

17.0893.02000

FISCAL NOTE STATEMENT

Senate Bill or Resolution No. SB 2280

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, school districts, or townships. However, no state agency has primary responsibility for compiling and maintaining the information necessary for the proper preparation of a fiscal note regarding this bill or resolution. Pursuant to Joint Rule 502, this statement meets the fiscal note requirement.

Sheila Sandness
Senior Fiscal Analyst

17.0893.01000

FISCAL NOTE STATEMENT

Senate Bill or Resolution No. SB 2280

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Sheila Sandness
Senior Fiscal Analyst

2017 SENATE POLITICAL SUBDIVISIONS

SB 2280

2017 SENATE STANDING COMMITTEE MINUTES

Political Subdivisions Committee Red River Room, State Capitol

SB 2280
1/27/2017
Job # 27546

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to city levy authority for emergency purposes

Minutes:

Written testimony # 1 & 1.1, Pg 3&10 Sharon Jangula
Written testimony # 2 Blake Crosby

Chairman Burckhard: opened the hearing for SB 2280. All senators were present.

.10- 3.06 Senator Erberle: District 28, includes 18 townships of Burleigh, all of Emmons, Logan and McIntosh county, half of Dickey and 1/3 of Lamoure county. This morning I want to introduce SB 2280 it's related to city levy authority for emergency purposes. Currently the cities can levy up to 2.5 mills for going to the emergency fund and especially in winters like this where the smaller communities with low population. They don't get very much into their funds. It gets expended quite quickly. So this was brought to me by constituents from the city of Linton who suggested that we maybe look at something like what the counties do, where you have a graduated levy based on population. What that does now is it has the tier going to 2,4,6 with 6 mills being the max for communities with populations fewer than 5000. I do have an error in the bill that I had probably should have brought the amendment, but I figured if you look favorably upon this, you can deal with that amendment. If you look at line 8, there in section 1, the ½ is struck out, and that was an error, I caught it late after it was drafted in the Legislative Council. I asked the council to just mirror what the county language is and apparently that is what it is at the county level. But we definitely do not want to take that ½ mill away from the cities with the largest population. If this moves through the process and you favorably upon that, I wholeheartedly encourage the amendment to restore that ½ mill that is overstruck here on the bill.

3.13-9.20 Sharon Jangula, City Administrator for the City of Linton, ND. Written testimony #1. Ms. Jangula explained her testimony as it involved numbers.

Chairman Burckhard: How many people live in Linton?

Ms. Jangula: replied, 1,097 is the population of Linton based on the 2010 Census.

Chairman Burckhard: Have you had any conversations with other small cities about this?

Ms. Jangula: Yes, I have contacted a few of the small cities in our region and area, they have a similar problem. In Strasburg, just for snow expense they spent \$9,000, and you look

at the evaluations there, it was right around \$600 and all they can carry in there is right around \$3000. This would enable them to receive more money. It does make a difference.

Senator Howard Anderson: What you're talking here of course is not a lot of money but as Legislators what we hear most often is we try to do everything at the state level to reduce people's taxes and then we give them a 12% bi-down and we're taking over the Social services and so forth, then the local subdivisions make that up by raising their levies. What do you see with your citizens relative to this issue, and could you explain how you would get the money to provide snow removal if we didn't increase the emergency fund and what do you do in those cases? What is your borrowing authority?

11.11-13.07 Ms. Jangula: You make up a very valid point where I certainly appreciate the position that you're in, and the fact that you made the 12% cut, and I feel we've not raised our rate in mills because of it, and taking advantage of it. We to have the best interest of our citizens in mind. I think this is one of these things that if you don't need to levy for it, you don't, but if you're going to need to replenish your funds you do need to levy for it. You asked how do you pay for those expenses if this was not done? That's what we've been trying to deal with that for a few years already. Coming into this position, with the flood of 2009 that was really an eye opener was we can have \$6000 and we've got like \$300,000 here, but with some assistance. We don't have a lot of these zeros in excess cost in our other funds. Our highway street fund is pretty taxed right now and I know there is not a larger amount in there. Small communities don't carry large reserves. We would have to be looking at our General Street probably taking from the enterprise firms water, sewer, garbage funds but we have recently taken a water main project, and were looking at another project. It is just basic; we could have a reserve there if we need them. I feel that our citizens can trust that we're not going to take advantage of this, we're not going to levy if we don't need. Of course it has a maximum levy limitation. You can't levy more than the maximum amount.

Senator Howard Anderson: The other criticism that we sometimes get is that, for example, we say that if the evaluation of your property goes up which it has been going up in the last few years, all across ND, we say that your taxes should go down unless the local subdivisions are increasing the dollar levy because calculated based on how much you or the county or the school district needs to raise. But in this case, where we've set it at 5 mills, then when the evaluation changes, the taxes change. So, talk to me a little bit about that and how your subdivision would deal with that issue?

