**2021 HOUSE FINANCE AND TAXATION** 

HB 1449

#### 2021 HOUSE STANDING COMMITTEE MINUTES

#### **Finance and Taxation Committee**

Room JW327E, State Capitol

HB 1449 2/9/2021

A bill relating to a county aid distribution fund.

Chairman Headland opened up the hearing at 10:30am.

Representatives	Present
Representative Craig Headland	Υ
Representative Vicky Steiner	Υ
Representative Dick Anderson	Υ
Representative Glenn Bosch	Υ
Representative Jason Dockter	Υ
Representative Sebastian Ertelt	Υ
Representative Jay Fisher	Υ
Representative Patrick Hatlestad	Υ
Representative Zachary Ista	Υ
Representative Tom Kading	Υ
Representative Ben Koppelman	Υ
Representative Marvin E. Nelson	Υ
Representative Nathan Toman	Υ
Representative Wayne A. Trottier	Υ

#### **Discussion Topics:**

- County aid distribution
- Rolette County

Representative Nelson introduced bill (no written testimony).

Representative Boe testified in support (no written testimony).

Valerie McCloud, County Auditor in Rolette County, testified in support (#5973).

Sheriff Nathan Gustafson from Rolette County, testified in support (no written testimony).

Alex Albert, former Rolette County Commissioner, testified in support (no written testimony).

Terry Traynor, Executive Director for the North Dakota Association of Counties, testified in support (#6004).

House Finance and Taxation Committee HB 1449 February 9, 2021 Page 2

# Additional written testimony:

**Senator Marcellais**, testimony in support (#5851).

Chairman Headland closed the hearing at 11:15am.

Mary Brucker, Committee Clerk

Testimony Prepared for the
House Finance and Taxation Committee
February 9, 2021
Pro Voleria McClaud, Balatta County And

By: Valerie McCloud, Rolette County Auditor RE: HB 1449, County Aid Distribution Fund

#### Good morning Chairman Headland and Finance and Taxation Committee Members,

Valerie McCloud, testimony in support of the above referenced bill.

As a political subdivision of the state of North Dakota, Rolette County has struggled for many years to provide the essential services set forth and required by the state.

#### **Reasons for shortfall in Finances:**

#### **Non-Taxable Land and Taxes:**

 Rolette County has a taxable valuation of 22,154,307. Approximately ¼ of the land in Rolette County is Non-Taxable. This is due to land exempt from taxation and owned by the Turtle Mountain Tribe, by the BIA in Trust for tribal members, US Fish and Wildlife, ASCS, US Customs, HUD, etc. This creates a loss of per capital tax

#### **Densely populated County:**

- Rolette County is the 10<sup>th</sup> largest in population, higher than Ramsey, Barnes, Mountrail, and Walsh Counties.
- But, while Rolette County levies the maximum in General Fund levy and nearly every other available levy, it does not provide the funding for the essential General Fund departments.
- The impact of the loss of valuation, means that other counties with less population have at least three times the funding to operate the same services.

# **Additional Revenue considerations:**

- In January 2020 the Rolette County Commission attempted to adopt a Home Rule Charter to possibly create a One-Cent Sales Tax to be dedication to law enforcement activities. This initiative was met with stiff citizen resistance ultimately forcing the commission to abandon the initiative.
- An initiative to allow the commission to increase the capital improvements levy from 10 mills to 20 mills was rejected by the voters, in November, 2018.

# **Effects of Revenue Shortfalls:**

With a shortage in operating revenues, Rolette County tries to cut corners to make ends meet. That
means that staffing is compromised, in all areas of the county. That means many officials and staff
wear more than one hat or job title. This the case with Sheriff's Department. This has an effect on
Public Safety, and possibly an increase in crimes rates in the county. The county operates with the
Sheriff and 4 deputies.

 Also impacted is the operation of the County Jail. After a death in the jail in 2020, DOCR ordered a shutdown, and required additional staff to reopen the jail. These included a Jail Administrator and Correction Staff. Prior to this the Sheriff was also the Jail Administrator. Also required was additional maintenance contracts for the Jail Facility.

With COVID in 2020, Rolette County was struggling to make ends meet because of lack of revenues from boarding inmates. Rental income from boarding inmates, was a critical revenue source, when Rolette County needed to pursue the building of the jail back in 2017, as the local tax revenue were not adequate to make the facility cash flow without them.

