

Testimony in opposition to SB 2039
House Finance and Taxation Committee
March 10, 2025
Paul Houdek, Walsh County Commissioner

Chairman Headland and members of the House Finance and Tax Committee, my name is Paul Houdek. I have been a City Assessor for the past 25 years. I am currently the City Assessor for the City of Grafton and a Walsh County Commissioner. **I am here today representing the Walsh County Commission in opposition to SB 2039.**

We have followed this legislation for the past 3 sessions. Many of the same arguments have been made on both sides of the issue.

Approximately **3 million dollars in True and Full Value throughout the County would be eliminated.** This would reduce the property taxes collected by the County, Cities, and School districts and shift that burden to all other taxpayers. This shift includes **approximately \$60,000 of consolidated tax dollars in Walsh County**

This bill would also exempt all new warehouses built within city limits in the future. **There are plans to build a large potato processing plant in Grand Forks.** Without a doubt, new storage facilities will be built within city limits somewhere in the state. That sounds great, new construction is supposed to add to the tax rolls and help spread the tax burden, but if these new facilities are exempt, they will just further drain the local taxing entity's ability to pay for existing services and that burden will be placed on all the taxable parcels within the jurisdiction. I don't think it matters whether it is new construction or an existing building. The problem is the same. **These properties will enjoy the services of a city while passing on the burden of paying for those services to all the other property in the jurisdiction.**

These warehouses bring potatoes into town each fall. Many heavy trucks hammering down the city streets that local tax dollars pay to maintain. **You must remember that if these warehouses are not paying local property taxes, they are not paying for city services. These services are typically more robust than those offered in the townships. Police protection, fire protection, street maintenance, snow removal, water and sewer services, etc., etc.** City services are generally better, and cost more than township services. Comparing the two is comparing apples and oranges. We have no issues with these facilities sitting out in the townships being exempt. When they are within a city and utilizing city services they should be taxed.

There was concern that the current law creates inequities. When we are considering whether a property qualifies for any exemption, we must review the facts on a parcel-by-parcel basis. It is possible for one parcel to qualify for this exemption while other parcels do not based on the facts of

each parcel and the way state law is written. While this bill might help alleviate some perceived equity concerns, whenever you exempt one property you are transferring the burden of those taxes to remaining taxable properties. Property needs to be equalized at the county level. **You could find inequities from county to county on every exemption currently allowed by the ND Century Code. Interpretation of state law can vary from one assessor or one city attorney to the next. That is what local control looks like. One size does not fit all.** Furthermore, while alleviating one perceived equalization problem you are creating another. Under this bill, an ag storage facility within a city would be exempt from taxation while the warehouse that the local implement dealer owns just down the street will be taxed as commercial.

Please vote DO NOT PASS on SB 2039.

Thank you for your consideration. Please call me if you have any questions.

Paul Houdek

Walsh County Commissioner

Grafton ND