13.50-14.42 Ms. Jangula: I do know that evaluations did go up and we didn't reach 105 mills in our general funds just because we could. We actually did not have a tax increase we were at the 0% move and we stayed within the guidelines. We did levy \$5000 in an emergency fund for this year. This is 2015-2016 credit hindsight. We probably should have put more money there. I think we are trying to be frugal, we look for cuts and things like that. I don't think we are automatically going to go out there and just shoot for that maximum because we can, I think we'll be frugal and make decisions based on what we think we should.

Senator Judy Lee: The city obviously doesn't have the levy the whole thing and if you put it into place and your fund is replenished and you have a nice easy winter, you can look at reducing it the next time. Would that not be true? **Ms. Jangula:** replied yes. **Senator Judy Lee:** I would also imagine that you would have a public hearing and there would be a meeting

with your city council or commission and you would be discussing this with the opportunity for citizens of the community to step in and say do you want your snow services reduced or do you want to help us pay and maintain the services you have. Would that be accurate as well? **Ms. Jangula:** replied yes. **Senator Judy Lee:** It seems to me particularly in a community where that would be a smaller community and I can see why that really is a big problem for any smaller communities. The kind of public input that is available would certainly take place and I can't imagine if you're citizens would rather have fewer services instead of a little more in tax because it's not a big number. I certainly agree with Senator Anderson about our goal is not to make you people be taxed more, but we have to care of things like this. I know about 2009 as well. So it seems to me that your community and others like you could respond to the need actually annually as far as what your levy would be, would that not be a responsibility for you? **Ms. Jangula:** Correct.

16.38-19.58 Blake Crosby, Executive Director, North Dakota League of Cities. Written testimony #2.

Senator Howard Anderson: Have you run any numbers through the League of Cities, to tell us whether taxes have actually gone up or as a result of the increases in evaluations, counties, cities, school districts?

Mr. Blake Crosby: The best government is local government. When you as legislators receive those questions I would very much encourage you to refer those individuals to their local government. They have the answers, they're the ones making the decisions. Has the League of Cities tried to generate any of that data, no because we can't compare apples to apples. The cost of doing business in service is not the same for all of the communities. It is especially segued and continues to be segued out in the west. So, would I like to have access to that information, yes, but I just can't because the data is not valid because of the differences across the state.

Senator Judy Lee: Would you agree that cities and counties as well, even if they leave their costs are controlled carefully you don't always have the same income from other sources are federal monies, and for the county a sheriff, told us to be sure that we understood that some of the sources of funding that came for law enforcement, from the feds is no longer available. The funding sources ended so if we want some of those things to continue, then we're going to have to figure out where it comes through local communities. Do you have some city experiences' like that, that would be comparable in which we would be looking at sources of income that they may have been used to having or accustomed to having in some federal program they end sometimes?

Mr. Blake Crosby: Exactly, that's just what I spoke to a few minutes ago about State Aid Distribution Funds. I hate percentages, because 10% of Fargo's tax base is a whole lot different than 10% of Linton's tax base. But across the board as I said, State Aid Distribution Funds are down 27%-49%, highway tax distribution is down on an average between 16%-17%, that is a lot of money when some of my cities have budgets that maybe less than \$100,000, maybe less than \$200,000. So, yes, I am very proud of my cities as they manage their budgets extraordinarily well.

Chairman Burckhard closed the hearing on SB 2280.

Senator Judy Lee I move that we amend 2280 to restore 2.5 mills on page 1, line 8.
2nd. Senator Dotzenrod
Roll call vote: 6 Yea, 0 No, 0 Absent

Chairman Burckhard: Senator Judy Lee do pass as amended
2nd Senator Dotzenrod

Discussion:

Senator Kannianen: Just to clarify as it's already written, in the statute there in Section 2, does it mean it takes a 2/3 vote annually for this tax to be levied. Is has to be renewed even if you keep the mill level the same, it has to be renewed annually regardless whether it is raised or lowered or kept the same? Am I reading that correctly?

Senator Dotzenrod: if the fund balance gets up to a certain level it will have to be, the mill levy will have to be suspended. I think the words they us is discontinued on line 23. So, there is kind of regardless of the vote, that goes on there it looks like if it rises to a certain level, they are mandated by law that it can't go on.

Senator Diane Larson: I don't understand how this is applied because under Section 1, it talks about taxes levied for emergency purposes, and then under Section 2, it's for emergency purposes, and it is different percentages in each section. The top one has 2.5, 4, 6, and the bottom one has 5, 10, 15? So I don't really understand the differentiation between the two sections.

Senator Dotzenrod: In Section 1 refers to the amount that can be imposed in any one year. Section 2, refers to the limit after a period of time goes by perhaps several years, this tax it has an upper limit. You can't keep doing it, can't keeping adding this, there is a cash reserve, that is growing and if it gets to a certain point, in the case of the smaller cities is 5, the \$30,000 has a 5 mill limit, upper limit. If you hit that your tax is discontinued. So we've got an annual figure in here, and we have a maximum amount fund balance that is limited in two ways.

