



# NDACo BUDGET MEMO

## For CY2024 Budgets

To help counties in their budgeting efforts, we at NDACo have compiled county-specific analyses of projected State Aid, State Highway Funding, and a variety of other revenues along with some anticipated expenditures. We have sent this one-page, county-specific analysis to each county; however, it is most effective if it is used in conjunction with the narrative below.

This Budget Memo includes brief notes about the assumptions and qualifications of various budget items. We have also identified other budget issues that we think may warrant consideration.

**As always, please remember that these are estimates and relative changes in valuation, taxable sales, population, staffing levels, gas prices, motor vehicles, etc., may affect some of the actual revenues and costs in the next year. While we use the latest and best data available, everything must be tempered with your own judgement.**

NDACo has provided this service since 1991. We hope you find it useful. As always, we welcome your input if we can make this annual communication more useful.

## REVENUES

---

### STATE AID DISTRIBUTION FUND

Recognizing rapidly changing populations in some jurisdictions, the state has required the use of official Census Bureau estimates for State Aid Distributions since July 2015. This means each August during that period, the Treasurer's Office "rolls in" the previous year's census estimates, effectively resulting in annual incremental adjustments among counties and cities rather than a larger one at the end of the decade. The current dedication of 43.5% of a penny of state sales tax (rather than 40.0 %) into this fund, which was implemented in 2013, will continue.

As in the past, we are using the Tax Department's sales, use and motor vehicle tax April 2023 estimates as the foundation for this projection. The Tax Department generates these in conformance with the assumptions used by OMB and the state's economic advisor. The results, therefore, are only as accurate as those assumptions used by OMB and the state's economic advisor. (Note that State Aid funds are distributed monthly.) In the 2023-2025 Executive Budget Summary, OMB anticipates an increase over the entire biennium in sales and use tax collections, reflecting the impact of inflationary pressures and the potential for economic slowdown at some point during the biennium.

Our 2023 estimates and 2024 projections provide very little change between the two years using the State Tax Department's estimates. Your county's estimated funding for all of CY2023 and our projection for CY2024 do take the census adjustments into account and are included in the county-specific memo. As several counties have seen townships become unorganized since 1997, we have left the "net of township share" figure out of these estimates; therefore, the figures reflect the total "rural share." The language below explains how the townships' "percentage share" is to be determined. While the Legislature has taken a (mostly) "hands-off" approach to this fund since 1997, any dramatic change in consumer spending will affect this fund as it affects the state's budget.

As noted in the past, only counties and cities receive direct allocations from this program - NDCC 57-39.2-26.1 states:

*"A county shall deposit all revenues received under this subsection in the county general fund. Each county shall reserve a portion of its allocation under this subsection for further distribution to, or expenditure on behalf of, townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the southwest water authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within cities. The share of the county allocation under this subsection to be distributed to a township must be equal to the percentage of the county share of state aid distribution fund allocations that townships received during calendar year 1996. The governing boards of the county and township may agree to a different distribution."*

The common interpretation of this language is that the individual amounts that counties "pass-through" to the other jurisdictions and to special funds within the county are totally in county commission control, except for organized townships. Townships must receive their proportionate share unless they agree with the county to a "different distribution."

Our understanding of the purpose of this "different distribution" language is to allow the possibility for creatively assisting townships; for example, "writing down" the cost of township road maintenance was suggested in one of the committee hearings as a possible way of dedicating the township portion. When a township becomes unorganized, their proportional State Aid amount should remain in the county general fund. The amounts on the county-specific schedule indicate the "total county amount" that we project will be allocated to each county including the township share. Questions on our projections can be directed to Linda Svihovec.

## STATE HIGHWAY TAX DISTRIBUTION FUND

There are fairly significant changes in projections for the State Highway Tax Distribution Fund for both calendar years 2023 and 2024. The distribution of \$60M (\$13.2M for counties) enhancement approved two years ago in HB1380 by the 2021 Legislature was to be made in July 2023 through the Highway Tax Distribution Fund. This distribution will not happen because the 2023 Legislature passed HB1379 which replaces that funding with \$100M in legacy earnings including \$28.5M allocated to cities and counties (\$18.2M for counties). These funds will be distributed using the Highway Tax Distribution formula but through the new Legacy Earnings Highway Tax Distribution Fund. Specific information about this new fund and the distribution timeline can be found in the next section of this memo. Therefore, it is unlikely the enhancement

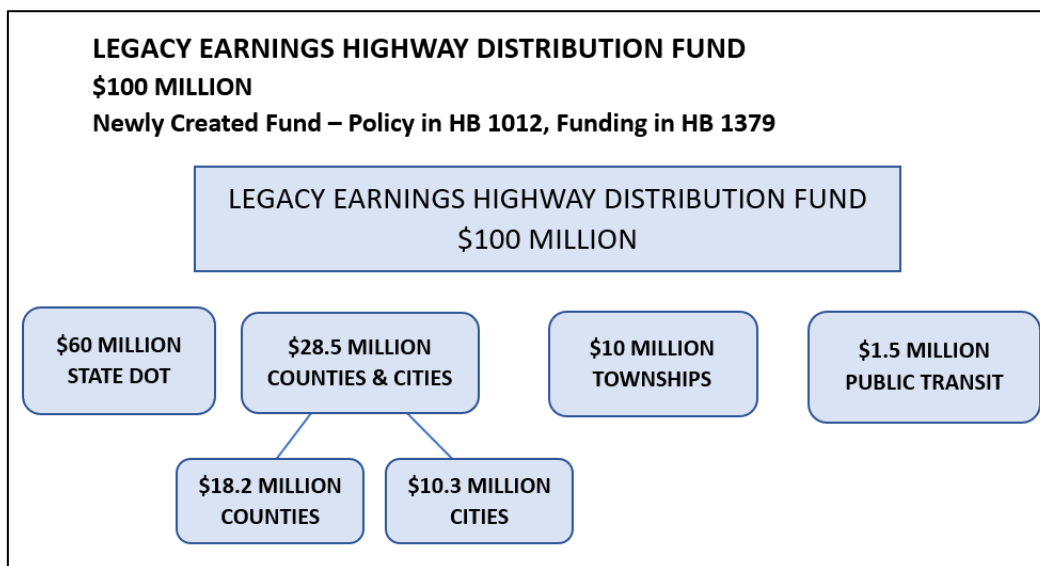
funds will be available for your 2023 construction season. The county-specific data sheets reflect this change as a decrease to the original projected highway tax distribution estimate for 2023 but added new funding through a separate allocation in the Legacy Earnings Highway Tax Distribution Fund before the end of the year.