In addition, DOCR closed the facility temporarily, which not only stopped any boarding revenue, but also increased expenditures. Increases were largely from housing inmates in various facilities throughout the state, continued staffing expense at our facility, which also houses our 911 PSAP and dispatch and DOCR required hiring additional staff to re-open. We were looking at ending the year in the red in the General Fund.

# **Cost saving strategies:**

- The commission temporarily laid off about 10 employees through the summer, including jail staff, Emergency Manager, Tax Director, Deputy Treasurer and Deputy Recorder to try to save \$ so permanent layoffs would not be necessary.
- We approached the Governor's office to see what options may be available including Cares Act
  funding, and jail financing. We were informed that refinance with the Bank of North Dakota for the
  Jail debt, would not be possible unless the county had additional funding sources. We did receive
  CARES Act funding for Public Safety salaries, which ultimately saved our county from end the year in
  the red in 2020. DOCR, also re-opened the jail as a Class 3, and then upgraded to a Class 2 in
  November, which helped with outside boarding costs.

# Long term Assistance:

- Going forward without some form of long term assistance, Rolette County will not be able to continue
  to provide all of the state mandated services, as required in each of the Offices of Auditor, Treasurer,
  Tax Director, Recorder, Sheriff, State's Attorney, etc. Without other available funding sources we look
  to the State of North Dakota for assistance.
- <u>HB 1449</u>, will make sure that Rolette County will continue to meet the needs of its constituents. It is the state that restricts the tax revenues, by setting mill levies, but even if there were an increase in mill rates, Rolette County would need to double its General Fund levy to adequately fund the required services. With the additional state aid, would be able to operate the jail according to DOCR standards and provide for payments and maintenance for the jail facility, allow for additional staffing in the Sheriff's Office to provide for public safety, and make sure that state mandated services are completed in each county office.

Thank you for your time and assistance.

Testimony to the

#### **House Finance & Taxation Committee**

Prepared February 12, 2021 by Terry Traynor, NDACo Executive Director



Regarding: House Bill 1449

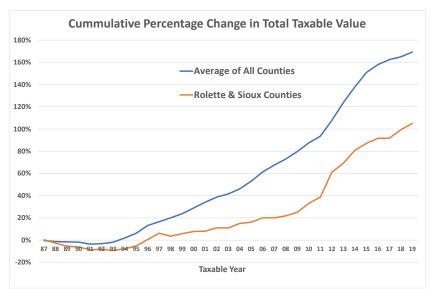
The following has been prepared to provide background information regarding the relative revenue generating capacity of counties across the state.

**Background:** While federal and state governments provide some "payment in-lieu of taxes" for non-taxable government-owned lands (BLM, CoE, FWS), there is no such funding for non-taxable tribal lands (except for specific school funding). Several counties are heavily impacted as they remain responsible for many local government services throughout the county without the property tax base sufficient to support them.

In North Dakota this is very significant in two counties – Rolette and Sioux. Although they are not alone, the size and distribution of non-taxed property in other counties with tribal lands makes their taxable property deficit not as significant. The table below illustrates the challenge. This shows the thirteen counties with the lowest ratio of taxable value to population. As shown, Rolette and Sioux have a ratio about one-third of the next lowest county, and less than one-fourth of the statewide average.

			Gen. Fund	Gen. Fund
COUNTY	2020 Taxable Value	Population	Mills	Dollars
Sioux	\$6,580,718	4,230	60.00	\$394,843
Rolette	\$22,179,629	14,176	60.00	\$1,330,778
Grand Forks	\$324,102,844	69,451	47.13	\$15,274,967
Ward	\$336,938,140	67,641	28.59	\$9,633,061
Benson	\$34,663,670	6,832	24.24	\$840,247
Cass	\$976,813,585	181,923	30.00	\$29,304,408
Walsh	\$57,583,446	10,641	60.00	\$3,455,007
Morton	\$172,699,058	31,364	37.50	\$6,476,215
Ramsey	\$63,818,829	11,519	46.00	\$2,935,666
Burleigh	\$544,472,357	95,626	25.89	\$14,096,389
Stutsman	\$128,016,189	20,704	42.04	\$5,381,801
Stark	\$199,192,209	31,489	35.00	\$6,971,727
Richland	\$102,682,476	16,177	58.75	\$6,032,595
			37.86	Average

\$ of Value/
person
\$1,556
\$1,565
\$4,667
\$4,981
\$5,074
\$5,369
\$5,411
\$5,506
\$5,540
\$5,694
\$6,183
\$6,326
\$6,347
\$6,824



The line chart at the left shows that this is not a recent development, but a problem that has been growing over time. As taxable value has been growing on an annual average of 5% statewide over the last 30 years, these two counties have been averaging a 3% increase over that period.