Senator Dotzenrod: Our discussion about property taxes and the issue of property taxes and there is a concern that we seem to growing taxes on property, and I look at this a little bit different because you can actually see this mill levy drop to zero. We have 3 years in a row with no troubles, no emergencies. You don't see that with the school, county or the other mill levies that we normally think of. This is one of those when the ox is in the well we got to get him out. I don't that these local subdivisions don't really have many options. Choices are few, communities are in a dire situation and they will do what they have to do, and I they are up against the wall. This is in a different category.

Chairman Burckhard:
Motion is Do Pass as amended
Roll call vote: 6 Yea, 0 No, 0 Absent
Carrier: Senator Dotzenrod

January 27, 2017

CM
1/27/17

PROPOSED AMENDMENTS TO SENATE BILL NO. 2280

Page 1, line 8, remove the overstrike over "~~and one-half~~"

Renumber accordingly

Date: 1.27.17
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2288

Senate Political Subdivisions Committee

☐ Subcommittee

Amendment LC# or Description: 17.0893.01001 Sh. Eberle's Amendment

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Sen. Judy Lee Seconded By Senator Dotzenrod

| Senators | Yes | No | Senators | Yes | No |
|-------------------------------|-----|----|-----------------------|-----|----|
| Chairman Randy Burckhard | ✓ | | Senator Jim Dotzenrod | ✓ | |
| Vice-Chairman Howard Anderson | ✓ | | | | |
| Senator Jordan Kannianen | ✓ | | | | |
| Senator Diane Larson | ✓ | | | | |
| Senator Judy Lee | ✓ | | | | |
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Total (Yes) 6 No 0

Absent 0

Floor Assignment _____

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

Date: 1.27.17
Roll Call Vote #: 2

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2280

Senate Political Subdivisions Committee

☐ Subcommittee

Amendment LC# or Description: 17.0893.01001

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Senator Judy Lee Seconded By Sen. Dotzenrod

| Senators | Yes | No | Senators | Yes | No |
|-------------------------------|-----|----|-----------------------|-----|----|
| Chairman Randy Burckhard | ✓ | | Senator Jim Dotzenrod | ✓ | |
| Vice-Chairman Howard Anderson | ✓ | | | | |
| Senator Jordan Kannianen | ✓ | | | | |
| Senator Diane Larson | ✓ | | | | |
| Senator Judy Lee | ✓ | | | | |
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Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Dotzenrod

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

REPORT OF STANDING COMMITTEE

SB 2280: Political Subdivisions Committee (Sen. Burckhard, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2280 was placed on the Sixth order on the calendar.

Page 1, line 8, remove the overstrike over "~~and one-half~~"

Renumber accordingly

2017 HOUSE POLITICAL SUBDIVISIONS

SB 2280

2017 HOUSE STANDING COMMITTEE MINUTES

Political Subdivisions Committee

Prairie Room, State Capitol

SB 2280
3/16/2017
Job # 29353

☐ Subcommittee
☐ Conference Committee

Carman Hickel

Explanation or reason for introduction of bill/resolution:

Relating to city levy authority for emergency purposes; and to provide an effective date

Minutes:

1,2

Vice Chairman Hatlestad: Opened the hearing on SB 2280.

Senator Erbele: Introduced the bill. This is brought from the smaller communities to levy for emergency purposes. This bill took what counties can levy for emergency purposes and translated it to the cities. In section 2 it shows how much it's capped at, and it has to go to the vote of the people.

Rep. Ertelt: Are there any other events besides the snow events?

Senator Erbele: It is for any emergency event regardless.

Sharon Jangula, Administrator for the city of Linton: (Testimony and attachments #1)
(Time 6:00 to 12:24)

Rep. Ertelt: How much do you budget for snow removal?

Ms. Jangula: Approximately \$6000.

Rep. Ertelt: Do you only pay for snow removal out of the emergency fund?

Ms. Jangula: If there is for example a wind storm event, or a water main break, flooding we would take money out of there.

Rep. Ertelt: Snow removal is the biggest example we are looking at? Do you only do snow removal with emergency funds or use general funds?

Ms. Jangula: We use funds out of our street department and some out of the general fund. All we budget for out of the emergency is for overtime hours or excess machine fuel. In the past it was just for overtime hours.

Rep. Ertelt: So the \$6000 that you mentioned that you normally budget for that is out of the emergency fund?

Ms. Jangula: That is the emergency and we also budget out of our streets for routine maintenance and routine snow removal or flooding. We do take it out of the other funds for routine and normal maintenance.

Rep. Ertelt: How much out of the normal street fund do you budget for snow removal?

Ms. Jangula: We don't have a separate line item for it, it goes in with wages, in maintenance, our equipment repair, on what our average year is. We use a five-year average actual expenses.

Rep. Ertelt: Has your average increased based on the past snow emergencies? Do you include those large expenditure years?

Ms. Jangula: Yes.

Bill Wocken, ND League of Cities: (Testimony #2) (Time 18:51 to 21:33)

Vice Chairman Hatlestad: No other testimony. Closed the hearing on SB 2280.

Rep. Longmuir: Made a do pass motion.

Rep. Zubke: Second the motion.

