

Testimony to the
House Government & Veterans Affairs Committee

Prepared April 19, 2021

by Terry Traynor, NDACo Executive Director



Regarding: Proposed Amendment 21.0095.02009 to SB2046

Chairman Kasper and committee members, thank you for providing the opportunity to address county government's concerns with the amendment proposed for SB2046.

We recognize the desire of the Governor and many legislators to transition the NDPERS retirement system away from a Defined Benefit plan but feel doing so in this manner places local government and the property taxpayers in a precarious position. Additionally, county officials are concerned that this appears to be an "alternative streams" proposal that ignores the long-term needs of our transportation infrastructure. It essentially becomes income tax relief paid for with property tax increases.

County officials have long recognized that all levels of government participating in NDPERS share an unfunded liability problem, and therefore have never opposed employer or employee contribution increases that the Legislature determined necessary. We have viewed the state and local roles in solving this problem as a partnership. The use of statewide resources to solve only part of this issue, leaving local boards and local taxpayers to solve the other part, would be unfortunate for property taxpayers.

This partnership is demonstrated by the 51 of 53 counties enrolled in NDPERS retirement, the 19 of 19 human service zones for which the Legislature is fiscally responsible, and the majority of the public county health districts that are mandated by state law to participate. The legislature through the years has encouraged, and as with health units, mandated, participation to create a larger more viable program. You have asked local boards to take property tax dollars to make NDPERS a world class retirement system and develop a world class cadre of public employees. Now, by segregating the reserves, leaving local government with limited resources and no tools with which to address their portion of the unfunded liability, this proposal would leave those property taxpayers in the lurch.

This is an undefined liability currently for local government. The amendment creates no special levy, dedicated state appropriation, or new funding stream to address this unknown cost – and no governance structure to create a solution. With the 2015 property tax reforms, the 30-mill retirement levy that counties had previously, was repealed – along with a dozen others. Granted, their general fund levy was increased, but nowhere near to the level of the combined repeal. Three counties have reached their general fund max already, and another nine are within 10 mills of the limit. It must be remembered that these same property owners will need to ultimately fund this liability, not just for counties, but health districts, park districts, cities, and at least some school employees.

County officials oppose placing this burden on local boards and property owners. Additionally, advancing a "streams" proposal without an enhancement of the Highway Distribution Fund only adds to that property tax burden.

We urge the committee to reject the amendment.

NDPERS Retirement & Property Taxes

COUNTY	NDPERS Retirement	2020 GF Mills	Value 1 Mill	Net Pension Liability Under Current Discount Rate*
Adams	Yes	37.67	\$ 17,300	\$ 1,640,115
Barnes	Yes	58.00	\$ 86,922	\$ 6,999,835
Benson	Yes	24.24	\$ 34,664	\$ 3,565,732
Billings	Yes	22.77	\$ 19,760	\$ 17,069,714
Bottineau	Yes	43.05	\$ 63,606	\$ 10,786,103
Bowman	Yes	12.50	\$ 27,559	\$ 3,266,640
Burke	Yes	41.11	\$ 27,729	\$ 4,444,479
Burleigh	Yes	25.89	\$ 544,472	\$ 49,164,701
Cass	Yes	30.00	\$ 976,814	\$ 48,438,379
Cavalier	Yes	35.00	\$ 55,897	\$ 9,557,047
Dickey	Yes	44.71	\$ 43,128	\$ 3,916,482
Divide	Yes	15.79	\$ 39,157	\$ 6,342,285
Dunn	Yes	12.00	\$ 75,598	\$ 12,065,621
Eddy	Yes	54.23	\$ 15,175	\$ 2,261,612
Emmons	Yes	40.00	\$ 39,049	\$ 7,286,532
Foster	Yes	35.81	\$ 29,028	\$ 2,600,092
Golden Valley	Yes	17.63	\$ 15,442	\$ 2,444,175
Grand Forks	Yes	47.13	\$ 324,103	\$ 42,790,170
Grant	Yes	45.56	\$ 22,109	\$ 2,673,835
Griggs	Yes	14.74	\$ 23,894	\$ 1,633,446
Hettinger	Yes	44.09	\$ 24,692	\$ 3,041,290
Kidder	No	43.50	\$ 20,609	
LaMoure	Yes	52.17	\$ 43,903	\$ 4,935,195
Logan	Yes	52.00	\$ 16,829	\$ 1,695,611
McHenry	Yes	26.74	\$ 46,532	\$ 3,369,987
McIntosh	Yes	50.63	\$ 23,662	\$ 2,704,698
McKenzie	Yes	2.75	\$ 336,012	\$ 25,933,535
McLean	Yes	49.43	\$ 83,619	\$ 11,362,737
Mercer	Yes	48.45	\$ 52,037	\$ 10,424,216
Morton	Yes	37.50	\$ 172,699	\$ 17,339,800
Mountrail	Yes	13.31	\$ 148,826	\$ 22,074,059
Nelson	Yes	56.57	\$ 26,515	\$ 4,873,565
Oliver	Yes	10.00	\$ 16,501	\$ 2,365,808
Pembina	Yes	49.56	\$ 65,415	\$ 6,734,185
Pierce	Yes	34.14	\$ 33,819	\$ 5,916,502
Ramsey	Yes	46.00	\$ 63,819	\$ 14,436,023
Ransom	Yes	43.47	\$ 39,268	\$ 4,454,326
Renville	Yes	36.21	\$ 24,854	\$ 3,401,478
Richland	Yes	58.75	\$ 102,682	\$ 19,122,053
Rolette	Yes	60.00	\$ 22,180	\$ 2,941,530
Sargent	Yes	49.76	\$ 39,266	\$ 1,388,559
Sheridan	Yes	50.41	\$ 15,595	\$ 2,124,319
Sioux	No	60.00	\$ 6,581	
Slope	Yes	30.00	\$ 12,469	\$ 3,463,235
Stark	Yes	35.00	\$ 199,192	\$ 11,116,876
Steele	Yes	32.56	\$ 30,912	\$ 2,702,432
Stutsman	Yes	42.04	\$ 128,016	\$ 21,044,618
Towner	Yes	55.92	\$ 28,435	\$ 3,139,289
Traill	Yes	36.80	\$ 59,121	\$ 9,337,958
Walsh	Yes	60.00	\$ 57,583	\$ 8,019,334
Ward	Yes	28.59	\$ 336,938	\$ 29,548,345
Wells	Yes	44.46	\$ 44,024	\$ 5,578,620
Williams	Yes	8.14	\$ 395,332	\$ 36,235,088
Total	51		\$ 5,199,340	\$ 539,772,266

* Net pension liability as reported on county financial statements