The table also identifies the only three counties that are currently limited in their General Fund, levying at the statutory cap of 60 mills. Counties have no statutory option to increase their general fund beyond 60 mills, and after the "levy consolidation" of 2015, additional (formerly special levy-funded) services were moved into the general fund. Only through adoption of a Home Rule charter can a county expand its tax revenue options, by adjusting its mill levy maximum or authorizing county sales tax.

As the cost of government services has risen, and property tax levies have been capped, these two counties have struggled to maintain general government services, and particularly law enforcement responsibilities. These counties have asked for the exploration of options to address this growing deficit.

A preliminary analysis of the state sales tax revenue dedicated to this relief, and the allocation based on HB1449 is below.

# **Preliminary Analysis of HB1449**

Based on 1/2 of 1% of 1 Penny of sales tax = \$1,130,000

	Population	40%	60% by	
	Estimate	Equally	Population	Total
Rolette	14,176	\$226,000	\$522,185	\$748,185
Sioux	4,230	\$226,000	\$155,815	\$381,815
	18,406			\$1,130,000



# OTATE CARITOL

STATE CAPITOL 600 EAST BOULEVARD BISMARCK, ND 58505-0360

NORTH DAKOTA SENATE



Senator Richard Marcellais
District 9

301 Laite Loop NE Belcourt, ND 58316-3877

R: 701-477-8985 B: 701-477-8985 C: 701-278-0632 F: 701-477-8985 rmarcellais@nd.gov

# HB 1449 Testimony House Finance & Taxation Committee 327E Room 2/09/21 @ 10:00 am

Chairmen Headland members of the House Finance & Taxation Committee for the record my name is Richard Marcellais Senator from Rolette County District 9.

I am here this morning in favor of HS 1449 – relating to county and distribution fund; to provide a continuing appropriation; and to provide an effective date.

While federal and state governments provide some "payment in-lieu of taxes" for non-taxable government owned lands, there is no such funding for non-taxable tribal lands (except for specific school funding). Several counties are heavily impacted by remaining responsible for many local government services without the property tax base sufficient to support them.

In North Dakota this is very significant in two such counties – Rolette and Sioux. Because of the size and distribution in other counties with tribal lands, their taxable property is not as significant.

Chairmen Headland members of the House Finance & Taxation Committee, I urge Do Pass on House Bill 1449.

#### 2021 HOUSE STANDING COMMITTEE MINUTES

#### **Finance and Taxation Committee**

Room JW327E, State Capitol

HB 1449 2/17/2021 AM

A bill relating to a county aid distribution fund.

**Chairman Headland** opened for discussion at 10:03am.

Representatives	Present
Representative Craig Headland	Υ
Representative Vicky Steiner	Υ
Representative Dick Anderson	Υ
Representative Glenn Bosch	Υ
Representative Jason Dockter	Υ
Representative Sebastian Ertelt	Υ
Representative Jay Fisher	Υ
Representative Patrick Hatlestad	Υ
Representative Zachary Ista	AB
Representative Tom Kading	Υ
Representative Ben Koppelman	Υ
Representative Marvin E. Nelson	Υ
Representative Nathan Toman	Υ
Representative Wayne A. Trottier	Υ

#### **Discussion Topics:**

- Proposed amendment 21.0764.01003
- Committee decision

**Chairman Headland** proposed amendment 21.0764.01003 (#6806) and recommended to add a two-year sunset clause.

Representative M. Nelson made a motion to adopt amendment 21.0764.01003 and add a two-year sunset.

Representative Bosch seconded the motion.

Voice vote-motion carried

Representative Dockter made a motion for a DO PASS AS AMENDED.

Representative Trottier seconded the motion.

House Finance and Taxation Committee HB 1449 February 17, 2021 Page 2

# Roll call vote:

Representatives	Vote
Representative Craig Headland	Υ
Representative Vicky Steiner	Υ
Representative Dick Anderson	Υ
Representative Glenn Bosch	Υ
Representative Jason Dockter	Υ
Representative Sebastian Ertelt	N
Representative Jay Fisher	N
Representative Patrick Hatlestad	Υ
Representative Zachary Ista	AB
Representative Tom Kading	Υ
Representative Ben Koppelman	N
Representative Marvin E. Nelson	Υ
Representative Nathan Toman	N
Representative Wayne A. Trottier	Υ

# **Motion carried 9-4-1**

Representative M. Nelson is the bill carrier.

