing safe roads, farm to market type roads, public safety services etc need to have consideration for the inflation that is happening.

Rep. Kari Conrad: Road grader costs have gone up because the people are not available in the country to do this work. The increased costs to do these services are a real burden on the townships.

Rep. Lee Kaldor: Used to hire local road graders, but now that is hard to find. My grandfather use to have a grader that sat in his yard and that was shared in the township.

Rep. Donald Dietrich: What is the dollars amount increase?

Rep. Lee Kaldor: I can't tell the exact dollar amount. I can get that information for you.

Rep. Donald Dietrich: If a township was already at 28 mills, what would happen to them?

Rep. Lee Kaldor: It will give them the capacity to increase their excess levy because their excess levy is based on the maximum mill levy cap. Whatever the voters agreed to in the excess levy is limited and if we raise the base the excess goes up as well. I don't know if it is a percentage; 50%? If they choose to do that. by the vote of the people.

Rep. William Kretschmar: How would an increase be done in a township? Does the board of supervisors have that authority to do it or do you have to have a township meeting and everyone vote on it?

Rep. Lee Kaldor: It is my understanding you would have to have a township meeting and they would have to vote on it at this meeting.

Rep. Onstad: I am also a township officer for approximately 20 years. Previously my dad was a township officer for over 40 years and my mother was a clerk for 50 years so township business has been part of the family. I am here in support of this bill. The townships have reached this limit where they have to have more funds to run the townships. There are less people in the townships and less funds to operate them. We don't see a need for this, but our township across the road needs this additional funding. We have 42 miles in our township that we are responsible for and that is always a concern since we have not enough funding to do the projects.

Larry Syverson: (see testimony #1) General discussion regarding increased costs and problems that occur trying to enforce things like culverts placed in roads where they were not planned. Much discussion about the depressed prices for farm products and also the decrease in yields due to weather conditions.

Rep. Kari Conrad: The township in our area has had trouble with flooding in the last 10 years. Flooding has decreased the quality of the roads and people have to get to work in towns. Will this help solve that problem?

Larry Syverson: If the township has had a prior levy, they were allowed to increase their levy to allow for inflation. A few years ago that ability was taken away; however, any township that used the maximum that was allowed got their levy up. As long as they kept levying at that amount they were able to continue it because they were able to levy the highest levy they had

in the last three years. If they cut their expenses and loose the floor you fall right back to the mill cap. Any township that did not increase their levy are stuck with the 18 mills and we can excess to 27.

Chairman Herbel: Do may of the townships have any reserves left?

Larry Syverson: In Traill County we had one township that had significant reserve. That was to do a project, which the county got federal money to do so they did not need it for that purpose and the county told them to spend that money or they would not get any more levies.

Chairman Herbel: Are there any townships that are not capped out that you are aware of?

Larry Syverson: Yes, there are Barns, Stutsman, Welsh and some are down to 7 mills and up to 40 mills.

Rep. Lee Kaldor: Townships that have the authority under old law to increase by inflation, if they have never gone back, they can still impose that levy?

Larry Syverson: That is correct.

Rep. Lawrence Klemin: To approve an excess levy you have to plan ahead, advertise it. As an alternative to what you are proposing here couldn't we receive the same result by increasing the percentage under the excess levy?

Larry Syverson: We looked at that a little bit.

Rep. Lee Kaldor: I think you could accomplish the same goal, but I think the reasoning behind this removing the cap is because there is such dispirit differences across the state. Some townships would not go that high. The excess levy wouldn't capture enough. If you increased it to 100% you would get 36 mills in your township and if you increase the mill levy cap by this level which is 6 mills it means 36.

Rep. Lee Kaldor To clarify this; the distinction between increasing the excess levy to 100% versus increasing the cap to 24 is that we would have to plan ahead and the board would actually have to approve it. Is that the difference?

:Larry Syverson Yes, I guess that would be a possibility.

Rep. Lee Kaldor Otherwise the people would have to show up at an annual meeting to approve it.

Larry Syverson: It is an advertised public meeting.

Rep. Lee Kaldor In either case it is up to the township. It would be how they advertise to whether they knew what they were covering.

Opposition: None

Hearing closed.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill No. HB 1446

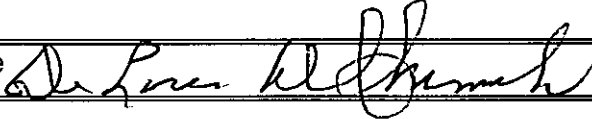
House Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: February 1, 2007

Recorder Job Number: 2609

Committee Clerk Signature



Minutes:

Chairman Herbel reopened the hearing on HB 1446.