Fuel tax collections have remained fairly even over the last couple of years; and using OMB's projected 1% increase from 2023 to 2024, our projections on the individual county-specific data sheets reflect little change in Highway Tax Distribution revenue from 2023 to 2024. This is very much an estimate, so please use your own best judgment as well. Questions on these projections can also be directed to Linda Svihovec.

### **\*\*NEW!! LEGACY EARNINGS HIGHWAY DISTRIBUTION FUND**

The 2023 Legislature provided a new road and bridge funding distribution mechanism for cities and counties through the passage of HB1379. A new fund was established known as the Legacy Earnings Highway Distribution Fund (LEHDF) with its name referencing the source for the revenue. HB1379 provided \$100M in Legacy Fund earnings for state and local highways and transportation across the state. Breakdown of the distribution of the \$100M is as follows: NDDOT - \$60M; Townships - \$10M; Public Transportation \$1.5m; Counties \$18.2m; Cities \$10.3M. Monies received by counties and cities must be used for roadway purposes in accordance with Section 11 of Article X of the Constitution of North Dakota as follows: *"for construction, reconstruction, repair and maintenance of public highways, and the payment of obligations incurred in the construction, reconstruction, repair and maintenance of public highways"*.

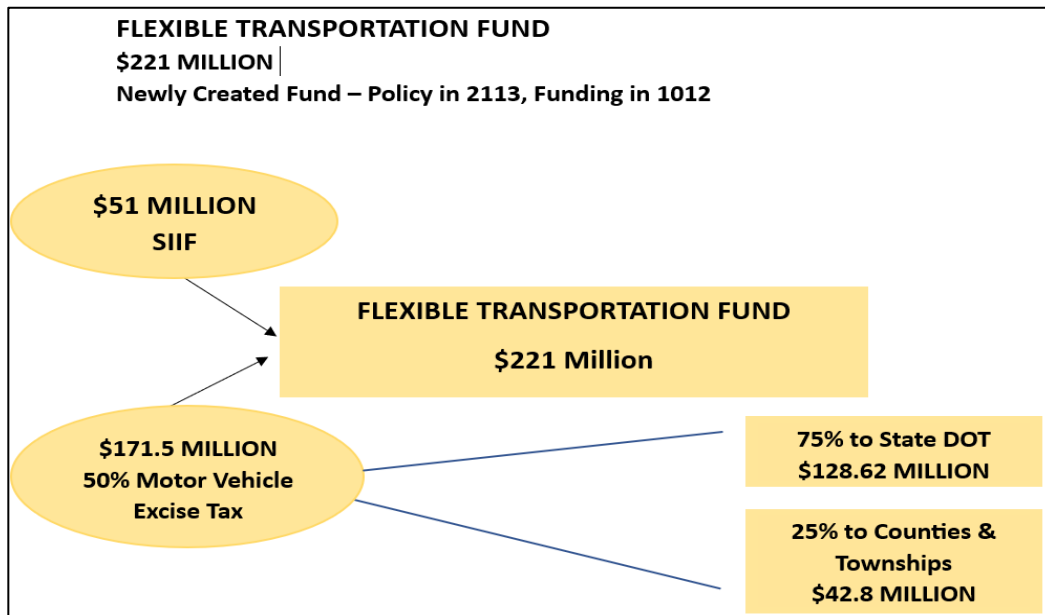
Distributions of the city, county and township allocations are planned to go out before the end of the year. This is a one-time per biennium distribution in the odd year of the biennium. The county-specific data sheet shows the 2023 estimated allocation which can be used in planning your 2024 construction season budget.



## **\*\*NEW!! FLEXIBLE TRANSPORTATION FUND**

The Flexible Transportation Fund was created by the 2023 Legislature in NDDOT's budget bill HB1012. A total of \$42.8M in funding is available for non-oil counties (less than \$5M in oil taxes) and townships with the NDDOT establishing criteria to distribute funds. Organized townships must maintain roadways and levy at least 18 mills to be eligible to receive funding through this grant program. The funds must be used for maintenance and improvement of county and township paved and unpaved roads and bridges. Priority will be given to projects that match federal funds and improve roadways that serve as local corridors.

Watch for future emails regarding criteria and application process as that information becomes available from NDDOT.



## **FEDERAL TRANSPORTATION GRANTS**

NDDOT now has a "[Federal Transportation-Related Grant Programs](#)" webpage that agencies can use to look up available grants, request NDDOT support, and also provides summaries of those grants. The grants are transportation related only. Grants will be listed that are available to counties as well, not just those available to the NDDOT using this link "[Recent Federal and Foundation Grant Opportunities](#)." Other resources and links are available on this webpage as well.

## **PERMANENT INFRASTRUCTURE FUNDING (PRAIRIE DOG)**

HB1066 (Operation Prairie Dog) was passed in 2019 to provide a funding formula for non-oil counties, cities, and townships by creating new oil and gas tax distribution buckets for infrastructure. Counties and cities received their first distribution of Prairie Dog funds in January 2023. The 2023 Legislature made a couple of adjustments to the oil tax buckets in SB2367 including inflation increases to state buckets totaling \$110M and added a new \$65M Public Employee Retirement Fund bucket ahead of the municipal/county and township buckets. With

those changes and since the funding formula to fill the buckets resets at the beginning of each biennium, **counties will most likely not receive a distribution of Prairie Dog funds in 2024.** You can follow the progress of the buckets filling on the North Dakota Treasurer's website at <https://www.treasurer.nd.gov/operation-prairie-doghouse-bill-1066>.

## GROSS PRODUCTION TAX

In the May 2023 Director's Cut report (based on March production), the Department of Mineral Resources (DMR) said drilling activity is expected to slowly increase through the end of the year with OPEC announcing oil production cuts earlier this month amounting to 1.7m bbl/day until the end of the year. Russia sanctions, China economic activity, looming recessions, and shifting crude oil supply chains continue to create significant price volatility. Revised revenue forecasts are as follows: Production – 1M bbl/day; Price \$75.00; Rig Count: mid-forties.

We encourage you to refer to Western Dakota Energy Association's website for guidance and updated forecasts: <https://www.ndenergy.org> and to the Department of Mineral Resources website for the monthly Directors Cut reports found here: <https://www.dmr.nd.gov/dmr/oilgas/directorscut>.

**The 2023 Session passed SB2162 which removes the requirement for oil and gas counties to levy 10 mills to receive oil and gas production tax distributions.**

## ONE TIME HIGHWAY FUNDING

The 2023 Legislature passed SB2183 which provided \$20 million in emergency grant funds to local governments to help cover extraordinary snow removal costs for this past winter season. The legislation allowed for reimbursement up to 60% of costs exceeding 150% of the average four of the last five years' snow removal costs. ND Department of Emergency Services administered the grant application process and the approved funding requests will be distributed to local entities no later than June 30.

