

Testimony Prepared for the  
**House Political Subs Committee**  
March 4, 2021  
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## **RE: Support Senate Bill 2260**

Good morning Chairman Dockter and committee members. For the record, my name is Linda Svihovec with the North Dakota Association of Counties. Thank you for the opportunity to speak to you in support of Senate Bill 2260 on behalf of our 53 counties and their officials.

Senate Bill 2260 updates language in NDCC 24-05-01(5) to match current accounting practices and provides clarity on two county road levies that are set to expire in 2024.

Counties have historically included Highway Tax Distribution allocations with their Road and Bridge funds during the budget process when considering funds available for road maintenance and construction. Highway Tax allocations are either receipted directly into the county Road and Bridge fund or are receipted separately into a separate fund, and then transferred to the county Road and Bridge fund through the budget process. Since the permitted uses are the same for the county road levy funds as well as the highway tax distribution allocations, counties combine those funds when paying bills related to roads.

The State Auditor's office has recently interpreted the language in the last sentence in the first paragraph of Subsection 5 to indicate that highway tax distribution funds cannot be transferred to the county road and bridge fund. This language dates back to paper ledgers and is no longer consistent with modern county accounting procedures. SB2260 strikes that language to match the longtime county practice of combining the highway tax and county road and bridge funds for their common permitted uses.

The final sentence in Subsection 5 provides direction to counties on closing two county road levies that are set to expire in 2024 as a result of levy consolidation legislation passed in 2015. Referenced in the last sentence are the "county special road fund" and the "reserve road and bridge fund."

SB2260 updates the names of those two county road levy funds to match the fund names in the North Dakota Tax Department's Levy Limitations publication and also

referenced in tax code. Correcting the names of the two funds will provide clarity for the 31 counties still using the levies as to which funds are to be closed in 2024.

- Farm to Market and Federal Aid Roads (replaces “county special road fund”)
- County Road Fund (replaces “reserve road and bridge fund”)

*Last sentence in NDCC 24-05-01(5):*

“Any unobligated balance in the ~~county special road fund~~ Farm to Market and Federal Aid Roads Fund and ~~reserve road and bridge fund~~ County Road Fund on August 1, 2015, must be transferred to the county road and bridge fund and the ~~county special road fund~~ Farm to Market and Federal Aid Roads Fund and ~~reserve road and bridge fund~~ County Road Fund must be closed out.”

*Below taken from July 2019 Schedule of Levy Limitations, ND State Tax Department*

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.
1233	County Road Fund	5 Mills	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.

Chairman Dockter and committee members, the ND Association of Counties and its members request your support with a DO PASS on SB2260 to align with current accounting practices and to provide clarity for the county road levies set to expire in 2024.