Rep. Lawrence Klemin Passing out proposed amendment. This is a hoghouse amendment. They needed this because they were already at the cap with the excess levy, which is 50% of the amendment. What the amendment does is changes the excess levy from 50% to 100% and that would leave the mill levy at 18 mills with 100% excess levy; they could charge 36 mills. That is exactly the same results as under HB 1446 if we had 24 mills and charged half of that as excess levy you get 36; so both of these procedures result in the same thing. The difference is HB 1446 is vote by the township at their annual meeting; whereas under the amendment you get to the same result; you would have a different voting procedure. You have a vote that is governor by Chapter 57.17 which is just to hand out. That allows for the excess levy taxes. This amendment is amending section 6 of your statue before you. It is not just the township meeting where you are voting on the budget. Instead you are voting on the excess levy. There is a publication that required. There is a notice that is required and there is a 50% simple majority required in order to pass it. The amendment has more procedure protection for the township representatives.

Rep. Lawrence Klemin made a Motion to Move the Amendment; Seconded by Rep. Lee

Kaldor

Discussion:

Rep. Steve Zaiser What is the objective of this bill ?

Rep. Lee Kaldor It is to address the issue relating to county and township roads and this raises the township levy. If they don't want to improve their own roads they don't have to.

Rep. Lawrence Klemin I understand that this can go on for 4-5 years and they have to vote on it again.

Voice vote carried on the amendment. No opposition.

Do Pass As Amended Motion Made By Rep. Chris Griffin Seconded by Rep. Lawrence

Klemin

Vote 10 Yes 1 No 3 Absent Carrier: Rep. Lawrence Klemin

Hearing closed

VR
2/1/07

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1446

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact section 57-17-06 of the North Dakota Century Code, relating to the amount of an excess levy that may be approved for townships; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-17-06 of the North Dakota Century Code is amended and reenacted as follows:

57-17-06. Limitation of amount of excess levy. No excess levy may be authorized under the provisions of this chapter in excess of fifty percent over and above the basic legal limitations prescribed in chapter 57-15, except that an excess levy may be authorized for a township up to one hundred percent over and above the basic legal limitations prescribed in chapter 57-15.

SECTION 2. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2006."

Renumber accordingly

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1446

House Political Subdivisions Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Moved the amendment

Motion Made By Rep. Lawrence Klemin Seconded By Rep. Lee Kaldor

Representatives	Yes	No	Representatives	Yes	No
Rep. Gil Herbel-Chairman			Rep. Kari Conrad		
Rep. Dwight Wrangham-V. Chair			Rep. Chris Griffin		
Rep. Donald Dietrich			Rep. Lee Kaldor		
Rep. Patrick Hatlestad			Rep. Louis Pinkerton		
Rep. Nancy Johnson			Rep. Steve Zaiser		
Rep. Lawrence Klemin					
Rep. Kim Koppelman					
Rep. William Kretschmar					
Rep. Vonnie Pietsch					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Voice vote carried.

**2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1446**

House Political Subdivisions Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass As Amended

Motion Made By Rep. Chris Griffin Seconded By Rep. Lawrence Klemin

Representatives	Yes	No	Representatives	Yes	No
Rep. Gil Herbel-Chairman	X		Rep. Kari Conrad	X	
Rep. Dwight Wrangham-V. Chair		X	Rep. Chris Griffin	X	
Rep. Donald Dietrich	X		Rep. Lee Kaldor	X	
Rep. Patrick Hatlestad	X		Rep. Louis Pinkerton	X	
Rep. Nancy Johnson	_____	_____	Rep. Steve Zaiser	X	
Rep. Lawrence Klemin	X				
Rep. Kim Koppelman	_____	_____			
Rep. William Kretschmar	X				
Rep. Vonnie Pietsch	_____	_____			

Total (Yes) 10 No 1

Absent 3

Floor Assignment Rep. Lawrence Klemin

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

REPORT OF STANDING COMMITTEE

HB 1446: Political Subdivisions Committee (Rep. Herbel, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 1 NAY, 3 ABSENT AND NOT VOTING). HB 1446 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact section 57-17-06 of the North Dakota Century Code, relating to the amount of an excess levy that may be approved for townships; and to provide an effective date.

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SECTION 2. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2006."