## TOWNSHIP ROAD FUNDING

Two new funds were created by the 2023 Legislature to assist townships with road funding.

**Legacy Earnings Township Highway Aid Fund:** \$10M will be distributed through non-oil counties (less than \$5M of oil tax revenue) to organized and unorganized townships and will be allocated on a prorated basis using road miles. Organized townships are to deposit the funds in the township road and bridge fund and be used for road and bridge purposes. Unorganized township allocations are to be deposited in the county road and bridge fund.

**Flexible Transportation Fund:** Townships will be eligible for discretionary grant funding through the Flexible Transportation Fund established by the 2023 Legislature. A total of \$42.8M in funding is available for non-oil counties (less than \$5M in oil taxes) and townships with the NDDOT establishing criteria to distribute funds. Organized townships must maintain roadways and levy at least 18 mills to be eligible to receive funding through this grant program. The funds must be used for maintenance and improvement of county and township paved and unpaved

roads and bridges. Priority will be given to projects that match federal funds and improve roadways that serve as local corridors.

### SENIOR MILL LEVY MATCH

The 2015 Legislature readjusted the formula for this program, increasing the amount of state funding distributed from 85% of a mill to 87.5%. They also amended the language of this statute, providing a match equal to the amount appropriated by the county for this purpose, up to the value of one mill. Therefore, a county is no longer required to levy the mill if they have other revenues available to demonstrate the match. This may make projections a bit more difficult going forward but certainly adds flexibility to the county budgeting process. For each county-specific data sheet, we have included the CY2023 actual distribution, contrasted with our calculation of the maximum CY2024 distribution. This calculation is based on 87.5% of your Tax Year 2021 mill value and the assumption that each county budgets sufficient funds to trigger the maximum match - obviously some counties may budget less.

### CLERK OF COURT FUNDING

For those counties that contract with the Supreme Court to provide clerk of court services, the new contract amounts take effect July 1, 2023, for the 2023-2025 biennium. Therefore, the monthly reimbursements for 2023 are calculated using the old contract amounts for the first six months of 2023 and the new contract amounts for the last six months of 2023. The amounts are based on the updated time-study and salary information finalized and reported to the clerks. The figures in the county-specific data sheet compare the blended amounts for the current year and new rates for CY2024.

### INDIRECT COST PLANS (REIMBURSEMENTS & FEES)

Pursuant to Social Services redesign, all direct costs for social services will be funded by the State, while indirect costs will remain the responsibility of the counties. Each Zone Human Service Plan governs how that reimbursement is shared among counties in the Zone.

The 68th Legislature passed HB1046, clarifying the definition of “Direct costs” to include those approved by the department and “Indirect costs” to include remodeling, construction, and improvement costs. The bill further clarifies that Indirect costs may not include non-space and non-facility expenses that are exclusively attributable to the human service zone.

**The bill also requires counties to provide the requested cost allocation plan information by September 15 each year. If counties fail to provide the information by the September 15 deadline, counties will be responsible for 100% of all indirect costs for that year and will not receive their indirect cost allocation.**

### COURT FACILITIES GRANTS

State law governing court fees and costs associated with criminal convictions includes a provision dedicating a significant share of those revenues to the county grant program for court facilities improvement and maintenance. Grant applications will be due no later than December 31, 2023, with awards in January or February 2024. The rules adopted for this grant program require that the funds be for an “improvement or maintenance project that is a necessary improvement to

court facilities or essential to remodel or maintain existing court facilities.” The grant program requires a 25% local match and must be used for a future project.

## 9-1-1 FEE REVENUE & EXPENDITURES

The Next Generation 9-1-1 network transition is being implemented as planned, and NG9-1-1 Joint Powers Agreement costs will remain at 10% of the first \$1 of the fee.

The Legislature created an additional monthly fee of 50 cents on all types of telecommunication services - Landline, Wireless (Cell) and Voice over Internet Protocol (VoIP) for funding of the Statewide Interoperable Radio Network (SIRN). The additional fee was planned for sunset on July 31, 2023, but the 66th Legislative Assembly removed the sunset.

This additional revenue is remitted to the State Treasurer by all local entities collecting. It is easiest to calculate the appropriate remittances by applying a percentage calculation to your total revenue collected. If your jurisdiction chooses to use this method, we have provided examples below. Obviously, if your jurisdiction adjusts the local fee to something other than \$1.00 or \$1.50, the percentages will change.

*One expense that has historically been paid directly by each County has begun transitioning to an expense of the NG9-1-1 JPA, thereby reducing county direct expenditures. These expenses typically show up in local telecommunication companies phone bills under the heading “911 Trunks.” NDA Co has begun the process of coordinating with telecoms and the counties to migrate these bills. As each telecom makes the transition, the bills will be removed from the county. The complete transition is likely to take about a year or two.*

	County A	County B
Current Local Fee	\$ 1.00	\$ 1.50
New State Fee	\$ 0.50	\$ 0.50
Total Fee as of July 1, 2017	\$ 1.50	\$ 2.00
Factors to calculate remittance from total revenue collected		
State Fee to State Treasurer <sup>(1)</sup>	33.00%	25.00%
NG911 Network Fee to NDA Co <sup>(2)</sup>	6.70%	5.00%
Notes: 1. All revenue collected from the new 50-cent fee 2. 10% of the first dollar of the local fee		

## SIRN

The 2019 Legislature authorized funding the Statewide Interoperable Radio Network (SIRN). Most of the state dollars authorized are directed to pay state costs associated with the buildout of the infrastructure necessary including towers and the core network. Substantial progress has been made and the buildout continues. The funding also includes a \$1500 radio reimbursement for mobile and portable radios. So far, over 6,500 radios have been reimbursed. The cutoff for radios to be ordered in order to qualify for reimbursement is May 31, 2024. With that deadline approaching, counties are encouraged to reach out to their radio vendors to discuss planned purchases. 43 counties have requested reimbursement, although many counties have not purchased all the needed radios. Agencies and dispatch centers in Williams, Ward, Burleigh, Grand Forks and Dickinson are utilizing SIRN. 70 tower sites are completed or awaiting completion, 57 more are in planning/construction. The 2023 construction goal is to build out the tower network to transition more PSAPs and agencies to SIRN and complete mobile radio coverage buildout across the state.

More information can be found at: [sirn-radio-reimbursement-instructions-4-26-23.pdf \(nd.gov\)](#) or by contacting Eric Pederson at North Dakota Information Technology.

