APPENDIX C

P.O. Box 1306
Williston ND 58802-1306
PHONE: 701-577-8100
FAX: 701-577-8880
TDD State Relay: 711

NORTH DAKOTA

September 13, 2010

Taxation Committee
Legislature of the State of North Dakota

Chairman Cook and Committee Members:

The City of Williston is currently using tax increment financing in two active districts, with a third coming before the City Commission on September 14, 2010. We have used this process on three separate occasions, with the most successful application coming in the last eight years. Because of that district, we now have a senior housing project with a number of duplexes, all replacing a rundown trailer court and creating taxes that would not have been available without use of an incremental district. In that case we were able to call the bond issue early and ended the district after only eight years because of the development. All remaining incremental funds in excess of the bond payoff were returned to the county for redistribution to all taxing entities. At the very least we need to make sure this legislation will not impact existing districts that are set up and in place prior to this proposed legislation.

An added area of concern is the proposed change in the definition of a blighted area to not include predominately open land area developed only for agricultural purposes. An incremental tax district can provide help with some very expensive infrastructure improvements, such as storm sewers, that can make it impossible to proceed with a project without tax increment financing. Another concern is the limit of twenty years. Some districts may not develop as originally planned and thus need more time to find success. A more open ended approach tied to outstanding debt obligations is preferable.

The creation of a joint review board appears to make this very much a political process and encumbering what has been a useful tool for development. It may require inclusion of members from other boards that do not have economic development in mind, thus limiting the use of this process. I do recognize that this may be the intended reason for setting this up or asking for the creation by including boards that may not have economic development as a primary goal. I believe city leaders act responsibly in the creation of these districts, understanding that they may impact the cash flow for all taxing districts.

I urge that you continue to allow local elected city board members the economic development options of tax increment districts under the current rules.

Sincerely yours,

John Kautzman
Williston City Auditor