Rep. Ertelt: I am wondering if a better approach is not to increase the emergency but rather to increase the levy for normal use. I think it is a matter of planning based on averages, which she said they do but also said they haven't at the same time. Even if the average has gone up they haven't increased the levy to match that need for emergency events.

Chairman Klemin: Current law says they have to have a 2/3 vote annually to levy this.

Rep. Toman: I can support section 2 but not section 1.

Rep. Pyle: I was putting in requests for FEMA reimbursements based on flooding issues. The hard part of budgeting for a city is the highway tax distribution comes from the state and it is based on the population and a very complex formula. The money that is going to the cities has been reduced and it does not cover nearly 1/3 of what cities spend on equipment and gas and maintenance and the cost to employee people. So it comes out highway tax distribution what they can levy in their general fund, this is way of taking care of themselves and don't have to come to us to ask for money.

Chairman Klemin: When it comes to snow removal residents of the city like to have their roads cleared to get out.

Rep. Pyle: I agree snow removal and flushing hydrants when you end up with yellow water are the two biggest complaints and then barking dogs.

Rep. Ertelt: It's only up to the governing body to raise this particular mill levy, but there is no offset either. So they raise this one they could raise their regular levy for the same or another purpose? Are you using avenues to increase your other levy because you can anticipate you will spend more dollars based on the emergencies?

Rep. Pyle: I like this because there is a cap. Then they are not continually increasing the general fund. The small towns are very prudent with their budget. They go over every number but when an emergency there is no way to predict that. Just having that little extra money so if there is a catastrophe they don't have to wipe everything else out.

Rep. Ertelt: This mainly is brought on behalf of the small communities but it addresses all communities as well.

Do pass carried 11 yes, 3 no, 1 absent.

Carrier Rep. Guggisberg.

Date: 3-16-17
Roll Call Vote: 1

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2280

House Political Subdivisions Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep. Longmuir Seconded By Rep. Zubke

| Representatives | Yes | No | Representatives | Yes | No |
|-------------------------|-----|----|-----------------|-----|----|
| Chairman Klemin | / | | Rep. Guggisberg | / | |
| Vice Chairman Hatlestad | / | | Rep. Hanson | / | |
| Rep. Beadle | / | | | | |
| Rep. Becker | / | | | | |
| Rep. Ertelt | | / | | | |
| Rep. Johnson | / | | | | |
| Rep. Koppelman | / | | | | |
| Rep. Longmuir | / | | | | |
| Rep. Maragos | / | | | | |
| Rep. Pyle | / | | | | |
| Rep. Simons | | / | | | |
| Rep. Toman | | / | | | |
| Rep. Zubke | | / | | | |
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Total (Yes) 11 No 3

Absent 1

Floor Assignment Rep. Guggisberg

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

REPORT OF STANDING COMMITTEE

SB 2280, as engrossed: Political Subdivisions Committee (Rep. Klemin, Chairman)
recommends **DO PASS** (11 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed SB 2280 was placed on the Fourteenth order on the calendar.

2017 TESTIMONY

SB 2280

Political Subdivisions Committee
January 27, 2017 Committee Hearing – 11:00 AM
Senate Bill No. 2280

SB 2280
1.27.17
Written testimony
#1

Chairman Burckhard and Members of the Committee, for the record, my name is Sharon Jangula and I am the administrator for the City of Linton.

I have been working with the City of Linton since 2005. I have dealt with the expenses incurred from flooding, snow events, wind storms and other emergency conditions.

I feel there is a need to increase the current levy limitations for small city emergency purposes. The current limitations do not provide for an adequate emergency fund balance to cover the expenses incurred during natural disasters or other emergency conditions.

I contacted our Senator, Robert Erbele, and asked if levy limitations for city emergency purposes could be similar to county limitations which are based on population.

- Current Emergency Levy Limitations for County & City – attached
- Example: City of Linton - population 1,097 (2010 census)
Valuation of 1 mill: \$2,446 (2016)
- NDCC 57-15-10.9 (taxes levied for emergency purposes)
 - Current Mills: 2.5 Current Dollar Amount : \$ 6,115
 - Amended Mills: 6 Amended Dollar Amount: \$14,676
- NDCC 57-15-48 (maximum emergency fund balance)
 - Current Mills: 5 Current Dollar Amount: **\$12,230**
 - Amended Mills: 15 Amended Dollar Amount: \$36,690
- Snow removal costs*** expendable to emergency fund: **\$16,721**
 - \$ 9,781 - Overtime & Additional Personnel
 - \$ 6,940 - Fuel (694 machine hours @ \$10 per hour)
 - Equipment repair & maintenance and other snow removal expenses not included

***City of Linton Snow Removal Costs: **November 28, 2016 – January 13, 2017**

\$22,150 – Wages (\$12,369–regular time / **\$9,781 – overtime & additional personnel**)

\$ 8,810 – Fuel (881 machine hours @ \$10 per hour - 5 gallons per hour @ \$2.00 per gallon)
(187 - Average machine hours previous 5 seasons)

(694 - Machine hours in excess of average)

No additional costs calculated for equipment repair & maintenance or supplies, salt, sand, etc.