Renumber accordingly

2007 SENATE POLITICAL SUBDIVISIONS

HB 1446

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1446**

Senate Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: **March 2, 2007**

Recorder Job Number **4284**

Committee Clerk Signature

Shirley Borg

Minutes:

Chairman Cook called the Senate Political Subdivisions Committee to order. All members (5) present.

Chairman Cook opened the hearing on HB 1446 relating to the amount of an excess levy that may be approved for townships.

Representative Lee Kaldor, District 20 introduced and testified in support of HB 1446.

(Attachment #1)

Senator Hacker: The increase in the excess levy from fifty to one hundred per cent covers the general levy in the township, counties and municipalities if you have the ability to which takes 2/3 vote of the electors. What is the problem?

Representative Kaldor: The predominant problem revolves around roads. This measure only relates to township authority. Counties and municipalities would not be able to use the excess levy.

Senator Warner: A typical township could have as many as seventy two miles of road. A budget of twenty thousand dollars a year doesn't go very far.

Representative Kaldor: That is true, it doesn't go very far. We have been narrowing that pipe every year for a long time. We are not able to keep up with the requirements. What is happening is townships are abandoning roads or are doing low maintenance on the roads.

Chairman Cook: If a farmer owns land in multiple townships does he get to vote only in the township he resides in?

Representative Kaldor: That is the law. You have to vote in the township in which you reside.

Larry Syverson, Chairman of Roseville Township of Trail County and District Director of the ND Township Officers Association, testified in support of HB 1446. (Attachment #2)

Senator Olafson: In the Eastern part of the state this is a pressing issue where there is grow crop farming operations and sugar beet, potato industry and a lot of heavy truck traffic on township roads. Would you agree with that?

Larry Syverson: Yes I fully agree, that is a major problem.

No further testimony in favor, opposed or neutral on HB 1446.

Chairman Cook closed the hearing on HB 1446.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1446

Senate Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: March 22, 2007 (Action)

Recorder Job Number: 5442

Committee Clerk Signature

Shirley Borg

Minutes:

Chairman Cook called the committee to order. All members (5) present.

Chairman Cook asked the committee to look at HB 1446.

Senator Hacker moved a Do Not Pass

No Second

Senator Olafson moved a Do Pass.

Senator Anderson seconded the motion.

Discussion:

Senator Hacker: I believe this is another tax on people of the State of North Dakota and I won't vote for any of those in this session.

Senator Cook: I see it the same way.

Senator Anderson: I feel it is a local issue and it should be their right.

Senator Warner: I think the townships are very in tune with the needs and not likely to impose it except in an emergency. Townships have such a limited ability to raise funds that I think that occasionally if you have flooding damage or a natural disaster the voters should have the power to do this.

Page 2

Senate Political Subdivisions Committee

Bill/Resolution No. "Click here to type Bill/Resolution No."

Hearing Date: "Click here to type Hearing Date"

Senator Olafson: This is a problem in my part of the state in my district, the truck traffic that exists there with the sugar beet and potato industries. I feel I need to support the bill because there is a need in my district.

Roll call vote: Yes 3 No 2 Absent 0

Carrier: Senator Olafson

Date: 3.22-07
Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1446

Senate Political Subdivisions Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Senator Olafson Seconded By Senator Anderson

Senators	Yes	No	Senators	Yes	No
Senator Dwight Cook, Chairman		X	Senator Arden C. Anderson	X	
Senator Curtis Olafson, ViceChair	X		Senator John M. Warner	X	
Senator Nicholas P. Hacker		X			

Total Yes 3 No 2

Absent 0

Floor Assignment Senator Olafson

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

REPORT OF STANDING COMMITTEE (410)
March 22, 2007 10:45 a.m.

Module No: SR-54-5882
Carrier: Olafson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1446, as engrossed: Political Subdivisions Committee (Sen. Cook, Chairman)
recommends **DO PASS** (3 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1446 was placed on the Fourteenth order on the calendar.

2007 TESTIMONY

HB 1446

In support of HB 1446

Good morning Chairman Herbel and Members of the Political Subdivisions Committee.

I am Larry Syverson a farmer from Mayville; I am the Chairman of Roseville Township of Traill County. I am also a District Director of the North Dakota Township Officers Association. NDTOA represents the six thousand township officers that serve our eleven hundred dues paying member townships.

The citizens of Roseville Township are no different than any other citizens of the state, they want to lower their tax bill, and they want something back for the money they pay. They want the roads that serve their property passable the year round; they know they need gravel applied, roads graded and snow plowed. To ensure that this is done, each year on the third Tuesday of March the citizens of Roseville Township like township citizens all across North Dakota assemble for their annual meeting.

