



# North Dakota House of Representatives

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## **Representative Claire Cory**

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## **COMMITTEES:**

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Chairman Headland and Members of the House Finance and Taxation Committee,

For the record my name is Claire Cory and I represent District 42 in Grand Forks.

I am here to testify in favor of HB 1328, which attempts to provide a free market solution to the issue of the rising costs of living in a trailer park as a result of an inequitable tax structure. The bill is also in many ways related to the work the senate is doing, to aid in the quality of life trailer park residents have, particularly in our high inflation environment. While many will call this bill a tax cut, in reality it moves the taxation of the land to be more in line with the purpose of the land, rather than the technical zoning designation.

Right now, trailer parks are zoned commercial in Grand Forks, and to my understanding in all of North Dakota. In my district for example, there are at least 2 trailer parks and both are zoned commercial. As such, they pay a slightly elevated property tax, roughly 11% higher than if their land had been zoned residential and this cost is passed directly onto those who live in the trailer park. This is in spite of the primary purpose of the land being single family residential, as the land is ultimately rented out to a family. I specifically studied Gateway Terrace, a mobile home park in my district and found that the savings would be \$6822.97/year across 200 occupied lots out of the 247. This would allow for a savings of roughly \$3/month per resident which would be a net reduction in their lot rent of half a percent on the lot rent they are presently charging. While this is not alone substantial, this is an example of how every little bit will add up, and in combination with other tax relief being proposed by the chamber, we can chip away at the problem.

Furthermore, this bill deals with the special assessment side of the ledger in that taxing the parks as though they were residential can save substantial amounts when special assessments are levied. It is impossible however, to fully understand the exact fiscal impact due to the extraordinarily complicated system of special assessments which makes every scenario unique. Even with Gateway Terrace, it would be impossible to project future special assessment burdens, due to the districts being non uniform in composition, size, burden, or cost.

Assuming special assessment savings were equal to property tax savings, this creates a pool of roughly \$6/month to directly decrease the lot rents. This is important, as trailer parks serve our most vulnerable communities, and tend to be comprised of the working poor or the retired.

Trailer parks as a business model are fully aware of their communities lack of alternatives, and as such tend to price as aggressively as possible in carry-through cost. Make no mistake owners of the lots will pass any and all costs possible onto their residents so decreasing costs should decrease their lot rents. While \$72/year may not sound like a substantial amount, this is really a forward looking proposal, given the exponential nature of property value increases, the impact of property tax and special assessments will become more and more substantial over time.

In these inflationary environments, it is important to discuss what happens, when a person cannot pay their lot rent. Generally speaking a failure to pay lot rent is grounds for a rapid eviction, and in theory the trailer could be moved with the resident. In actuality, however, moving the trailer is next to impossible. As trailers stay on a lot they settle, and moving them can cost \$10,000+. By way of comparison, the national average median income of a trailer park resident is less than \$30,000. These people typically do not have the personal liquidity or access to capital in order to afford such a monstrous expense. These people on average do not have the ability to make a \$500 unexpected emergency expenditure, so \$10,000 is a nightmare. As a result, not only do they lose their lot, they lose the home that they have built some equity in, and are forced in the future to rent both a lot and a trailer, which raises their cost of housing even higher.

Mr chairman and Members of the House Finance and Taxation Committee this concludes my testimony and I am happy to answer any questions.