- Other natural disasters and emergency conditions
 - Wind storms, flooding, etc.
- Valuations fluctuate
 - 2014 mill value: \$1,377 Fund Balance: \$6,885 Amended Balance: \$20,655
 - 2015 mill value: \$1,808 Fund Balance: \$9,040 Amended Balance: \$27,120
- Other small cities experience the same shortfall in the emergency fund.
- This bill will enable small cities to maintain a larger emergency fund balance to more adequately cover expenses incurred for natural disasters and other emergency purposes.

Thank you for your time and consideration of this bill.

Levy Limitations

| 1200 - County | | | | |
|---------------|--------------------------------------|---|---|---|
| Levy No. | Fund Or Purpose | Maximum Rate Or Amount | Law | Remarks (x) Indicates levies in add. to Gen. Fund Levy (y) Indicates included in general fund if county has consolidated levies |
| 1201 | General or Home Rule or Home Rule | 60.00 Mills | N.D.C.C. § 57-15-06 N.D.C.C. §§ 12.1-01-05; 57-01-02.1 | General county purposes. If, for taxable year 2015, a county levied more than 60.00 mills for general fund purposes plus other levies consolidated into the general fund pursuant to 2015 SB 2144, it may levy the same number of mills for taxable year 2016. The number of mills in excess of 60 mills must be reduced by 25 percent each year beginning with taxable year 2017 so that by taxable year 2020, the county is levying no more than 60.00 mills for general fund purposes. |
| | Interim Fund | 75 percent of Current Appropriation | N.D.C.C. § 57-15-27 | For carrying over to next fiscal year to meet cash requirements |
| 1202 | Repealed | | | |
| 1203 | Repealed | | | |
| 1204 | County Road & Bridge | 10 Mills; 30 Mills with majority vote | N.D.C.C. §§ 24-05-01; 57-15-06.7(5) | (x) If a voter-approved levy was authorized before January 1, 2015, it remains in effect for up to 10 taxable years under the provisions of law in effect at the time it was approved. |
| 1205 | Repealed | | | |
| 1206 | Repealed | | | |
| 1207 | Repealed | | | |
| 1208 | Capital Projects | 10.00 Mills; 20 Mills with majority vote | N.D.C.C. §§ 57-15-06.6; 57-15-06.7(8) | (y) (x) Not to exceed 10 years. May be used for contracting corrections services from another public or private entity. If a voter-approved levy was authorized before January 1, 2015, it remains in effect for up to 10 taxable years under the provisions of law in effect at the time it was approved. |
| 1209 | Repealed | | | |
| 1210 | Emergency | 2.00 Mills in a county with population of 30,000 or more; 4.00 mills in a county with population of under 30,000 but more than 5,000; or 6 mills in a county with population of 5,000 or fewer. | N.D.C.C. §§ 57-15-28; 57-15-06.7(9) | (x) No further levy to be made when balance in fund plus uncollected taxes equals an amount produced by a levy of 5.00 mills on the taxable valuation in counties with population of 30,000 or more, or 10.00 mills in counties with population of less than 30,000 but more than 5,000, or 15 mills on the taxable valuation in a county with a population of 5,000 or fewer. The levy authorized by this section must be discontinued, and no further levy may be made until required to replenish the emergency fund |
| 1211 | Repealed | | | |
| 1212 | Farm-to-Market and Federal-Aid Roads | Levy established by ballot | N.D.C.C. §24-05-01; | (x) Repealed by 2015 SB 2144. However, if a voter-approved levy was authorized before January 1, 2015, it remains in effect for up to 10 taxable years under the provisions of law in effect at the time it was approved. |
| 1213 | Veterans Service Officer | 2.00 Mills | N.D.C.C. §§ 57-15-06.4; 57-15-06.7(7) | (y) (x) |