At the annual meeting of the township the citizens review the budget that has been proposed by the Board of Township Supervisors. They discuss and change the budget until it can be agreed on by vote of the citizens. Budget items are many and varied from paint for the township hall to the pay for the township officers; but by far the great majority of the funds go to road expenses.

Road expenses have increased dramatically in recent years; the fuel costs have driven up the price of gravel as well as road grading costs. A few years ago Roseville Township was having eleven miles of gravel applied each year and having the roads maintained every three weeks. Now the roads are maintained every four weeks and the last gravel order was for just over seven miles. Even with these reductions Roseville is spending more to get the job done.

Citizens request from time to time additional projects such as a road rebuilding, they are disappointed when they are told the only way any other projects can be done is to reduce some of the normal maintenance because the township is at it's levy cap. Roseville has been running at 27 mills on an excess levy and can make no further increases.

This is a common situation in Traill County townships as it also is in most of the eastern half of the state. Funds are shortest for the areas that have had to deal with excess moisture conditions and road damage for the last several years. At our association meetings we get reports of more localized problems in the rest of the state.

The people of Roseville Township want to be able to assemble at their annual meeting and decide for themselves how much to tax themselves for the services they want. HB1446 would help them to increase their budget, if needed, to compensate for some of the increased cost. This need is shared by many townships from across the state. The member townships of NDTOA concurred, and passed a resolution at the December convention asking that this legislation be initiated.

Therefore Chairman Herbel and Committee Members, I ask you to give HB1446 a do pass recommendation.

That concludes my prepared testimony; I will try to answer your questions.

(# 1)

HB1446

Cost to the taxpayer:

The highest valued home in Roseville Township:

<i>Full and True value</i>	<i>Taxable value</i>	<i>Total mils</i>	<i>Tax Bill</i>	<i>Township Levy</i>	<i>Township dollars</i>
\$134,382	\$6,046	383.6	<u>\$2,319</u>	27 mils	<u>\$163.24</u> <u>Current Levy</u>
			<u>\$2,156</u>	0 mils	<u>\$0</u> <u>No Township Levy</u>
After HB1446 =====>			<u>\$2,374</u>	36 mils	<u>\$217.66</u> <u>Maximum Levy</u>

\$217.66 of tax dollars will buy 36 yards of gravel for Roseville Township.
That is enough to gravel .17 miles of road, or it will hire a snow plow for 3.8 hours.

The highest valued acre of farm land in Roseville Township:

<i>Full and True value</i>	<i>Taxable value</i>	<i>Total mils</i>	<i>Tax Bill</i>	<i>Township Levy</i>	<i>Township dollars</i>
\$680	\$34	383.6	<u>\$13.04</u>	27 mils	<u>\$0.92</u> <u>Current Levy</u>
			<u>\$12.12</u>	0 mils	<u>\$0</u> <u>No Township Levy</u>
After HB1446 =====>			<u>\$13.35</u>	36 mils	<u>\$1.22</u> <u>Maximum Levy</u>

\$1.22 cost per acre for the best land in Roseville Township to have a road to haul crops on.

Income for Roseville Township:

<i>Total Taxable Valuation</i>	<i>Value of one mil</i>	<i>Township mil levy</i>	<i>Township dollars</i>
<u>\$671,638</u>	<u>\$672</u>	<u>27</u>	<u>\$18,134.23</u>
		<u>18</u>	<u>\$12,089.48</u>
		<u>36</u>	<u>\$24,178.97</u>

CHAPTER 57-17
EXCESS LEVIES IN COUNTIES, MUNICIPALITIES, AND TOWNSHIPS

57-17-01. Governing body may declare tax insufficient. The governing body of any county, city, or township, by a two-thirds vote of all the members of said governing body, may declare by resolution that the amount of taxes which may be raised at the maximum rate authorized by chapter 57-15 will be insufficient to provide an amount adequate for the necessary requirements of the municipality, county, or township in question, and that it is necessary to levy taxes in excess of said limitations for the purpose of meeting the current expenses of the municipality, county, or township.

57-17-02. Election to authorize excess levy of taxes. Upon the passage of the resolution authorized in section 57-17-01, the governing body of any political subdivision mentioned in such section may call a special election for the purpose of voting upon the question of authorizing an excess levy for the current year and not to exceed one succeeding year, or may submit the question to the voters at the regular primary election. If a special election is called, such election must be held not later than September twentieth of the year in which the tax is to be levied, and, except as otherwise provided in this chapter, the election must be conducted as other elections of such political subdivision are conducted.

