

F-M flood protection design saddles residents with high property taxes

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“If we don’t have money from sales tax, we will have to trigger the tax assessment district.” That’s what Fargo Mayor Tim Mahoney told the North Dakota House Appropriations Committee last month. AE2S Vice President Martin Nicholson told the committee the tax assessment district is the “ultimate backstop” if sales tax revenues aren’t sufficient to pay the local share of the diversion. You can listen to the recording of the hearing at <https://www.fmdam.org/backstop/>. The Fargo entourage was trying to convince legislators to give them more money to build the project. Diversion backers have consistently told property owners they would never have to pay assessments to build the project and they only placed them on their homes and businesses for collateral.

The Diversion Authority is putting a full court press on state and federal representatives because there is no money to pay for mushrooming costs. The estimated price tag has increased by 50 percent in just seven years. Governor Burgum’s request for an additional \$300 million in cash from North Dakota over the next three bienniums was not well received by legislators.

The Army Corps has been quick to respond with pledges of more money, but in the end, their promises are what politicians call “squishy.” The Army Corps can promise the moon, but if Congress and the President don’t give them any cheese, they are under no legal obligation to give Fargo money. Although the diversion has received modest amounts from the Corps’ internal Civil Works budget in the past, there isn’t any in the upcoming year’s plan. There has never been an appropriation for the diversion from the President’s budget and Congress.

Fargo has no way to pay for the missing funds other than sales tax. Sales tax revenues that were projected to grow, are down 9 percent since 2014. The federal money is unreliable, North Dakota has already promised more than half a billion dollars, so if the project is going to go forward, Fargo is going to have to come up with the funds somewhere else. That takes us back to Mayor Mahoney’s comments to the legislative committee. They don’t have enough money from the sales tax to pay the bill. The only way the current project can go forward is if they trigger the tax assessment district.

Fargo has other options for flood protection. The current design is a development plan that has been promoted by realtors and home builders. A diversion can be built that will protect the city at a much lower cost. A decision will have to be made soon whether to adopt a new approach, or saddle residents with property taxes for a project that benefits a few.

