



March 17, 2021
Senate Finance and Taxation
Sen. Bell, Chairperson
HB 1431

Good morning Madame Chair and members of the Senate Finance and Taxation Committee. For the record, Blake Crosby, Executive Director, North Dakota League of Cities.

I am here in support of HB 1431. The bill 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 low interest loans for cities. And, the \$70 million to NDDOT is needed for transportation infrastructure and federal match.

The League provided copies of the bill to cities and the response was generally favorable with one common concern. There is concern about the starting interest rate of 2% and escalating from that point. The U.S. Federal Reserve Committee continues to affirm their intent to keep the fed rate steady in a range of 0 to .25%. That decision drives municipal bond rates, just as it drives mortgage rates, which are now at historic lows. This past Friday, the 30-year muni bond rate was 1.75%. 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.

I am aware this bill will likely come before you with amendments but as I have stated the time to strike is now. We need to address the critical infrastructure and capital 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 respectfully request a DO-PASS on HB 1431. I will do my best to answer questions.