57-17-03. Notice of election. The notice of election, in addition to the usual requirements of a notice of election, must contain a statement of the question to be voted upon pursuant to the terms of this chapter, and also must show the total amount of income and expenditures of the taxing district for the fiscal year immediately preceding, the year or years for which the taxes are to be levied, the estimated expenditures for the year or years for which the taxes are to be levied, the aggregate amount of the tax levy which the tax levying board seeks authority to make for each year, the aggregate amount of the tax levy permissible without special authority from the electors for each year, and the amount of tax levy in excess of the statutory limit which the board seeks authority to make for each year. A copy of the notice of election must be mailed by the auditor or clerk of the taxing district to the state tax commissioner on or before the date of the posting or first publication of the notice, and must be open for public inspection in his office. In case the question is submitted by the board of county commissioners at the regular primary election, the county auditor shall publish a notice of the submission of such question with the information above indicated, or shall embody such information in the usual notice of such primary election.

57-17-04. Form of ballot. The form of the ballot on election on the question of authorizing an excess levy must be substantially in the following form:

Shall (naming the taxing district) levy taxes for the years (naming the year or years), which shall exceed the legal limit by _____ dollars, so that the taxes levied instead of being _____ dollars, which is the limit authorized by law, shall be _____ dollars?

Yes G
No G

57-17-05. Vote required to grant authority. If sixty percent of all votes cast upon the question of authorizing an excess levy of taxes are in favor of such excess levy, it is authorized thereby and the county auditor shall extend such excess levy upon the tax lists with other taxes.

57-17-06. Limitation of amount of excess levy. No excess levy may be authorized under the provisions of this chapter in excess of fifty percent over and above the basic legal limitations prescribed in chapter 57-15.

57-17-07. Certification of results of election. The election board shall certify the result of such election on the question of authorizing an excess levy to the county auditor within ten days after the election, and in case of a county election, the result must be certified by the canvassing board within one day after it has completed canvassing the returns from the several precincts: The certificate must include a statement of the question as the same appeared upon the ballot, together with the total number of votes cast upon the question, the number of votes cast in favor of it, and the number of votes cast against authorizing the excess levy.

Testimony on HB 1446
Political Subdivisions Committee
March 2, 2007

Chairman Cook and members of the Senate Political Subdivisions Committee, for the record, I am Representative Lee Kaldor, District 20, representing Traill County and parts of Cass, Steele and Barnes Counties. Thank you for the opportunity to testify on HB 1446.

This bill gives the townships the authority to increase their excess levy by 100% of the limited levy in current law. It will require a vote of the people, it will be discretionary and it cannot be made permanent.

Section 57-17-06 is the Limitation of excess levy section of law that applies to counties, municipalities and townships. Current law limits the excess levy to 50% of the current maximum levy of 18 mills as specified in Section 57-15-20. In order to access the additional authority currently provided for in Section 57-15-20.1, the township supervisors must provide notice to the electors in the township who will vote on the question of increasing their levy. If the voters approve, the maximum period for which the levy can apply is 5 years. The ballot question must specify the number of years and the amount of the levy that will be assessed to the property in the township. If the township needs to continue the excess levy, they must go through the process of the notice and election to gain the authority.

The justification for this measure is best described by example. In my home township, in Traill County the income from local taxes and state funds in 1986 was \$20,660. In 2003, the same sources provided \$23,348, an increase of \$2,688. During that same period, the hourly rate for motor graders increased by \$20 per hour. Gravel increased in cost by 36%, going from \$5.50 to \$7.50 per cu.yd. In addition to this, larger heavier truck traffic increases the maintenance requirements on our rural roads. Add to this wet conditions and FEMA reductions, many eastern townships are in dire need. Because of the current mill levy cap and limitations on excess levies, they are constrained to the point of eliminating some maintenance, even when it is needed. In my township, I have been informed; that there will be no new gravel purchased for this year. What this leads to is a deferred maintenance problem that will be impossible to overcome if they are not given the tools to deal with it.

Mr. Chairman and members of the committee, this is a responsible effort to allow the voters in a township to assess themselves for the services they deem necessary. If the voters do not approve of the excess levy, it cannot be used. This is enabling legislation and should not be construed as a mandatory property tax increase.

In support of HB 1446

Good morning Chairman Cook and Members of the Political Subdivisions Committee.

