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2023 House Finance and Taxation Committee
Honorable Representative Craig Headland, Chairman
North Dakota State Capitol

January 16, 2023

Dear Representative Headland and Members of the House Finance and Taxation Committee:

My name is Don Flaherty and I am the Mayor of the City of Ellendale. I am writing you today to provide neutral testimony for HB 1247. I believe that the proposed addition to section 57-02-08 to provide a property tax exemption for potato warehouses and grain elevators on commercial property for personal use will have a far reaching financial impact on small cities with these types of structures if passed in its current form.

In both my city and a sister city in my county there is an elevator complex that is privately owned and operated. If this legislation were to pass as presented, those properties would become exempt and create a loss of revenue for small cities that have budgetary pressures. Based on 2022 Mill Rates, for my city that would equate to a loss of \$8,438 and for our sister city a loss of \$1,872. These may seem like negligible amounts but for our city that is a property tax revenue decrease of 2.5% and our sister city a decrease of 14.67%. That is a large impact.

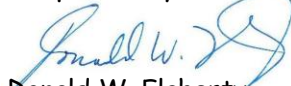
As a way to minimize the impact of this financial loss, I would like to propose the following amendment to this bill:

- c. (Prior to 01/01/2027) The base valuation for a structure subject to this exemption shall remain equal to the valuation for the 2022 assessment period and shall be subject to a 20% exemption for the 2023 assessment period, a 40% exemption for the 2024 assessment period, a 60% exemption for the 2025 assessment period and an 80% exemption for the 2026 assessment period.

The aspects of this legislation have a much further reach than is commonly understood and would have a huge impact on a number of small cities within the state.

Therefore, I would strongly recommend the adoption of the proposed amendment for HB 1247.

Respectfully Submitted,


Donald W. Flaherty
Mayor of Ellendale

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