Levy Limitations

| 1600 - City | | | | |
|-------------|---|--|--|---|
| Levy No. | Fund Or Purpose | Maximum Rate Or Amount | Law | Remarks (x) Indicates levies in add. to Gen. Fund Levy |
| 1601 | General | 105.00 Mills | N.D.C.C. § 57-15-08 | If, for taxable year 2015, a city levied more than 105.00 mills for general fund purposes plus other levies consolidated into the general fund pursuant to 2015 SB 2144, it may levy the same number of mills for taxable year 2016. The number of mills in excess of 105.00 mills must be reduced by 25 percent each year beginning with taxable year 2017 so that by taxable year 2020, the city is levying no more than 105.00 mills for general fund purposes. |
| | or | | | |
| | Home Rule Cities | | See N.D.C.C. § 40-05.1-06(2) | |
| | Interim Fund | 75 percent of Current Appropriation | N.D.C.C. § 57-15-27 | For carrying over to next fiscal year to meet cash requirements |
| 1603 | Repealed | | | |
| 1604 | Emergency - For Snow Removal, Natural Disaster or Other Emergency | 2.50 Mills | N.D.C.C. §§ 57-15-48 57-15-10(9) | (x) Upon two-thirds vote of governing body. Fund size not to exceed \$5.00 per capita or amount produced by 5.00 mills |
| 1605 | Repealed | | | |
| 1606 | Airport or Municipal or Regional Airport Authority | 4.00 Mills | N.D.C.C. §§ 2-06-07; 2-06-15; 57-15-10(7) | (x) In cities where no levy for airport has been made by other taxing body. Levy based upon amount certified by the airport authority |
| 1607 | Share of Special Improvements | None | N.D.C.C. §§ 40-24-10; 57-15-10(1) | (x) Also see N.D.C.C. §§ 1-06-06; 40-56-03 |
| 1608 | Special Assessments and Drain Assessment on City Property | None | N.D.C.C. §§ 40-23-07; 57-15-41; 61-21-52; 21-03-07(10) | (x) N.D.C.C. § 57-15-10(1). Nonprofit cemetery is exempt from special assessments (2009 amendment to § 40-23-07). |
| 1609 | Deficiency or Expected Deficiency of Special Improvements | None | N.D.C.C. §§ 40-26-08; 57-15-10(2) | (x) |
| 1610 | Repealed | | | |
| 1611 | Repealed | | | |
| 1612 | Repealed | | | |
| 1613 | Public Library Service | 4.00 Mills or as increased by 60 percent majority vote of electors | N.D.C.C. §§ 40-38-02; 40-38-11(5); 54-24.2-02.2; 57-15-10(4) | (x) May be established upon petition of 51 percent of voters or upon majority vote of electors. See N.D.C.C. § 40-38-01. A joint library board may levy taxes within the service area which is outside city limits within the limitations and according to procedures provided by law for a county library fund levy, and may levy taxes within the service area that is within city limits within the limitations and according to the procedures provided by law for a city library fund levy. A public library is not eligible to receive state aid to public libraries if the governing body has diminished, from the average of the three preceding fiscal years, the appropriation in dollars derived from the mill levy for public library services under section 40-38-02. If the governing body is levying the maximum number of mills it can levy without an election and the appropriation is diminished solely because of a reduction in taxable valuation, the public library is eligible to receive funds. |

SB2280
1.27.17
Written Testimony
#2

January 27, 2017
Senate Political Subdivisions
SB 2280
Sen. Burckhard

For the record, I am Blake Crosby, Executive Director of the North Dakota League of Cities, representing the 357 incorporated cities across the state. Approximately 77% of the population of North Dakota lives in those cities.

I like the concept of taxes levied by population size and am here in support of SB 2280 if it would include an amendment. I would prefer the 2.5 mills be not decreased to 2.0 mills for the 4 cities with a population of thirty thousand or more. Data on those 4 cities is given below:

| CITY | POPULATION | CENTERLINE MILES | VALUE OF .5 MILL |
|-------------|------------|------------------|------------------|
| MINOT | 48,000 | 292 | \$ 115,000 |
| GRAND FORKS | 56,000 | 269 | \$ 105,000 |
| BISMARCK | 69,000 | 357 | \$ 167,000 |
| FARGO | 115,000 | 515 | \$ 230,000 |

One half mill is a fair amount of money and is needed in cities of this population size. We might be tempted to look out the window and only think snow but what about spring flooding costs, heavy rainfall flooding, civil unrest costs, cyber-attacks, etc.? Recovery from any of these is expensive for these large cities with an extensive infrastructure.

I respectfully request the Committee amend the bill to move the 2.0 mills to 2.5 mills.

THANK YOU FOR YOUR TIME AND CONSIDERATION. I will try to answer any questions.

Political Subdivisions Committee
March 16, 2017 Committee Hearing – 9:00 AM
Senate Bill No. 2280

3-16-17

#1

SB2280

Chairman Klemin and Members of the Committee, for the record, my name is Sharon Jangula and I am the administrator for the City of Linton.

I have been working with the City of Linton since 2005. I have dealt with the expenses incurred from flooding, snow events, wind storms and other emergency conditions.

I feel there is a need to increase the current levy limitations for small city emergency purposes. The current limitations do not provide for an adequate emergency fund balance to cover the expenses incurred during natural disasters or other emergency conditions.

I contacted our Senator, Robert Erbele, and asked if levy limitations for city emergency purposes could be similar to county limitations which are based on population.