Chairman Headland closed the discussion at 10:08am.

Mary Brucker, Committee Clerk

# Adopted by the Finance and Taxation Committee

DA2/17/21 Lut/

February 17, 2021

# PROPOSED AMENDMENTS TO HOUSE BILL NO. 1449

- Page 1, line 3, remove "and"
- Page 1, line 3, replace "an effective date" with "for application, and to provide an expiration date"
- Page 1, line 11, after "to" insert "an"
- Page 1, line 11, replace "counties" with "county"
- Page 1, line 13, replace "one-half" with "one-fourth"
- Page 1, line 22, remove "two"
- Page 1, line 23, replace "counties" with "county"
- Page 1, line 23, remove ", as follows:"
- Page 2, remove lines 1 through 4
- Page 2, line 5, replace "population relative to the combined total population of both counties" with "and a population of more than ten thousand"
- Page 2, line 14, replace "EFFECTIVE DATE" with "APPLICATION"
- Page 2, line 14, replace "is effective for the" with "applies to"
- Page 2, after line 15, insert:

"SECTION 3. EXPIRATION DATE. This Act is effective through June 30, 2023, and after that date is ineffective."

Renumber accordingly

Module ID: h\_stcomrep\_30\_016 Carrier: M. Nelson Insert LC: 21.0764.01004 Title: 02000

#### REPORT OF STANDING COMMITTEE

- HB 1449: Finance and Taxation Committee (Rep. Headland, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (9 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). HB 1449 was placed on the Sixth order on the calendar.
- Page 1, line 3, remove "and"
- Page 1, line 3, replace "an effective date" with "for application, and to provide an expiration date"
- Page 1, line 11, after "to" insert "an"
- Page 1, line 11, replace "counties" with "county"
- Page 1, line 13, replace "one-half" with "one-fourth"
- Page 1, line 22, remove "two"
- Page 1, line 23, replace "counties" with "county"
- Page 1, line 23, remove ", as follows:"
- Page 2, remove lines 1 through 4
- Page 2, line 5, replace "population relative to the combined total population of both counties" with "and a population of more than ten thousand"
- Page 2, line 14, replace "EFFECTIVE DATE" with "APPLICATION"
- Page 2, line 14, replace "is effective for the" with "applies to"
- Page 2, after line 15, insert:

**"SECTION 3. EXPIRATION DATE.** This Act is effective through June 30, 2023, and after that date is ineffective."

Renumber accordingly

21.0764.01003 Title. Prepared by the Legislative Council staff for Representative Headland
February 16, 2021

#### PROPOSED AMENDMENTS TO HOUSE BILL NO. 1449

Page 1, line 3, replace "an effective date" with "for application"

Page 1, line 11, after "to" insert "an"

Page 1, line 11, replace "counties" with "county"

Page 1, line 13, replace "one-half" with "one-fourth"

Page 1, line 22, remove "two"

Page 1, line 23, replace "counties" with "county"

Page 1, line 23, remove ", as follows:"

Page 2, remove lines 1 through 4

Page 2, line 5, replace "population relative to the combined total population of both counties" with "and a population of more than ten thousand"

Page 2, line 14, replace "EFFECTIVE DATE" with "APPLICATION"

Page 2, line 14, replace "is effective for the" with "applies to"

Renumber accordingly

**2021 SENATE FINANCE AND TAXATION** 

HB 1449

#### 2021 SENATE STANDING COMMITTEE MINUTES

#### **Finance and Taxation Committee**

Fort Totten Room, State Capitol

HB 1449 3/16/2021

A BILL for an Act to create and enact a new section to chapter 57-39.2 of the North Dakota Century Code, relating to a county aid distribution fund; to provide a continuing appropriation; to provide for application; and to provide an expiration date.

**Chair Bell** calls the meeting to order. Chair Bell, Vice Chair Kannianen, Senators Meyer, J. Roers, Patten, Piepkorn, Weber are present. [8:58]

#### **Discussion Topics:**

- County funding
- Nontaxable trust land
- Mills equalization
- Sunset clause
- County staff and expenses
- Jail financing

Representative Nelson [8:59] introduces in favor.

