Testimony Prepared for the
House Finance & Tax Committee
January 15, 2023. By Donnell Preskey
North Dakota Association of Counties

RE: House Bill 1245 – Property Tax Statements

Good morning, Mr. Chairman and committee members, I'm Donnell Preskey with the North Dakota Association of Counties. In that role, I serve as Executive Director for the ND County Auditors Association. The Auditors association opposes House Bill 1245, as it is written, but please know we are willing to work on some compromises and improvements to reach the intended goal without placing additional burdens on counties.

Counties are not opposed to adding information if it truly increases taxpayers understanding of property taxes. However, county auditors believe this is not the right solution. For many counties, what is proposed in House Bill 1245, is technically not attainable or in their budgets.

Auditors main concerns are the following:

- Color pie chart showing total tax levied by each taxing district.
    - This is the greatest concern of auditors. The software vendor 16 of our counties utilize to produce the tax statement, has indicated a color pie chart is not possible. Another vendor that contracts with 15 counties says it could be done but may cost up to $10,000 for each of the counties they work with.
    - In addition, after viewing data from several counties that ran the percentage of taxes of each taxing entity for each parcel compared to the percentages reflective of the entire taxing district; there isn't much of a difference. Which would indicate it may be less complicated to run the data for the entire taxing district.
- Listing names and phone numbers of contact persons could be problematic.

Counties support several items in this bill including:

- Communicating in Dollars
- Financial Reporting to the State Auditor, with a few minor changes:
    - Page 2, line 3 February first date may need to be altered.
    - Page 2, line 7 remove state auditor, as not all counties hire the state auditor to conduct the audits.
    - Recommend the following change: whether the ~~state auditor is conducting or has~~ county has completed an audit.~~ of the county.~~
- Legislative Management study of Uniform Chart of Accounts

Further changes auditors would support:

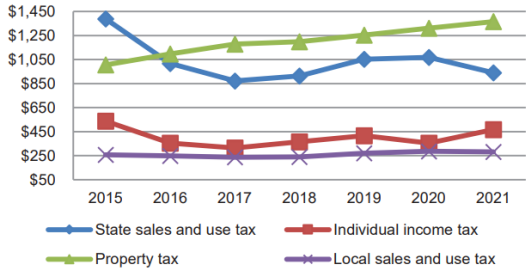
- Column added to estimated tax notice and/or tax statement with percentage of total taxes levied by each taxing entity next to that taxing entities dollar amount levied.
- Include this information in column format on estimated tax notice and/or tax statement.
- Study improvements to estimated tax notice and tax statement to further greater property taxpayer understanding of property taxes.
- If legislature strongly supports changes this session to estimated tax notice and/or statement; pilot changes in 1-2 counties.

Just to reiterate, counties are just one of the taxing entities represented on North Dakota's property tax statements. Unfortunately for counties, they are the entity responsible for collecting the tax information from other political subs and issuing it on a combined estimated tax notice and tax statement. While the taxpayer pays their taxes to the County the county then distributes each amount to the appropriate taxing district. But all too often, because the county has it's name on the notice and statement and the county collects from the taxpayer, it's the county that comes in the crosshairs on these property tax issues.

This recent information from the 2022 ND Finance Facts publication by the ND Legislative Council is valuable as it comes to this discussion and discussion you will be having throughout this session.

Economic Statistics

MAJOR SOURCES OF STATE/LOCAL REVENUE
(Amounts Shown in Millions)

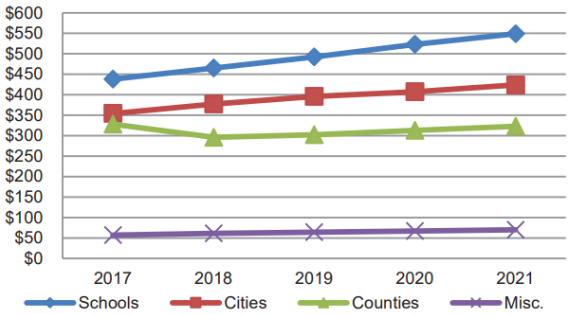


Fiscal Year	State Sales and Use Tax	Individual Income Tax	Property Tax[1]	Local Sales and Use Tax[2]
2015	$1,389.0	$537.6	$1,005.1	$258.1
2016	$1,017.4	$355.5	$1,096.1	$248.9
2017	$872.4	$314.2	$1,177.9	$236.7
2018	$912.5	$366.3	$1,198.7	$239.6
2019	$1,053.1	$415.4	$1,254.2	$270.9
2020	$1,067.9	$354.3	$1,310.5	$286.8
2021	$939.9	$467.6	$1,365.4	$280.9

[1]Property taxes include the 12 percent state-paid credit for 2015 ($105.4 million) and 2016 ($116.3 million).

[2]Local sales tax amounts do not include city occupancy or city restaurant and lodging taxes.

PROPERTY TAXES BY TAXING DISTRICTS
(Amounts Shown in Millions)



Year Payable	2017	2018	2019	2020	2021
Schools	$438	$465	$492	$523	$549
Cities	354	377	396	407	424
Counties	328	296	302	313	323
Misc.	57	61	64	67	70
Total	$1,177	$1,199	$1,254	$1,310	$1,366[1]

[1]The increase for 2021 is primarily due to continuing growth in taxable valuations and to support the increasing budgets of political subdivisions.

Based on property taxes levied in 2021, payable in 2022, one mill generated approximately $5.3 million statewide.

Source: North Dakota Tax Department

Again, we are willing to work with the sponsor of the bill or a subcommittee on possible amendments to help achieve the greatest understanding of property taxes in North Dakota.