

HB 1572
House Finance and Taxation
January 29, 2025

Mr. Chairman and members of the Committee:

My name is Scott Wegner. I am a member of the law firm of Arntson Stewart Wegner PC, Bismarck (701.255.1008 / swegner@aswbondlaw.com). I serve as bond counsel to political subdivisions.

I oppose the Section 5 Amendment. Section 5 amends N.D.C.C. Section 21-03-07(11) regarding park district general obligation bonds. Specifically, page 5 line 31 limits park district GO bonds to a maximum of one million dollars.

The legislature added Section 21-03-07(11) in 2019 to move park districts away from the use of special assessments while imposing significant limitations. Adding a small maximum dollar bond amount will push park districts back to using special assessments.

Section 21-03-07(11) already contains two substantial protections for taxpayers:

(a) Property owners have the right to protest against the proposed bonds. Protests by the owners of taxable property having an assessed valuation equal to 5% of more of the assessed valuation of the park district blocks issuance of bonds. The same protest provision applies to school district building fund bonds (21-03-07(7)). Protests have blocked school district bonds, so property owner protests do work.

(b) All political subdivisions are subject to a constitutional debt limit of 5% of assessed valuation (N.D. CONST. art. X, § 15). The legislature has imposed lower debt limits on certain political subdivisions. Park districts are limited by statute to a debt not exceeding 1% of assessed valuation (21-03-06(6) and 40-49-14). Accordingly, many park districts issuing bonds under 21-03-07(11) will quickly reach the 1% debt limit and be prohibited from issuing more GO bonds. In contrast, special assessment bonds are not considered debt and therefore park districts are not limited by the 1% debt limit.

For these reasons I oppose the Section 5 Amendment. Thank you.