

Testimony Prepared for the
 House Finance & Taxation
 January 19th, 2021
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RE: Opposition to HB 1200 – Property Tax limitation

Good morning Chairman Headland and committee members. I’m Donnell Preskey with the North Dakota Association of Counties. Thank you for this opportunity to provide testimony in opposition to House Bill 1200 on behalf of our 53 counties and our county officials that are charged with the fair and equitable administration of our property tax system.

We recognize and appreciate the intentions behind this proposed legislation – a reduction in property tax growth that is equitable for all taxpayers. However, we believe this bill would most likely have adverse consequences.

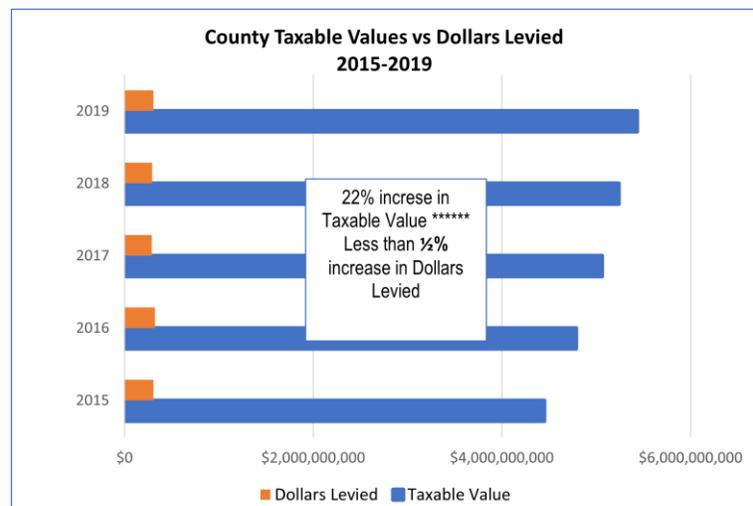
This bill seeks to cap local budgets at 2% growth. Having a cap removes the ability for counties to respond to urgent needs or in addressing extenuating circumstances. Think about the costs associated with a flood, a snow emergency, the construction of a necessary facility, or a protest. Commissioners have no idea of what could occur in the next year or the year after. Therefore, we believe if this bill passes, the result could be the opposite of what is the bill sponsor’s intentions. What will occur is local taxing jurisdictions increasing budgets 2% every year, regardless, so they have the funds available for unforeseen situations. We would be reversing a trend that has been happening in a vast majority of our counties, that are holding the line on property taxes.

This is a bill looking to address a problem that really isn’t there.

Here’s a look at the data.

Looking at the difference between 2018 and 2019 in the change in dollars levied. 11 counties either decreased the amount of dollars levied or had a 0% change. 5 additional counties had an increase between 0 and 2% in the amount of dollars levied.

Comparing data collected over the past five years provides even greater clarity. Since 2015, taxable values have increased 22%; however, the dollars levied has only increased **.34%**.



The state funds used to relieve the local tax burden of paying for county social services in 2017 had a positive impact on taxpayers across the state. 47 of our 53 counties did what you expected of them; by lowering levies and decreasing property taxes in at least one of the two years. 18 counties lowered in both '16 and '17. These figures are calculated using the “zero growth” formula – excluding new property – much as HB1200 calculates the cap. These decreases are very unlikely to happen with the restrictions proposed in this bill.

We also are very much opposed to the portion of this bill that specifies that counties with home rule charters (12 home rule counties in ND) would also fall under the 2% cap mandate. In those counties, citizens have already gone to the polls to show support for the county to be home rule to have greater local control. It is bad policy to change the rules of the game for those counties.

We also question the fairness of allowing the state to be exempt from the 2% cap by allowing the state medical center and the Garrison Diversion Conservancy District to be excluded.

We want to commend the legislature for the property tax relief you have passed on to our citizens over the years through significant school funding, shifting social services to the state. In addition, you have made great efforts to increase transparency and education on property taxes. The uniform tax notice was used for the first time in 2018, which has provided greater opportunities for informed citizen input. Ultimately, control of property taxes is a local responsibility of the governing boards and the citizens. Adequate information and active participation is the key – not artificial limitations that may cause unknown and unintended results.

To close, this map also illustrates that what we are doing as a state is well balanced as the Tax Foundation ranked North Dakota #3 in the nation for the best property tax system. The credit really goes to state lawmakers working effectively with local officials, for providing solid and fair tax policy which has allowed our local officials to do their job in meeting the needs of their communities.

I want to stress again, county officials truly believe this bill would just mandate a NO Tax Decrease – EVER. We urge you to give HB 1200 a Do Not Pass Recommendation.

How Does Your State Rank on Property Taxes?

Property Tax Component Rankings, 2020 State Business Tax Climate Index

