

**House Political Subdivisions
Chairman Jason Dockter
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HB 1192

Chairman Dockter and Members of the House Political Subdivisions Committee, my name is David Lakefield and I am the Finance Director for the City of Minot. I would like to thank you for your time to address this bill this morning.

The ability to develop a budget that is responsive to the needs of our community is a critical component of local government. The imposition of limits that freeze the true and full valuation of parcels and the amount of funds that can be raised through the tax levy without approval of the voters creates a tremendous burden on those developing the budget.

The bulk of funds raised through property taxes goes to fund the General Fund. The bulk of General Fund spending goes to provide public safety services and administrative services. The bulk of these costs are related to employee salaries and benefits. Over time, these costs tend to escalate with the market. Freezing the true and full valuation as well as limiting the dollars

that can be raised through property taxes could result in reduced services in the impacted departments including public safety.

Minot's 2021 Budget includes a total appropriation of \$45,694,436 for the General Fund. Of that, \$19,793,770 or 43.3% is funded by property taxes. The remainder of the costs are supported by other revenue sources such as fees for services, sales tax, grants, and Federal and State funds. The cost of salaries and benefits for General Fund Departments is \$28,358,748. Public Safety (Police and Fire) accounts for more than half of these costs. Limiting the ability to raise revenues received through property taxes would likely have a negative impact on services provided by the City including Public Safety.

The requirement to put any increase to the voters on an annual basis creates an expensive and burdensome process. The timing of the election process and the budget creation process could present a situation where an increase is requested at a regular election that may not actually be needed because it is so early in the process of developing a budget (June election and budget completion in October). This could also result in a special election every other year that would again add costs.

City elected officials are elected to represent the best interests of their constituents. They are tasked with balancing the need for services to be provided with the cost of those services and

are responsible to the electors of the City for their decisions. The citizens have the opportunity to elect a different representative if they feel that their needs are not be addressed. The current election process accommodates this.

Thank you for your time today. I would urge you to give HB 1192 a “do not pass” recommendation.