



North Dakota House of Representatives

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SB 2040 Testimony Senate Appropriations Committee

Good Morning Chair Holmberg and members of the committee,

SB 2040 provides additional authority to already existing resources for the state to assist with much needed projects throughout the state. For the past decade, we have continued to experience record low interest rates each subsequent year. With this year being no different, it is the opportune time for us to bond as a financial tool to save significant money over the next several years. This savings will be found first in the General fund cash that would have gone to some of these projects to be able to be allocated to programs that aren't able to be bonded for like education, public health, healthcare, substance abuse prevention and recovery. Secondly, by funding the road, bridge, schools, and water projects now, we save through less inflation the longer these projects sit in a holding pattern.

It has been great to hear about the growing support for bonding amongst our legislative colleagues as the conversation continues to evolve. Many of you have served longer than I have, meaning you've been a part of the appropriations process pre-oil boom, through the boom and now post boom. My first session was 2013, when we experienced a \$1.5 billion surplus and was able to pay cash for much needed infrastructure throughout the state. Two years later, we hit a bust that left us with nearly a \$1 billion deficit. Fortunately, we have built up reserves as a mechanism to help ease these dramatic revenue impacts. Bonding is a tool that will allow us to smooth these impacts more easily by borrowing when we can and buy down our debt when we can. This smoothing can provide greater consistency to the construction industry and better planning for state and local governments. Projects can be fast-tracked and paid for in a manner that reduced longer term costs associated with inflation of workforce wages and materials.

As a Realtor, I am confident that many of us have maximized this low interest environment to buy a new home or refinance our existing home. Many people that we know have used that refinancing option as a tool to accomplish repairs, renovations, or additions with their existing home. Others have been able to buy secondary homes such as lake properties or retirement homes in warmer locales.

Why should the state of North Dakota be any different than what tens of thousands of North Dakotans are doing with their personal finances over the past year and likely throughout the next? As fiduciaries of the state's resources, bonding is a prudent opportunity with these record low interest rates for us to not necessarily buy a new state, but to

certainly accomplish the repairs, renovations and additions necessary within the state we are proud to call home. Additionally, by including affordable housing as a bonding option, the ND Housing Finance Agency will have resources to address the growing need for single family and multi-family affordable housing, including rehabilitation of existing affordable housing throughout rural North Dakota. As Senator Mathern indicated, the earnings from the Legacy Fund, Bank of ND proceeds or appropriations from the General Fund will be able to pay our debt obligations. SB 2040 merely provides existing state entities to be able to access additional bonding to meet the various needs throughout the state. While the overall authority in this legislation is for a total of \$2 billion, it doesn't mean that \$2 billion will be accessed right away to be a full obligation the state is responsible for.

In addition to the savings that will be realized to taxpayers, we will be giving every community throughout the state a shot in the arm with a stimulus that will provide great jobs. These employees already live in every district of the state, but it will also bring in work crews who will stay at hotels, eat at restaurants, buy gas at convenience stores and shop on main street and malls. As if I haven't convinced you already, Mr. Chairman and members of the committee, if we can jump start these projects before any Federal infrastructure package advances in DC, we will have work crews and good jobs in state, ready to go. This creates opportunity for us to retain that workforce and not lose them to neighboring states who will be competing for skilled labor to complete these projects if they end up being funded by Congress.

Let's work together to meet this moment and provide opportunity to continue investing in statewide infrastructure and deliver services our neighbors, family and friends expect of our state.

I can answer any questions you may have and am willing to wait until after Senator Heckaman shares her testimony.