Avg. Cost of a "Law Enforcement Radio"	\$4,583.58
Avg. Cost of the other Tier 1 radios (corrections, fire, emergency medical services, ambulance services, hospital or trauma centers, air medical, emergency operations centers, and emergency managers)	\$3,214.02

## JUVENILE JUSTICE FUNDING

- Attendant Care Reimbursement: The ND Division of Juvenile Services and the ND Juvenile Justice Advisory Group have agreed to continue to allocate federal funds received under the Juvenile Justice and Delinquency Prevention Act to the statewide Attendant Care Program, which provides short term supervision to delinquent youth in lieu of a detention placement. Reimbursement is provided for the direct costs of operation (wages, meals). Children in Need of Services (CHINS) youth (i.e. ungovernable or runaway youth) are no longer being referred to the juvenile court and thus, no longer applicable for federal juvenile justice dollars. Funding for law enforcement placement of CHINS youth in shelter care may also need to be budgeted. Lisa Jahner is the contact for additional information.
- Juvenile Transportation: County sheriff's departments are able to apply for reimbursement of costs related to the transport of juveniles in state custody (NDCC 27-20.2-19(2)). This funding can be applied for through the ND Dept. of Corrections and Rehabilitation. The current reimbursement is 29 cents per mile for staff time plus the state mileage rate. Since 2009, the state mileage rate has been equal to the mileage rate established by the U.S. General Services Administration (i.e. Federal GSA rates) so it can vary throughout the year. OMB posts the mileage rate on their website as it changes, and NDACo will continue to coordinate a notice to all counties when changes are made. Call Lisa Jahner with any questions.

## STATE PROGRAM COSTS

---

### SPECIAL OPERATIONS FUND

This optional "insurance" fund was created in the Attorney General's Office by the Legislature to address the growing cost of deploying the Special Operations (SWAT) units maintained by several of the larger law enforcement agencies in the state. The Fund has been annually funded with a federal grant, and counties have been asked to contribute the necessary matching dollars. A population-based formula was created to generate the match.

Counties wishing to participate and therefore avoid being charged for the direct costs of special operations services (if needed) must contribute as indicated in the county-specific data sheet for 2024 - the same amount as last year. As in the past, NDACo will collect the funds on behalf of the



Attorney General, so we will send an invoice shortly after the first of the year.

## PROBATIONER RECOVERY FUND

This statutory, state-maintained fund was created (NDCC 12-65-08) to reduce and normalize county costs of recovering probationers from out-of-state locations. When this fund was created, the “county of jurisdiction” and the offender each paid \$150 into the Fund for each out-of-state placement. The 2007 Legislature approved language in the Dept. of Corrections Budget Bill permitting the agency to stop billing counties when the special fund reaches a level of \$75,000 at the end of a state fiscal year. The fund reached that level in 2006 and county billing stopped in June 2007 until 2020. DOCR notified counties in a May 2022 letter that they will again be billing counties beginning July 1, 2022. The Fund has continued to be below the \$75,000 threshold and therefore will continue for a minimum of one year and will be re-evaluated prior to June 30, 2024. As the number of state probationers originally convicted in each county and the number of those permitted to relocate out-of-state is so varied, it is very difficult to estimate this cost.

## PUBLIC ADMINISTRATOR/GUARDIANSHIP FUNDING

In 2013 the Legislature took a large step towards eliminating the ambiguous responsibility of counties for funding public administrators/guardians for indigent persons. Public Guardianship funding was again increased by the Legislature this session. NDACo will NOT be requesting county contributions for this program in CY2024. As you know, this program is underfunded and changes may be necessary for 2025.

## STATE RADIO 9-1-1 DISPATCH/TELETYPE FEES

For Teletype access and for counties that contract with State Radio for 9-1-1 dispatch, the agency analyzes their actual costs and addresses rates as part of their biennial budget-setting process in the Legislature. Due to McKenzie County Sheriff’s Office planning to establish local 911 services and no longer use State Radio, two calculations were done for the 2023-2025 biennium. If McKenzie County continues to be a State Radio customer as of July 1, 2023, your county will be billed at the rate of \$1.39 per line per month for the state fiscal year. If McKenzie County transitions to local dispatch, increased fee will be effective when that occurs.

### 911 Dispatch Service Rate:

Effective July 1, 2021 - June 30, 2023:	\$1.36/line/month
Effective July 1, 2023 – June 30, 2025:	\$1.39/line/month (McKenzie stays with State Radio)
Effective July 1, 2023 – June 30, 2025:	\$1.51/line/month (McKenzie County leaves)

NDCC 37-17.3-08 establishes a cost sharing fee for the ND teletype system (LETS) on a per terminal basis based on county population as follows:

- Less than 5,000 \$40/month
- 5,000 – 9,999 \$80/month
- 10,000 – 14,999 \$120/month
- 15,000 – 24,999 \$160/month
- Over 25,000 \$200/month

# PERSONNEL COST ISSUES

---

## DRUG & ALCOHOL TESTING

For counties participating as part of the NDACo “testing pool” for the random drug and alcohol testing - required of Commercial Driver’s License (CDL) holders employed in “safety sensitive” positions - *the contract will be renegotiated for 2024 so we anticipate a rate increase of approximately 10%.* Adjustments may be made if the county has changes in staffing levels. The “no show” fee, initiated for situations where the sampler is not informed ahead of time that an individual selected for a random drug or alcohol test will be absent or otherwise unavailable for testing, is still in effect.

Contract testers can no longer draw an “alternate name” for an individual who is unavailable to test. The individual must be tested when they return to work; they may be tested by the contractor or the county's local clinic. Also, it is very important for counties that have a “no-show” to document why the situation occurred (i.e. vacation, illness, work location, etc.). Otherwise, it may become an exception if the federal DOT should audit your testing program. In addition to “no-show” fees, if the collector has a wait time (for shy bladder), or a county requests to be tested outside regular business hours (contractor travels before 8:00am - after 5:00pm), additional fees may apply. Drive time and mileage costs charged by the collectors will be a direct pass-through expense to the counties, which is the same billing format as this year.

Remember, if new full-time, part-time, or temporary employees that meet the testing requirement are added to the county payroll, a “pre-employment” drug test is required by federal regulation. Our testing contractor will complete pre-employment testing, as well as post-accident and reasonable suspicion/cause at the same per-test rate; however, that is in addition to the annual fee for the random testing. The budget estimates on the county-specific data sheet are based on the number of employees in your 2023 local pool and do not consider any anticipated staffing level changes.

If any counties with CDL holders are not currently involved in a random testing program, we strongly encourage participation. An employer found to be out of compliance could face stiff fines and penalties. Contact Genny Dienstmann with questions.