**Tara McDougali** [9:06] Deputy Auditor, Rolette County (for Valerie McCloud, Auditor), in favor #9268

Alex Albert [9:13] Former County Commissioner, Rolette County provides oral information.

**Kandace Desjarlais** [9:31] Treasurer, Rolette County, in favor #9428.

**Terry Traynor** [9:35] ND Association of Counties in favor #9565.

**Chair Bell** adjourns the meeting. [9:54]

Senate Finance and Taxation Committee HB 1449 03/16/2021 Page 2

Chair Bell calls meeting to order for committee work [11:32]

# **Senator Patten** [11:41] moved DO PASS and re-refer to Appropriations **Senator Kannianen** seconds the motion

Senators	Vote
Senator Jessica Bell	Y
Senator Jordan Kannianen	Y
Senator Scott Meyer	Υ
Senator Dale Patten	Y
Senator Merrill Piepkorn	Υ
Senator Jim Roers	Υ
Senator Mark Weber	Υ

Motion passes 7-0-0

Senator Piepkorn carries

Chair Bell adjourns the meeting [11:45]

Joel Crane, Committee Clerk

#### REPORT OF STANDING COMMITTEE

Module ID: s\_stcomrep\_45\_010

Carrier: Piepkorn

HB 1449, as engrossed: Finance and Taxation Committee (Sen. Bell, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1449 was rereferred to the Appropriations Committee.

Testimony Prepared for the Senate Finance and Taxation Committee March 16, 2021 By: Valerie McCloud, Rolette County Auditor #9268

RE: House Bill 1449

#### Good morning Chairman Bell and Finance and Taxation Committee Members,

Valerie McCloud, I submit testimony in support of the above referenced bill.

I come to you today, to seek support for Long-Term financial assistance, as Rolette County has struggled for years to provide the essential services set forth and required by the state.

# **Shortfall in Finances:**

#### Low Valuation and Taxes:

- Rolette County has a taxable valuation of 22,154,307. Because approximately ¼ of the acres in the county are non-taxable, this valuation is extremely low for a county with our population. The population is approximately 14,500, the 10<sup>th</sup> largest in the state.
- It is the state that limits the increases to property valuations, and also sets the mill levy limits. While Rolette County levies the maximum in General Fund levy and nearly every other available levy, it does not provide adequate funding for the essential county services. Rolette County is one of the two counties in the state, at the 60 mill maximum levied in the General Fund. This provides about \$1,329,000 in tax revenue. Counties similar in population to Rolette County, have 3-4 times the valuation so are able to levy much less in mills.
- Rolette County has also come to rely heavily on State Revenue Sharing, which has decreased in the last few years, causing budget constraints, as this has been approximately 50% of the income in our General Fund.

# **Additional Revenue considerations:**

- In January, 2020 Rolette County Commission attempted to adopt a Home Rule Charter for a One-Cent Sales tax, which was met with stiff citizen resistance ultimately forcing the commission to abandon the initiative.
- In November, 2018, an initiative to allow the commission to increase the capital improvements levy from 10 mills to 20 mills was rejected by the voters.
- In July 2020, Rolette County temporarily laid off about 10 employees through the summer, including
  jail staff, Emergency Manager, Tax Director, Deputy Treasurer and Deputy Recorder to try to save \$
  so permanent layoffs would not be necessary, as it was predicted that we would be in the red in our
  General Fund at year end. The Cares Act funding to the county, was able to keep the county in the
  black in 2020.

# **Effects of Revenue Shortfalls:**

- With a shortage in operating revenues, Rolette County tries to cut corners to make ends meet. That means that staffing is compromised, in all areas of the county and officials and staff wear more than one hat or job title.
  - Sheriff's Department, operates with Sheriff and 5 deputies, (one dedicated to a contract within a city). This has an effect on Public Safety and crimes rates in the county, which continue to increase. The Sheriff has also served as Jail Administrator.
  - We were forced to build a new jail in 2017, because the old jail would not meet state standards and was not adequate for the number of inmates we had in the county. The operating budget for the new jail, was approximately \$400,000 more than the old jail. Even at that, this was a bare bones budget. Staff was at a minimum, and there were not maintenance contracts for the building. After a death in the jail in June, 2020, DOCR ordered a shutdown, and required additional measures to reopen the jail. These included hiring a separate Jail Administrator, hiring additional Corrections Staff, and additional maintenance contracts for the Jail Facility. The closure of the jail, for approximately 6 months, also had in impact of revenues from housing inmates from other jurisdictions, which Rolette County has relied in to operate the jail.
  - In 2019, the state implemented the SIRN project for improved Interoperability of Radios throughout the state. While the state provided a cost-share of \$1500/radio, it does not include a cost-share for the Public Safety Answering Point Console, of over \$285,000 plus another \$100,000 for a ten-year Console maintenance program and another \$121,000 for sheriff department radios, which does include the state cost-share of \$1,500 per radio. This comes with a price tag approximately \$500,000 to Rolette County, to upgrade the PSAP Console and radios which could hinder public safety because we cannot afford to do this crucial enhancement of our 911 system.

