

To: Taxation Committee

From: Augie Ternes, Finance Director, Bismarck Parks and Recreation District

November 5, 2013

I would like to discuss some of the results regarding the 2013 legislative changes on the budget notice requirements.

The four areas that I will discuss are:

- Cost of Compliance
- Increase of Public Awareness of the Property Tax System
- Attendance at Public Hearing
- Increase Dialogue on Budget and Tax Levy

Cost of Compliance: In accordance with Section 57-15-02.1(2) the Bismarck Park District sent out 3,393 letters. The estimated cost excluding labor was approximately \$2,000. In addition Section 57-15-02.1(1) requires a "notice to taxpayer" ad in the newspaper which cost the district \$261.37. The public hearing notice required by Section 40-40-06 cost \$139.32. The park district does advertise this notice twice. The total cost for compliance is \$2,400 plus labor.

Increase of Public Awareness of the Property Tax System: The park district received 21 telephone calls and three E-mails regarding the letter notifying the property owner of the public hearing to consider increasing the property taxes. There were 2 callers and the three E-mails who were opposed to any property tax increases. The other 19 callers had questions on why they received this letter and/or what effect this would have on their property taxes. A high percent of the letters were sent to developers, contractors, or individuals who built a new home. Letters also went out to individuals who purchase the home within the last year for more than the 10% increase of the assessed value.

Attendance at Public Hearing: The park district had five individuals appear at the budget public hearing. We had three individuals speak at the hearing. Once they understood the effect of tax increase on their property taxes no one opposed the budget or proposed mill levy.

Increase Dialogue on Budget and Tax Levy: With regards to the individuals who called or attended the budget hearing, we provided them with information on the park district budget. The general fund budget derives 42% of its revenue from taxes. 12% of the property taxes in Bismarck goes to the park district. A property valued at \$200,000 in 2013 will pay \$19.37 or 6.11% less in taxes to the park district than in the prior year.