## WORKER’S COMPENSATION (CEG) PREMIUM ESTIMATES

NDACo’s County Employer Group (CEG) continues to work to provide efficient risk and claims management services that have maintained the group’s excellent loss history and relatively low premiums. To assist with the budgeting process, WSI and NDACo have accelerated their calculation of the 2024 estimated premium in order to provide each county with its 2024 estimated premium early. **The calculated 2024 estimated premiums should be available and emailed in early August.** Your county-specific data sheet, at this time, includes the CY2023 estimated premiums so that you can begin the process. Although we have always indicated that CEG dividend credits should not be used for budgeting, we wanted to make sure that you were also aware that depending upon incurred claim costs, we are never certain if CEG dividend credits will be provided each year.

## NDPERS HEALTH INSURANCE PREMIUMS

For counties that purchase employee health insurance through the ND Public Employees Retirement System (NDPERS), the premiums negotiated by the state for the 2023-2025 biennium are important to your next year's budget. Please note that employers who participate in the Wellness Program will be assessed the "A" Rate and those who do not participate in the Wellness Program will be assessed the "B" Rate. The below monthly health insurance rates in effect through 6/30/25 are as follows:

**NOTE that the premiums below are effective beginning July 1, 2023 – June 30, 2025**

### Grandfathered Plan 7/1/2023-6/30/2025

Pro/Basic Option			COBRA Pro Basic		
	"A" Rate	"B" Rate		"A" Rate	"B" Rate
Single	\$ 844.94	\$ 853.38	Single	\$ 861.62	\$ 861.82
Family	\$ 2,042.52	\$ 2,062.94	Family	\$ 2,083.36	\$ 2,083.36

### Non-Grandfathered Plan 7/1/2023-6/30/2025

Pro/Basic Option			COBRA Pro Basic		
	"A" Rate	"B" Rate		"A" Rate	"B" Rate
Single	\$ 857.76	\$ 866.34	Single	\$ 874.92	\$ 874.92
Family	\$ 2,073.60	\$ 2,094.32	Family	\$ 2,115.06	\$ 2,115.06

For more information on these rates, refer to the NDPERS website:

<https://www.ndpers.nd.gov/sites/www/files/documents/employer-additional-information/employer-memo-health-rates-polsubs-2023.pdf>.

## NDPHIT EMPLOYEE HEALTH INSURANCE OPTION

The North Dakota Insurance Reserve Fund, in partnership with the Southeast Education Cooperative (SEEC), began offering an employee health insurance option to ND political subdivisions in 2021 – the North Dakota Public Health Insurance Trust (NDPHIT). Overall, NDPHIT provides 42 non-school North Dakota local governments, including 16 counties, the opportunity to join together to create group health insurance and employee benefit program administrative cost stability and efficiency while also providing local governments with more control over their health insurance and other employee benefit programs. More control will, over time, provide local governments with better coverage, better service, and lower rates. A number of counties chose to participate in the NDPHIT insurance program, and it is available to any county if they find it advantageous. NDPHIT is currently working with actuaries to determine rates for 2024 so **estimates for next year's premiums are not available at the time of this memo.**

## NDPERS RETIREMENT

The 68<sup>th</sup> Legislature passed HB1040 which will close the Main Plan to new employees and will require them to join a newly created Defined Contribution (DC) plan. **Members currently enrolled in the Main Plan will remain in the Defined Benefit Plan.**

The effective date of HB1040 is dependent on how quickly the North Dakota Public Employees Retirement System (NDPERS) and its vendors can implement the changes necessary to administer the new DC plan. If those changes can be accomplished by December 31, 2023, then the effective date of the Main Plan closure and the beginning of the new DC plan will be January 1, 2024. If those changes cannot be accomplished by then, the effective date will be January 1, 2025.

The Legislative Assembly and the Governor are committed to protecting the existing responsibility to Main Plan members. HB1040 guarantees the funding of the Main Plan by **injecting \$200 million into the fund and increases the employer contribution rates by one percent effective January 1, 2024.**

Employees eligible to participate in other retirement plans administered by NDPERS, such as the Public Safety Plan, Judges Plan, Highway Patrol Plan, Job Service Plan, Teachers' Fund for Retirement, and TIAA Plan for university system employees, are excluded from HB1040 and will not be impacted.

<b>NDPERS Retirement Contribution Levels</b> <b>(Percentage of Employee Salary)</b>		
	<b>Through 12/31/2023</b>	<b>Effective 1/1/2024</b>
Employer Share (Employer MUST Pay)	7.12%	8.12%
Employee Share (Employer MAY Pay)	7.00%	7.00%
Post Retirement Health-Employee (Employer MUST Pay)	1.14%	1.14%
<b>TOTAL</b>	<b>15.26%</b>	<b>16.26%</b>

Counties that have not already done so may wish to evaluate whether shifting their public safety employees that are currently in the PERS main plan would be better served moving into the Public Safety Plan. Those plans, however, come with an increased contribution rate.

**Public Safety Rates** will also be changing effective January 1, 2024 as follows:

Public Safety with Prior Service: 11.40% (up from the current 9.81%)

Public Safety without Prior Service: 9.16% (up from the current 7.93%).

## NDIRF INSURANCE & LIABILITY

NDIRF continues to actively manage risk and has been very successful in keeping insurance rates in check. Individual county rates, however, are ultimately dependent upon your loss history, so that is key to the future. As you may know, NDIRF has provided a conferment of benefits back to all policyholders. A conferment payment is not anticipated for 2023 and it is undecided about 2024.

A gradual increase in the "tort caps" or liability limits for all of government was enacted in 2021. This is expected to increase premiums overall by 5% for renewals over a five-year period.

<b>Year</b>	<b>Per Person</b>	<b>Per Occurrence</b>
1977	\$250,000	\$500,000
2015	\$250,000	\$1,000,000
2022	\$375,000	\$1,000,000
2023	\$406,050	\$1,625,000
2024	\$437,500	\$1,750,000
2025	\$467,050	\$1,875,000
2026	\$500,000	\$2,000,000

## STATE FIRE & TORNADO INSURANCE

As you know, the Insurance Commissioner has transitioned the management of the F&T Fund for public property insurance to NDIRF. The Underwriting Team at NDIRF has been working diligently to get local government properties identified where they are missing, and properly valued where they are not. If your county saw additional properties covered or values increased, it is quite possible your premiums will increase – so stay in touch with the NDIRF folks.

