



February 1, 2021
House Appropriations
Rep. Delzer, Chairman
HB 1431

Good morning Chairman Delzer and members of the Appropriations Committee. For the record, Blake Crosby, Executive Director, North Dakota League of Cities.

We are in support of HB 1431 as it addresses some concerns, needs, and recognizes that now is the time for the State to pass a bonding bill.

This bill in particular addresses a situation that impacts water projects requesting cost-share from the Resources Trust Fund (RTF). Flood control has the high priority for funding from the State Water Commission, but it is also the most expensive. Often the flood control associated funding requests leave little to no money remaining for other project requests. I do a lot of work with municipal water project sponsors and have advocated for a few years that the high cost, flood control projects, need to have their own source of funding source outside the RTF. This bill addresses that concern.

The bill also includes adding additional capital to the infrastructure revolving loan fund which has been around long enough to show that it is an important source of funds for cities. And, the \$70 million to NDDOT is needed for transportation infrastructure and federal match.

The other uses of the \$798.5 million bond is well laid out in the bill as the bill sponsor has explained.

We provided copies of the bill to cities when it was first introduced and the response is generally favorable. I use the work generally as there is concern about the starting interest rate of 2% and escalating from that point. The Federal Reserve Committee met this past week and again affirmed their intent to keep interest rates steady at a range of 0 to .25%. That decision drives municipal bond rates which are now at historic lows. I have cities issuing refunding bonds, or in some cases combinations of refund bonds and regular bonds at interest rates in the 1.4% to 1.9% range. Any bonding bill considered by the Legislature must take into account the private market.

A couple of Sessions ago I asked BND if they had ever considered a "One Stop Shop" for political subs looking for guidance on various types of projects. This bill, and some others, create a new fund but I wonder if it could not be rolled into an existing fund? There is always some concern with administrative fees and every fund seems to have a fee.

This bonding bill will change as it works its way through the political process but we need to address the infrastructure and capitol needs of the state and political subdivisions. Bonding this Session is the smart business thing to do. The longer we kick the can, the more expensive it gets.

Thank you for your time. I will do my best to answer questions.