# **Cost saving strategies:**

We approached the Governor's office to see what options may be available including Cares Act
funding, and jail financing. We were informed that refinance with the Bank of North Dakota for the
Jail debt, would not be possible unless the county had additional funding sources. We did receive
CARES Act funding for Public Safety salaries, which ultimately saved our county from ending the year in
the red in 2020. But going forward, we are struggling with approving a balanced budget for years to
come.

# **Long term Assistance:**

Going forward without some form of long term assistance, Rolette County is not able to provide all of
the state mandated services, as required in each county office. Without other available funding
sources we look to the State of North Dakota for assistance. <a href="#">HB 1449</a>, will help our county meet the
needs of its constituents and provide essential services. The amendments made to the bill reduced the
amount of funding available and added a sunset clause. While neither of these amendments are ideal
for Rolette County, a long-term solution to our budget constraints is necessary.

Thank you for your time and assistance.

RE: House Bill 1449

Testimony Prepared for the
Senate Finance and Taxation Committee
March 16, 2021
By: Kandace Desjarlais, Rolette County Treasurer

#### Good morning Chairman Bell and Finance and Taxation Committee Members,

I, Kandace Desjarlais, submit testimony in support of the above referenced bill.

To reiterate the testimony that Val McCloud has given, Rolette County is in desperate need of a long- term solution for the numerous issues we face every day. I seek your support for the Long-Term financial assistance for Rolette County.

To add to Mrs. McCloud's testimony, Rolette County has actively sought to find additional revenue considerations prior to seeking assistance from the State. These attempts to increase revenues adversely affected the small and limited tax base of Rolette County.

Rolette County has a population of approximately fifteen thousand (15,000) people. Of that amount, only one-third (1/3) of the population are assessed for property taxes. This small number of tax payers is what funds Rolette County's essential services. Due to the lack of tax dollars, Rolette County is unable to provide all of the state mandated services required for each and every county office.

The efforts attempted by the Board of County Commissioners to raise revenue, were met with frustration and resistance by the residents of Rolette County. Given the high rate of poverty in Rolette County, which is 29.3% according to the US Census Bureau, this may account for the reason behind the vexation. In addition, Rolette County reported the highest unemployment rate (10.4%) which may be due to very few jobs compared to the population, in other words, there are more job seekers than there are job opportunities. These numbers may explain the opposition to the initiatives illustrated in Mrs. McCloud's testimony.

The state mandates essential services that Rolette County must provide. As elected county officials, we have an obligation to uphold our oath to provide these services to our constituents. Currently, due to the lack of funding we are unable to provide the quality of assistance and meet the needs of the people at an adequate level. The revenue shortfalls we are facing at Rolette County has pushed us to consider budgetary cuts within each department. These cuts have proven that they are not a long-term solution, as each department is compromising its ability to perform its jobs effectively. In addition, the amount saved by these cuts, does not even begin to address the need.

In conclusion, Rolette County has exhausted all options to raise revenue. With the support of HB 1449, this will ensure that Rolette County is able to continue to successfully carry out the state mandates.

Thank you for your time.

Testimony to the

#### Senate Finance & Taxation Committee

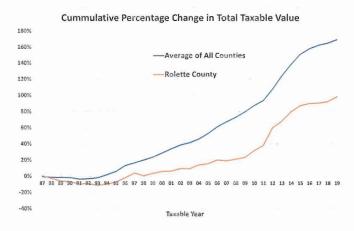


Prepared March 16, 2021 by Terry Traynor, NDACo Executive Director

# Regarding: Engrossed House Bill 1449

The following has been prepared to provide background information regarding the relative revenue generating capacity of counties across the state.