## STATE/COUNTY SALARIES

Effective July 1, 2023, state agencies were authorized to grant employees up to 6% salary increase and another 4.0% increase on July 1, 2024; however, they also authorized \$30 million in “equity pay” which will effectively increase salaries (particularly in those hard-to-fill areas) by a greater percentage. Please remember that legislative action on state employee salaries generally causes an adjustment in the upper and lower ends of each payroll “bracket” within the state merit system. Although not a county funding impact, these bracket adjustments will affect zone human service employees in the “host counties” and, therefore, increase the state human service funding amounts allocated. Zone employees will receive increases on the same timeline as state employees, July 1 of each year.

## STATE TRAVEL REIMBURSEMENT RATES

**Mileage:** NDCC 54-06-09 regarding use of an employee’s vehicle states: *“The director of the Office of Management and Budget shall adopt rules...to set reimbursement at the same rate as established by the United States general services administration for privately owned vehicles.”*

While a county board can establish a higher mileage reimbursement rate (pursuant to 11-10-15), the state rate is the minimum that counties may reimburse. The OMB personnel reimbursement website, <https://www.cte.nd.gov/state-travel-reimbursement-rates>, can be monitored for this “state rate;” however, NDACo will also work with OMB to track any changes and will continue to inform counties of changes as they occur. **The current federal GSA rate (effective 07/01/2022) is \$.655 per mile;** however, changes have been implemented each January 1<sup>st</sup> for the last several years. This rate is driven largely by the price of gasoline, it would not be surprising if the rate changed in 2024.

**Lodging:** NDCC 44-08-04 states that the director of the state Office of Management and Budget “establish a policy to set the lodging reimbursement amount equal to ninety percent of the rate established by the United States general services administration reimbursement in this state.”

While a county board [pursuant to 44-08-04(2)(d)] can establish a higher lodging reimbursement rate (not to exceed actual costs), the state rate is the minimum that counties may reimburse for official government travel and meals. Therefore, the OMB website, <https://www.cte.nd.gov/state-travel-reimbursement-rates>, will need to be monitored; however, NDACo will continue to work with OMB to inform counties as changes are made.

The current GSA rate of \$98 results in a **state rate of \$88.20/night**. (There is no longer an exception rate for oil cities and counties.) These rates are subject to periodic change due to GSA

regional cost studies - the last several years, the changes have become effective in October - so it is likely these rates may change before you are into your next budget.

**Meals:** The 68<sup>th</sup> Legislature amended NDCC 44-08-04 which governs meal reimbursement rates as follows effective August 1, 2023:

<u>Meal Allowance</u>	<u>Through 7/31/2023</u>	<u>Effective 8/1/2023</u>	<u>Out of State</u>
1. First quarter, 6 a.m. to 12 noon	\$ 7.00	\$ 9.00	20% of GSA M&IE rate
2. Second quarter, 12 noon to 6 p.m.	\$10.50	\$14.00	30% of GSA M&IE rate
3. Third quarter, 6 p.m. to 12 midnight	\$17.50	\$22.00	50% of GSA M&IE rate
4. Fourth quarter, 12 midnight to 6 a.m.			

## APPOINTED BOARD COMPENSATION

In 2013, the Legislature amended 15 sections of law to make the compensation for members of virtually all appointed boards the same (with the exception of water boards). The statutes addressing compensation of the boards listed below now all state the following: *“The appointing authority shall establish the rate of compensation for the board members and actual expenses incurred by the members may be reimbursed at the official reimbursement rates of the appointing authority.”*

Airport Authority  
County Weed Board  
County Home Rule Charter Commission  
County Jobs Development Authority  
County Park Board  
County Planning Commission  
County Port Authority  
County Commerce Authority

Housing Authority  
County Vector Control Board  
Boards of Health  
Special Assessment Commission  
Library Board  
Multicounty Social Service Board  
County Social Service Board  
County Weather Modification Board

Water boards, by statute, establish their own compensation between \$75 and the current rate set for a member of the legislative assembly under NDCC 54-03-20, which is \$186.00 per day.

## TECHNOLOGY COSTS

---

### STAGEnet WIDE AREA NETWORK ACCESS COSTS

The monthly cost for STAGEnet access will remain the same as the 2021-23 biennium. **WAN (wireless) connection rates will INCREASE to \$185 per circuit.**

### ND.GOV EMAIL

NDIT used to offer non-State users a free IMAP/POP-based email service. This service has been moved to Exchange Online. As of January 1, 2023, Pioneer will no longer be offered as a free

service. All non-State users (users with nd.gov email addresses) are required to purchase the Office 365 Basic package, at a minimum, for **continued access to email services at \$16.20 per month.**

## ACTIVE DIRECTORY

NDIT previously charged \$1.35 per user for an Active Directory fee, this will be **discontinued in the 23-25 biennium.**

## SYSTEM SECURITY

Cortex XDR - NDIT will continue to provide Cortex XDR, antivirus, at no cost to counties. Counties who are not using Cortex XDR for antivirus should contact their IT provider or NDIT. We have noticed a significant decrease in Malware and virus activity since implementation.

Security Awareness Training is available through NDIT utilizing the KnowBe4 product. This is a free service providing end users with security awareness training in the hopes to reduce the human component affecting security breaches. Counties who are not using KnowBe4 for security awareness training should contact their IT provider or NDIT.

**Tenable's Cyber Exposure Management through NDIT is also provided to counties at no cost.**

This platform gives you all the insight, research, and data you need to uncover weaknesses across your entire attack surface, including in the cloud and "on-prem." Contact your IT provider or NDIT for more information.

## VIRTUAL PRIVATE NETWORK (Global Protect)

VPN is required to create that secure link to the State network from remote locations. This license costs \$5.00 per user per month and will remain the same in the 23-25 biennium. For law enforcement using Netmotion/Global Protect, **the price will increase from \$9.25 to \$10.15.**

## ADOBE ACROBAT PRO

NDIT offers government agencies access to their Adobe Acrobat Pro subscription service at \$5 per month; this **will increase to \$6.25 in the new biennium.**

## TECHNOLOGY PLANNING & SUPPORT

While not a fixed cost for counties, we continue to encourage each county to carefully consider their technology planning and support needs for the coming year. NDIT, with some assistance from NDACo Resources Group (NRG), will continue to manage the network to the "courthouse door." Technology within the courthouse will continue to be a local responsibility. NRG encourages each county to budget funds necessary to ensure adequate technical support, whether it's through various offerings from NRG Technology Services, another vendor, a staff person, or a combination of these. Hardware may include wireless access equipment, hard-wired networking equipment, and printers or copiers. Software may include DocuPro, Tyler Technologies and other third-party vendors. Please include support agreements for software and hardware. The technology industry is moving to subscription-based usage. NRG recommends replacing desktops on a five-year or less rotation. Most counties replace their machines every four years. **An average cost with the labor to**

install it can be estimated at **\$2,300 per PC and \$2,500 per laptop** (which includes the increased costs of hardware as discussed above). NRG recommends that laptops be replaced every three to four years.