- Current Emergency Levy Limitations for County & City – attached
- Example: City of Linton - population 1,097 (2010 census)
Valuation of 1 mill: \$2,446 (2016)
- NDCC 57-15-10.9 (taxes levied for emergency purposes)
 - Current Mills: 2.5 Current Dollar Amount : \$ 6,115
 - Amended Mills: 6 Amended Dollar Amount: \$14,676
- NDCC 57-15-48 (maximum emergency fund balance)
 - Current Mills: 5 Current Dollar Amount: **\$12,230**
 - Amended Mills: 15 Amended Dollar Amount: \$36,690
- Snow removal costs*** expendable to emergency fund: **\$17,481**
 - \$ 9,921 - Overtime & Additional Personnel
 - \$ 7,560 - Fuel (756 machine hours @ \$10 per hour)
 - Equipment repair & maintenance and other snow removal expenses not included

***City of Linton Snow Removal Costs: **November 28, 2016 – March 14, 2017**

\$26,775 – Wages (\$16,854 – regular time / **\$9,921 – overtime & additional personnel**)

\$ 9,430 – Fuel (943 machine hours @ \$10 per hour - 5 gallons per hour @ \$2.00 per gallon)
(187 - Average machine hours previous 5 seasons)

(756 - Machine hours in excess of average)

No additional costs calculated for equipment repair & maintenance or supplies, salt, sand, etc.

- Other natural disasters and emergency conditions
 - Wind storms, flooding, etc.
- Valuations fluctuate
 - 2014 mill value: \$1,377 Fund Balance: \$6,885 Amended Balance: \$20,655
 - 2015 mill value: \$1,808 Fund Balance: \$9,040 Amended Balance: \$27,120
- Other small cities experience the same shortfall in the emergency fund.
- This bill will enable small cities to maintain a larger emergency fund balance to more adequately cover expenses incurred for natural disasters and other emergency purposes.

Thank you for your time and consideration of this bill.

Levy Limitations

1200 - County

| Levy No. | Fund Or Purpose | Maximum Rate Or Amount | Law | Remarks (x) Indicates levies in add. to Gen. Fund Levy (y) Indicates included in general fund if county has consolidated levies |
|----------|--------------------------------------|---|---|---|
| 1201 | General or Home Rule or Home Rule | 60.00 Mills | N.D.C.C. § 57-15-06 N.D.C.C. §§ 12.1-01-05; 57-01-02.1 | General county purposes. If, for taxable year 2015, a county levied more than 60.00 mills for general fund purposes plus other levies consolidated into the general fund pursuant to 2015 SB 2144, it may levy the same number of mills for taxable year 2016. The number of mills in excess of 60 mills must be reduced by 25 percent each year beginning with taxable year 2017 so that by taxable year 2020, the county is levying no more than 60.00 mills for general fund purposes. |
| | Interim Fund | 75 percent of Current Appropriation | N.D.C.C. § 57-15-27 | For carrying over to next fiscal year to meet cash requirements |
| 1202 | Repealed | | | |
| 1203 | Repealed | | | |
| 1204 | County Road & Bridge | 10 Mills; 30 Mills with majority vote | N.D.C.C. §§ 24-05-01; 57-15-06.7(5) | (x) If a voter-approved levy was authorized before January 1, 2015, it remains in effect for up to 10 taxable years under the provisions of law in effect at the time it was approved. |
| 1205 | Repealed | | | |
| 1206 | Repealed | | | |
| 1207 | Repealed | | | |
| 1208 | Capital Projects | 10.00 Mills; 20 Mills with majority vote | N.D.C.C. §§ 57-15-06.6; 57-15-06.7(8) | (y) (x) Not to exceed 10 years. May be used for contracting corrections services from another public or private entity. If a voter-approved levy was authorized before January 1, 2015, it remains in effect for up to 10 taxable years under the provisions of law in effect at the time it was approved. |
| 1209 | Repealed | | | |
| 1210 | Emergency | 2.00 Mills in a county with population of 30,000 or more; 4.00 mills in a county with population of under 30,000 but more than 5,000; or 6 mills in a county with population of 5,000 or fewer. | N.D.C.C. §§ 57-15-28; 57-15-06.7(9) | (x) No further levy to be made when balance in fund plus uncollected taxes equals an amount produced by a levy of 5.00 mills on the taxable valuation in counties with population of 30,000 or more, or 10.00 mills in counties with population of less than 30,000 but more than 5,000, or 15 mills on the taxable valuation in a county with a population of 5,000 or fewer. The levy authorized by this section must be discontinued, and no further levy may be made until required to replenish the emergency fund |
| 1211 | Repealed | | | |
| 1212 | Farm-to-Market and Federal-Aid Roads | Levy established by ballot | N.D.C.C. § 24-05-01; | (x) Repealed by 2015 SB 2144. However, if a voter-approved levy was authorized before January 1, 2015, it remains in effect for up to 10 taxable years under the provisions of law in effect at the time it was approved. |
| 1213 | Veterans Service Officer | 2.00 Mills | N.D.C.C. §§ 57-15-06.4; 57-15-06.7(7) | (y) (x) |