**Background:** While federal and state governments provide some "payment in-lieu of taxes" for non-taxable government-owned lands (BLM, CoE, FWS), there is no such funding for non-taxable tribal lands (except for specific school funding). Several counties are heavily impacted as they remain responsible for many local government services throughout the county without the property tax base sufficient to support them.



In North Dakota this can be significant. The chart shows the relative percentage growth of taxable value in Rolette County and then you look at all 53 counties combined. This also clearly illustrates that this is not a recent development, but a problem that has been growing over time. As taxable value has been growing on an annual average of 5% statewide over the last 30 years, Rolette County has been averaging a 3% increase over that period.

Although they are not alone, the size and distribution of non-taxed property in some counties with tribal lands makes their taxable property deficit not as significant. The attached table below illustrates the challenge. This shows the taxable value of each county, its population, their general fund levy, and the ratio of value to population.

The table also identifies Rolette as one of only three counties that are currently limited in their General Fund, levying at the statutory cap of 60 mills. Counties have no statutory option to increase their general fund beyond 60 mills, and after the "levy consolidation" of 2015, additional (formerly special levy-funded) services were moved into the general fund. Only through adoption of a Home Rule charter can a county expand its tax revenue options, by adjusting its mill levy maximum or authorizing county sales tax.

As the cost of government services has risen, and property tax levies have been capped, particularly Rolette County has struggled to maintain general government services, and especially law enforcement and correctional responsibilities.

Analysis of Taxable Value and Population

		FOR 2000 10 800 100		•
	2020 Taxable		2020 GF	Gen. Fund
COUNTY	Value	Population	Mills	Dollars
Sioux	\$6,580,718	4,230	60.00	\$394,843
Rolette	\$22,179,629	14,176	60.00	\$1,330,778
		69,451	47.13	\$15,274,967
Grand Forks	\$324,102,844	67,641	28.59	\$9,633,061
Ward	\$336,938,140		24.24	\$840,247
Benson	\$34,663,670	6,832		\$29,304,408
Cass	\$976,813,585	181,923	30.00	
Walsh	\$57,583,446	10,641	60.00	\$3,455,007
Morton	\$172,699,058	31,364	37.50	\$6,476,215
Ramsey	\$63,818,829	11,519	46.00	\$2,935,666
Burleigh	\$544,472,357	95,626	25.89	\$14,096,389
Stutsman	\$128,016,189	20,704	42.04	\$5,381,801
Stark	\$199,192,209	31,489	35.00	\$6,971,727
Richland	\$102,682,476	16,177	58.75	\$6,032,595
Mercer	\$52,036,721	8,187	48.45	\$2,521,179
Eddy	\$15,174,715	2,287	54.23	\$822,925
Average	\$5,200,290,756	762,062	37.86	
Traill	\$59,121,055	8,036	36.80	\$2,175,655
Ransom	\$39,268,000	5,218	43.47	\$1,706,980
Adams	\$17,299,536	2,216	37.67	\$651,674
McHenry	\$46,531,746	5,745	26.74	\$1,244,259
Kidder	\$20,608,990	2,480	43.50	\$896,491
Barnes	\$86,922,255	10,415	58.00	\$5,041,491
Oliver	\$16,500,714	1,959	10.00	\$165,007
Pierce	\$33,819,472	3,975	34.14	\$1,154,597
Golden Valley	\$15,441,994	1,761	17.63	\$272,242
	\$83,619,294	9,450	49.43	\$4,133,302
McLean	\$43,128,170	4,872	44.71	\$1,928,260
Dickey		3,210	35.81	\$1,039,484
Foster	\$29,027,771	The state of the s	52.00	\$875,110
Logan	\$16,829,029	1,850	12.50	\$344,484
Bowman	\$27,558,701	3,024	and the second s	
Nelson	\$26,514,756	A STATE OF THE PARTY OF THE PAR	56.57	\$1,499,940
McIntosh	\$23,661,517	NAME OF TAXABLE PROPERTY OF TAXABLE PARTY.	50.63	\$1,197,983
Pembina	\$65,414,695	The second section of the sect	49.56	\$3,241,952
Grant	\$22,108,878	The second secon	45.56	
Hettinger	\$24,691,990	A STATE OF THE PARTY OF THE PAR	44.09	
Sargent	\$39,266,239		49.76	
Bottineau	\$63,605,508		43.05	
Williams	\$395,331,519		8.14	
Renville	\$24,854,004	2,327	36.21	\$899,963
Griggs	\$23,893,682	2,231	14.74	
LaMoure	\$43,902,718	4,046	52.17	
Wells	\$44,023,777	3,834	44.46	\$1,957,297
Sheridan	\$15,594,914	1,315	50.41	\$786,140
Emmons	\$39,049,066		40.00	\$1,561,963
Towner	\$28,435,006		55.92	\$1,590,086
Burke	\$27,728,729			The second secon
Mountrail	\$148,825,942	The second secon	and the second s	A CONTRACTOR OF THE PARTY OF TH
Cavalier	\$55,897,363		and the second s	A STATE OF THE PROPERTY OF THE
Steele	\$30,912,137		and the second s	CONTRACTOR OF THE PERSON OF TH
CONTRACTOR OF THE PROPERTY OF	\$12,468,675			
Slope	\$75,598,410			and the second s
Dunn		and the second s	A STATE OF THE PARTY OF THE PAR	and the second s
Divide	\$39,156,982	The second secon		AND THE RESIDENCE OF THE PARTY
Billings	\$19,760,35	The second secon		The second secon
McKenzie	\$336,011,65	1 15,024	2.75	φ924,032