## HUMAN SERVICE ZONES & COUNTY COURTHOUSES

Something several entities with multiple county offices are considering is an IP phone system to communicate among offices more easily. With an IP phone system, counties can easily transfer calls from one county to another just like they are all in the same building. Many counties have chosen to upgrade their systems not only for the human service zone office but the rest of their county as well. NRG has partnered with BEK who has a proven and quality system that works well in the counties. NRG uses their phones in our office and could not be happier. BEK can provide this anywhere in the state. If you would like pricing, contact NRG at (701) 250-9400 and they will schedule a walkthrough for your county to get a price quote together for budgeting.

## ASSOCIATION SUPPORT/ILG TRAINING FEES

---

### NDCCA DUES (County Commissioner)

The County Commissioners Association Board of Directors operates on a two-year budget cycle - recognizing the budget fluctuations that occur due to legislative sessions. As a result, the Board addresses their dues before even-numbered years. The NDCCA Board of Directors *determined a \$15 increase per commissioner in annual dues for 2024 and 2025*. The amounts are included in the county-specific data sheet. The total includes the county's dues to the Western Interstate Region (WIR) of the National Association of Counties.

### NDACo COUNTY DUES/CORE SERVICE SUPPORT

As detailed in previous years, the Association-support formula is based 50% on valuation and 50% on average county revenues. (Both use a 10-year running average with the highest and lowest years thrown out.) To provide greater equity among the various county sizes, a minimum of one-third of the average paid by all of the counties and a maximum of five times the average were established. As each county's relative valuation and budget change over time, a county's relative dues share changes slightly each year. The NDACo Board of Directors **approved an overall 3% increase for 2024**.

### NACo (National Association) MEMBERSHIP

The **NACo membership dues will not change for 2024**. The NACo Board of Directors approved the framework of the 2020 census population adjustment at the WIR conference this year, but the changes will not be implemented until 2025. As you may know, North Dakota counties have maintained 100% NACo membership for several years - giving our counties two seats on the NACo Board of Directors, which helps keep them aware of our state's needs. North Dakota also has a number of county members serving on national committees making an impact on national policy.



## PEACE OFFICERS STANDARDS & TRAINING (POST) BOARD FEES

POST Board fees (mandatory for licensed law enforcement officers) are set by administrative rule (109-02-02-11) at **\$45 per officer for a three-year licensing period**. The POST Board has a staggered renewal process so generally the fee must be paid for only one-third of your officers each year. The **POST Board exam fee is \$25**.

## OTHER COUNTY ASSOCIATION DUES

The following are the other County Official Associations that have members in the NDACo governance structure and their CY2024 annual dues amounts.

ND County Recorders Association.....	\$200/Member
ND Clerk of Courts Association .....	\$100/Member
Sheriffs & Deputies Association .....	Tiered by Population
>50,000 .....	\$950
15,000-50,000.....	\$650
7,500-15,000.....	\$500
<7,500 .....	\$400
ND County Auditors Association .....	Tiered by Population
>50,000 .....	\$750
15,000-50,000.....	\$500
7,500-15,000.....	\$250
<7,500 .....	\$200
ND County Treasurers Association.....	Tiered by Population
>50,000 .....	\$750
15,000-50,000.....	\$500
7,500-15,000.....	\$250
<7,500 .....	\$200
ND Association of Tax Equalization Directors .....	\$50/Member
North Dakota County Engineers Association State Dues .....	\$50/Member
National Engineers Association Dues (by County) .....	Tiered by Population
<50,000 .....	\$275
50,000-150,000.....	\$550
150,000-250,000.....	\$825
250,001-500,000.....	\$1,000
More than 500,00 .....	\$1,375
North Dakota State's Attorneys Association Dues .....	State's Attorney/Assistant
1. State's Attorney .....	\$300
2. Assistant State's Attorney (each).....	\$150

## PROFESSIONAL DEVELOPMENT FEES

In your budgeting efforts, we urge you to consider the benefits of continuing professional development for all county officials and employees, especially newly elected or appointed officials. Currently, ILG offers a variety of training webinars that provides all participants a valuable educational experience. These professional development sessions are tailored specifically for local government at a reasonable price. Members enjoy the high-quality, interactive webinars that allow them to conveniently participate from the privacy of their office, in addition to saving travel time and cost. ILG offers training webinars throughout the year, as well as on-site training at various member conventions, the NDACo Annual Conference and by county request. In addition, ILG records

the webinars, which are available upon request. Members are recognized at the NDACo Annual Conference with awards once they achieve various ILG training hour levels (Hour Levels: 30 hours, 100 hours, 150 hours, 200 hours, 300 hours and 400 hours).

We encourage each county to set aside funds in its budget to allow county personnel to take part in ILG professional development. By doing so, constituents will benefit from the training their county officials receive. To continue and improve upon these efforts, we urge all county officials and personnel to support ILG, both financially and educationally. In 2024, the **ILG training will remain \$30 per hour**. Fortunately, due to our successful partnerships many trainings are free of charge.

## NDACo EVENT REGISTRATIONS

- The 2023 Annual Conference is set for October 8-10. There are increases built into our long-term contract with the Event Center, and as you know, inflation on food and labor have been in the news lately.

### 2023 Conference Rates

- Early Bird Full Registration \$255
- Full Price Registration \$275
- Early Bird One Day Registration (Monday or Tuesday) \$180
- Full Price One Day Registration (Monday or Tuesday) \$200
- Early Bird First Time Attendee \$150
- Full Price First Time Attendee \$170

**Annual Conference Dates for 2024:** October 20-22, 2024.

Other major professional development opportunities to plan for in your 2024 budget:

- NACo Conferences (Legislative, WIR or Annual): \$600 + travel and lodging
- The County Commissioners Association will provide a reimbursement of 50% of the travel costs (up to \$1500) for each region to send one commissioner representative to attend one of the NACo Annual Conferences. More information can be found at [www.ndcca.org/board/matching](http://www.ndcca.org/board/matching)
- The NACo High Performance Leadership Academy is an innovative, completely online 12-week program created to equip frontline county government professionals with practical leadership skills to deliver results for counties and communities. The cost of the program begins at \$1,695. Some discounts may apply; contact NACo for more details. <https://www.naco.org/topics/leadership>

**\*\*Please budget according to the number that will be attending.**

## OTHER ISSUES

---

### ESTIMATED TAX NOTICE

Counties are required to send EVERY TAXPAYER an estimated tax notice in August which includes preliminary budget and levy requests from ALL taxing districts in the county. Counties can bill the other major taxing districts for a portion of the direct costs associated with these statements; however, it will undoubtedly increase county expenses in the area of programming, staff time, mailing and printing. Those taxing districts levying in excess of \$100,000 may be looking to the county for an estimate of their share of the direct costs associated with this notice, as they must budget to pay the county. The 2023 Session amended the requirements of the notice to include the previous year's special assessments. The form must be authorized by the Tax Department and is standardized for all counties.