Levy Limitations

| 1600 - City | | | | |
|-------------|---|--|--|---|
| Levy No. | Fund Or Purpose | Maximum Rate Or Amount | Law | Remarks (x) Indicates levies in add. to Gen. Fund Levy |
| 1601 | General | 105.00 Mills | N.D.C.C. § 57-15-08 | If, for taxable year 2015, a city levied more than 105.00 mills for general fund purposes plus other levies consolidated into the general fund pursuant to 2015 SB 2144, it may levy the same number of mills for taxable year 2016. The number of mills in excess of 105.00 mills must be reduced by 25 percent each year beginning with taxable year 2017 so that by taxable year 2020, the city is levying no more than 105.00 mills for general fund purposes. |
| | or | | | |
| | Home Rule Cities | | See N.D.C.C. § 40-05.1-06(2) | |
| | Interim Fund | 75 percent of Current Appropriation | N.D.C.C. § 57-15-27 | For carrying over to next fiscal year to meet cash requirements |
| 1603 | Repealed | | | |
| 1604 | Emergency - For Snow Removal, Natural Disaster or Other Emergency | 2.50 Mills | N.D.C.C. §§ 57-15-48 57-15-10(9) | (x) Upon two-thirds vote of governing body. Fund size not to exceed \$5.00 per capita or amount produced by 5.00 mills |
| 1605 | Repealed | | | |
| 1606 | Airport or Municipal or Regional Airport Authority | 4.00 Mills | N.D.C.C. §§ 2-06-07; 2-06-15; 57-15-10(7) | (x) In cities where no levy for airport has been made by other taxing body. Levy based upon amount certified by the airport authority |
| 1607 | Share of Special Improvements | None | N.D.C.C. §§ 40-24-10; 57-15-10(1) | (x) Also see N.D.C.C. §§ 1-06-06; 40-56-03 |
| 1608 | Special Assessments and Drain Assessment on City Property | None | N.D.C.C. §§ 40-23-07; 57-15-41; 61-21-52; 21-03-07(10) | (x) N.D.C.C. § 57-15-10(1). Nonprofit cemetery is exempt from special assessments (2009 amendment to § 40-23-07). |
| 1609 | Deficiency or Expected Deficiency of Special Improvements | None | N.D.C.C. §§ 40-26-08; 57-15-10(2) | (x) |
| 1610 | Repealed | | | |
| 1611 | Repealed | | | |
| 1612 | Repealed | | | |
| 1613 | Public Library Service | 4.00 Mills or as increased by 60 percent majority vote of electors | N.D.C.C. §§ 40-38-02; 40-38-11(5); 54-24.2-02.2; 57-15-10(4) | (x) May be established upon petition of 51 percent of voters or upon majority vote of electors. See N.D.C.C. § 40-38-01. A joint library board may levy taxes within the service area which is outside city limits within the limitations and according to procedures provided by law for a county library fund levy, and may levy taxes within the service area that is within city limits within the limitations and according to the procedures provided by law for a city library fund levy. A public library is not eligible to receive state aid to public libraries if the governing body has diminished, from the average of the three preceding fiscal years, the appropriation in dollars derived from the mill levy for public library services under section 40-38-02. If the governing body is levying the maximum number of mills it can levy without an election and the appropriation is diminished solely because of a reduction in taxable valuation, the public library is eligible to receive funds. |

SB 2280 #2
Testimony in Support of Engrossed Senate Bill 2280
March 16, 2017
House Political Subdivisions Committee
Bill Wocken on behalf of the North Dakota League of Cities

3-16-17

Good Morning Mr. Chairman and members of the House Political Subdivisions Committee. For the record, my name is Bill Wocken, appearing on behalf of the North Dakota League of Cities, in support of Engrossed Senate Bill 2280

Senate Bill 2280, relating to city emergency fund levies, is an attempt to meet the need for emergency resources in cities of varying sizes throughout the state. This bill would allow for the accumulation of an emergency fund for three sizes of cities at different rates. These funds exist in most cities but may be insufficient to meet city needs.

At present North Dakota Century Code 57-15-10 (9) and 57-15-48 allow any city to develop an emergency fund using a 2.5 mill annual levy until the fund reaches the equivalent value of 5 mills. This bill proposes to retain that annual levy and fund balance for cities of 30,000 or more. It proposes an annual levy limited to 4 mills with a maximum fund balance equivalent to the value of 10 mills for cities of between 5,000 and 30,000 residents and an annual levy of up to 6 mills with a maximum fund balance equivalent to the value of 15 mills for cities of less than 5,000 residents..

The purpose of an emergency fund is to give cities a resource with which to respond to catastrophic events like floods, health epidemics, very heavy snows, tornados, cyber-attacks and other events beyond the ability of a city to respond with current funding without a gigantic increase in taxes in the year of the event. One might equate it to the money a homeowner might put away each month in anticipation of having to re-roof a home. The new levy authority would allow cities with various mill values to accumulate sufficient revenue to address their emergencies.

On behalf of the North Dakota League of Cities I request a DO PASS recommendation on Senate Bill 2280 to enable all cities to respond to unexpected misfortunes.

The following chart depicts the proposal made under Senate Bill 2280 for city emergency funds.

| <u>City Size</u> | <u>Maximum Annual Mill Levy</u> | <u>Maximum Fund Balance</u> |
|------------------|---------------------------------|-----------------------------|
| 30,000 or more | 2.5 mills * | 5 mills * |
| 5,000 – 30,000 | 4.0 mills | 10 mills |
| Under 5,000 | 6.0 mills | 15 mills |

*Present law for all size cities