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Senate Finance and Taxation Committee

HB #1431 – (3/17/2021 – 9:00 A.M.)

Dear Chair Bell and Honorable Members of the Senate Finance and Taxation Committee:

Although I am very appreciative to see House Bill #1431 passed the House with overwhelming support, it was disappointing that Section 1, Subsection 1 of the proposed bill still includes an interest rate starting at 2% per year and increasing by 1% every five years, up to a maximum rate of 5% per year. I am respectfully requesting you to support a **“DO PASS”** on House Bill #1431 relating to infrastructure revolving loan funds, however, I am urging you to closely examine the interest rate escalator for the fund and propose an amendment to include a rate not to exceed two percent per year. It is important to all political subdivisions to have a guaranteed set low interest rate throughout the maximum loan term.

For the past few years, the City of Stanley has been working on a capital improvement project consisting of 35 blocks of water, sewer and/or street improvements. The improvements to replace aging and failing infrastructure are in historical residential neighborhoods. The existing water lines installed 50-70 years ago are cast iron and asbestos cement water main, there have been a number of water main breaks, there are lead service lines, poor pressure and undersized services lines and lack of valves with inability to isolate blocks causing lengthy shutdowns to a large portion of the City. This necessary project is “shovel ready”, but needs to be affordable to the property owners in this older development and to all the taxpayers in the City that will be sharing in the cost. Many of the property owners are on a fixed income. Stanley City is likely not the only city facing these issues.

An infrastructure revolving loan fund with substantial funding, fixed interest, and flexibility for longer terms than can be found in the market, can really make the difference for local funding, allowing us to better manage the debt service over a longer period of time. A fund managed in this way would be extremely beneficial to the City of Stanley and other political subdivisions that are looking for ways to make infrastructure projects more affordable to property owners. It is imperative that funding allocated to the infrastructure revolving loan fund be at a low-interest FIXED rate. The City of Stanley, like many communities in oil country, moved forward with new developments to accommodate the housing needs for the oil industry. With the slowdown in the oil industry, many newer developments are being left in disarray and cities are being faced with other challenges that will be costly to the taxpayers. The cities are in dire need of an alternative funding source, a fixed low interest infrastructure revolving loan fund, with lengthy terms, would provide cities with the right alternative to local funding challenges and the needed support to move forward with infrastructure improvement projects.

Again, your support for a **“DO PASS”** on HB #1431, with a low-interest FIXED rate, would be greatly appreciated.

Sincerely,
Allyn Sveen
Stanley City Auditor

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