### AMBULANCE/EMS LEVY

In 2013, the Legislature amended NDCC 23-27-04.7 (below) to “clarify” what they had intended with a 2009 statutory change. After the 2002 mandate that the nearest (quickest) ambulance be dispatched to an emergency, the taxing district boundaries became (in many cases) significantly different from the service district boundaries. This prompted the Legislature to require counties to distribute ambulance/EMS levy dollars in a manner that didn't follow the taxing district boundary. Several attempts have now yielded the following language:

***23-27-04.7. County reporting - Use of property tax levies.*** *The board of county commissioners of every county in this state shall conduct an annual review of the emergency medical services coverage within that county and shall submit an annual report to the state health officer in a format approved by the state department of health. A taxing district that levies a special emergency medical services or ambulance service levy shall allocate all of the special tax levy revenue collected in a particular township to the ambulance service that serves the largest area within that township.*

The 2023 Legislature amended NDCC 11-28.3-09 to add language that rural area service districts within the ambulance district that do not receive emergency medical services from the district, are exempt from that levy. Counties levying the county emergency levy under NDCC 57-15-50 will continue to distribute the money as described in 23-27-04.7.

### TAX RELIEF PACKAGE

One of the greatest victories for the 2023 Legislature was providing a \$515 million comprehensive tax relief package. Some aspects of HB 1158 should impact every North Dakota resident by reducing income taxes, providing a property tax credit and expanding the Homestead Credit.

- Income Tax Relief - \$358 million
  - Compresses income tax brackets from five to three
  - Zero bottom bracket
  - 3 out of 5 ND taxpayers will NOT pay state income tax
  - Effective starting 2023 tax year

- Property Tax Credit - \$103 million
  - \$500 tax credit on property taxes paid on primary home
  - Credit will appear on tax statement
  - Residents required to apply to State Tax Department for credit
  - Effective for tax years 2024 & 2025 ONLY
- Homestead Tax Credit - \$53.5 million
  - Expands eligibility requirements and maximum reduction
  - Compresses six brackets to two
  - Increases income threshold:
    - Income less than \$40,000: 100% reduction of taxable valuation up to \$9,000
    - Income between \$40,000 - \$70,000: 50% reduction of taxable valuation up to \$4,500.
  - Effective starting tax year 2023

## ROAD & BRIDGE CONSTRUCTION – BID REQUIREMENTS

Currently, counties are required to formally bid all road construction projects over \$100,000 and bridge repair or replacement over \$30,000. **Effective August 1, 2023:** Road construction projects in excess of \$200,000 and Bridge projects in excess of \$200,000 must be formally bid, and advertised once per week for two consecutive weeks at least 15 days before the bid opening.

**County Bid Requirement Quick Reference:** [Click Here](#)

## ROAD EQUIPMENT PURCHASES - STATE BID/AUCTION/STATE SURPLUS

Counties are required to formally bid (published in the official newspaper for two consecutive weeks) all new road machinery purchases over \$100,000. Road equipment between \$50,000 and \$100,000 can be informally bid by seeking quotes from at least two contractors.

Counties are allowed to forgo the formal bidding process if they purchase off the State Fleet Services Division bids. Contact OMB for further information: <https://www.omb.nd.gov/doing-business-state/procurement/bidding-opportunities>.

Counties may also purchase used road machinery at public auction without concern for following a bidding process. New this year based on 2023 legislation is that counties are specifically authorized to purchase off a purchasing agreement with any political subdivision or State pursuant to a joint powers agreement.

## ROAD MACHINERY LEASE-PURCHASE

There have been no changes to the restrictions on counties with respect to the lease-purchase of road machinery. There is still no dollar limit to the annual payments allowed; however, counties remain restricted to lease-purchase terms of a maximum of seven years.

## LEASE-PURCHASE LIMITATIONS ON COUNTY BUILDINGS

The 2021 Legislature amended state law to limit the use of lease-purchase agreements for county buildings. The Legislature required that a county seek voter approval if they wish to obligate the taxpayers in this type of financing arrangement if the total construction cost exceeds \$4

million. This is consistent with a similar limitation previously enacted for school boards. If a county is contemplating the use of such financing in the future, we urge the county's state's attorney to review NDCC 11-11-19.1.

## PUBLICATION COSTS

Each biennium OMB must review and adjust legal notice rates to reflect changes in economic conditions within the newspaper industry and the general economy pursuant to North Dakota Century Code Chapter 46-05 "Newspapers."

The Office of Management and Budget (OMB) and North Dakota Newspaper Association (NDNA) have agreed to hold legal notice rates unchanged for the 2023-2025 biennium.

Current rates are as follows:

	<b>2021-2023 RATES (4%)</b>	<b>2023-2025 RATES (HOLD EVEN)</b>
Type	July 1, 2021 – June 30, 2023	July 1, 2023 – June 30, 2025
Base Line Rate	.83 x 1.0400 = .86 (Current rate x % increase above)	.86
Column Inch – Daily	13.69 x 1.040 = 14.24	14.24
Column Inch – Small Daily	9.30 x 1.040 = 9.67	9.67
Column Inch – Weekly	6.71 x 1.040 = 6.98	6.98

During the recent legislative session, House Bill 1197 was enacted to amend state laws related to legal notices related to "E-editions" of newspapers. The bill added a new definition:

"Publish" means the dissemination in the print edition of a qualified newspaper or in the newspaper's e-edition if it has one, or in both.

## COOPERATIVE PURCHASING

During the 68<sup>th</sup> Legislation Session, SB2370 passed and provides additional authority for counties to participate in cooperative purchasing agreements pursuant to a joint powers agreement. Senate Bill 2370 amends NDCC 11-11-14 related to counties to add the following:

"With the approval of the board of county commissioners, a county may participate in cooperative purchasing agreements with the state, or another political subdivision of this state or any other state, by executing a joint-powers agreement under chapter 54-40.3.

### Cooperative Purchasing with State – OMB

NDCC Section 54-44.4-13 gives OMB authority to "participate in, sponsor, or administer" cooperative purchasing agreements that are made available to government entities, public transportation providers, tribal agencies, and nonprofits established on behalf of public entities. OMB creates state contracts and joins eligible cooperative purchasing contracts, and these state contracts are made available to state and local government. Visit the OMB website: <https://www.omb.nd.gov>.