of Value/
person
\$1,556
\$1,565
\$4,667
\$4,981
\$5,074
\$5,369
\$5,411
\$5,506
\$5,540
\$5,694
\$6,183
\$6,326
\$6,347
Commence of the Commence of th
\$6,356
\$6,635
\$6,824
\$7,357
\$7,525
\$7,807
\$8,100
\$8,310
\$8,346
\$8,423
\$8,508
\$8,769
\$8,849
\$8,852
\$9,043
\$9,097 \$9,113
\$9,113
\$9,210
\$9,470
A CONTRACTOR OF THE PARTY OF TH
\$9,722 \$9,881
\$10,073
\$10,075
\$10,517
\$10,681
\$10,710
\$10,710
\$11,482
\$11,859
\$12,048
\$12,990
\$13,111
\$14,113
\$14,858
\$16,356
\$16,625
\$17,088
\$17,295
\$21,293
\$22,365
÷==,000

**2021 SENATE APPROPRIATIONS** 

HB 1449

#### 2021 SENATE STANDING COMMITTEE MINUTES

#### **Appropriations Committee**

Roughrider Room, State Capitol

HB 1449 3/26/2021 Senate Appropriations Committee

Relating to a county aid distribution fund; to provide a continuing appropriation.

**Senator Holmberg** opened the hearing at 11:20 a.m.

Senators present: Holmberg, Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman.

#### **Discussion Topics:**

- Rolette County
- Federal Funding

Marvin Nelson, Representative, District 9, gave insight on problems that would need government aid in Rolette County

Terry Traynor, NDACO, answered questions of the committed

Jon Nelson, Representative, District 14, introduces the bill.

Senator Oehlke moved DO PASS Vice-Chair Kresbach seconded the motion

Senators		Senators	
Senator Holmberg	Y	Senator Hogue	Y
Senator Krebsbach	Y	Senator Oehlke	Y
Senator Wanzek	Y	Senator Poolman	Y
Senator Bekkedahl	Y	Senator Rust	Y
Senator Davison	Y	Senator Sorvaag	Y
Senator Dever	Y	Senator Heckaman	Y
Senator Erbele	Y	Senator Mathern	Y

Roll Call Vote Passed 14-0-0

Additional written testimony: #10596

**Senator Holmberg** closed the hearing at 11:37 a.m.

Skyler Strand, Committee Clerk

#### REPORT OF STANDING COMMITTEE

Module ID: s\_stcomrep\_53\_005

Carrier: Piepkorn

HB 1449, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1449 was placed on the Fourteenth order on the calendar.

to whom it may concern

I am writing on behalf of the Fargo Moorhead Ballet, we're a no profit professional dance company. Who has been clawing to stay open this past year. As 80% or our operations income comes from live performances. Due to Covid we have had to cancel all of our production last season. With the help of Covid relief found we are managing to stay open. With out North Dakota Arts Council I would have never known there where funds available to us, as we are a non profit organization. The money we received was put to rent and other operational expenses. I hope you consider NDCA to receive the reallocation of unspent Covid funds.

Thank you for all you do for North Dakota

Sincerely
Matthew Gasper
Artistic director or the FMBallet