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At the annual meeting of the township the citizens review the budget that has been proposed by the Board of Township Supervisors. They discuss and change the budget until it can be agreed on by vote of the citizens. Budget items are many and varied from paint for the township hall to insurance premiums; but by far the great majority of the funds go to road expenses.

Road expenses have increased dramatically in recent years; the fuel costs have driven up the price of gravel as well as road grading costs. A few years ago Roseville Township was having eleven miles of gravel applied each year and having the roads maintained every three weeks. Now the roads are maintained every four weeks and the last gravel order was for just over seven miles. Even with these reductions Roseville is spending more to get the job done.

Citizens request from time to time additional projects such as a road rebuilding, they are disappointed when they are told the only way any other projects can be done is to reduce some of the normal maintenance because the township is at it's levy cap. Roseville has been running at 27 mills on an excess levy and can make no further increases.

This is a common situation in Traill County townships as it also is in most of the eastern half of the state. Funds are shortest for the areas that have had to deal with excess moisture conditions and road damage for the last several years. At our association meetings we get reports of more localized problems in the rest of the state.

Cropping practices have changed, where wheat and barley produced 30 to 70 bushels in late July and August, usually the driest period of the year, we now have corn yielding 140 bushels and sugar beets producing more than 20 tons per acre, harvested later in the season often during the fall rainy periods. Small grain harvest would come to a stop from a one inch rain, now after a three inch rain they hook four wheel drive tractors to the trucks and drag them across the field and up on the road. Today's huge trucks running on saturated roads take a terrible toll.

Not all the increased cost is due to farm practices, more and more township residents travel township roads to work; they need and demand better road maintenance. A resident cannot wait three or four days until the snow is plowed to drive to work, an employee can't miss work because the roads are too muddy to get through.

The people of Roseville Township want to be able to assemble at their annual meeting and decide for themselves how much to tax themselves for the services they

want. HB1446 would help them to increase their budget, if needed, to compensate for some of the increased cost. This need is shared by many townships from across the state. The member townships of NDTOA concurred, and passed a resolution at the December convention asking that this legislation be initiated.

The original form of HB1446 was to increase the general levy cap from 18 to 24 mils, at this level the township would have the option of holding a special election for an excess levy for an additional 50% or 9 mils for a total of 36 mils. The questions following my testimony in the House Political Subdivisions Committee indicated resistance to the cap increase, but the special election for an excess levy seemed more passable. I had conversations with Representative Klemin of that committee and we worked out a revised proposal and he requested an amendment be drawn. The amended version leaves the mil cap at 18 mils but allows a township to hold a special election for an excess levy of 100% rather than the current 50%.

The last page of this handout is the statute that provides the mechanism for an excess levy election 57-17, I will give you a quick run down of the procedure:

1. The board must certify that taxes are insufficient by a 2/3-vote resolution.
2. Notice of election, in a specified form, must be made in official paper.
3. A copy of that notice must be mailed to the state tax commissioner.
4. The ballot must show the amount of excess, the tax without the increase, the total tax with the increase and the year(s) the levy shall apply.
5. Passage requires a 60% super majority.
6. Five years is the maximum authorization for an excess levy 57-15-20.1

This tax is not automatically levied; it must be justified each year by the budget the township files with the county auditor and all other funds are applied to the expenses before the actual levy is determined. These funds include the state aid distribution and the township highway aid fund.

We know there is an impact on the taxpayers, but this is one of the smallest pieces of the tax pie and it directly benefits the property owners of the township. If you will look at the following page you will see an estimated tax bill of the highest valued home in Roseville Township. In this example you will see that without any township levy this home owner pays \$2156, if we add to that the current 27 mil levy, which gives Roseville Township \$163, he has a total tax of \$2319. The maximum levy after HB1446, at 36 mils, would raise \$218 for the township and this homeowner's total bill becomes \$2374. Two hundred and eighteen dollars buys 36 yards of gravel not quite enough for two tenths of a mile of road; or it will hire a snowplow for 3.8 hours. This homeowner depends on 2 miles of township roads to reach the paved county highway.

The next example shows the taxes for the highest valued land in Roseville Township under the same levies. The last item on the page shows the value of one mil and the amounts that are raised by the current 27 mil levy, the basic 18 mil and what the maximum levy would raise after a 100% excess levy authorization at 36 mils.

Chairman Cook and Committee Members, that concludes my prepared testimony; I ask you to give HB1446 a do pass recommendation; and I will try to answer your questions.