

My name is Charlene Nelson and I come before you in support of HCR 3024.

Like most Americans, I would like to get by with paying as little tax as is legally permissible. However, I realize that taxes are necessary for a properly functioning government, so I'm not here to with the "taxation is theft" argument, but rather with a "taxes should be just" argument.

A moral tax should never impoverish a person. A just tax should be born equally by all who agree to that tax. And the people should have some say in how that tax is levied. While I applaud Chairman Headland for wanting to abolish income tax, the truth is I can afford my income tax. When my income goes down, as it did six months ago, my tax goes down. I know who to blame when my income tax goes up. And most importantly I won't lose my home.

But property tax is an entirely different breed. Property tax is not based on my income, it is not equally applied and I have no say in how it is levied. That means property tax is immoral. I'll even say it: it's an evil tax.

**Property tax is not based on a person's ability to pay.**

My husband delayed his retirement for a year because our 2021 property tax went up 60%. Our income had not increased a single bit, but in one fell swoop, the county raised the assessed value a whopping 60%. And we were one of the lucky ones. Some in our township saw an 80% increase. Needless to say, we all had some words for our township assessor. He told us it was out of his hands—thank you 2017 Legislature—and the assessment was entirely the county's doing.

We called and protested to the county assessor and he told us "Get used to it. You should expect your property taxes to go up about 10% every year for the foreseeable future." And he was right. This month we paid over \$1800, a 11% increase over last year's tax bill.

**This tax impoverishes people.**

Now we are on a fixed retirement income. In seven years our taxes will more than double what they are today. That means in seven years we will be faced with the heartbreaking decision, to sell our home of 30 years, the home we raised our children in, because the government will have priced out of our house. We don't even dare make any improvements or repairs to the house because that might accelerate our eviction.

That's right. Even though we have no mortgage, we do not own our home. We rent our home from the government. And if we can no longer afford the rent you've imposed, we will lose our home.

Our case is not unusual. About seven years ago, there was a news report that hundreds of senior citizens in the western part of the state had sold their homes and moved into apartments because the oil boom had caused property values to skyrocket. Rising values meant they could no longer afford the property taxes on their homes.

Now don't think that I support HB 1211 or the failed SB 2177 that would have given targeted property tax relief to seniors. Because, while my home is important to me, even more important to me is that my children can own their own home and be secure knowing it is truly theirs, that the government won't raise the rent on their homes so that they are forced to move.

**This tax is not applied applied equally.**

In 2012 when our assessed value went up 60% I checked the historic value of 40 apartment buildings in

Fargo and West Fargo. I found that the average tax increase for those apartment buildings was less than 3%. Many of those buildings saw a decrease in value. At the same time that my husband and I are being priced out of our home, the big apartment building owners are paying the same or less than they were the year before.

Jim Howe, who is the father of our Secretary of State Mike Howe, lives two miles south of us. His house is half again bigger than ours and his property tax this year is \$42.66. That's down from the \$43.73 he paid in 2022. Instead of his property value going up 60%, it went down. One of the richest men in the county pays a fraction of what we do on property tax.

**Voters have no say in this tax.**

It wasn't enough that the State Equalization Board mandates property values all around the state. Then the 2017 legislature took away the final control that we have over property taxes by changing the qualifications for property tax assessors. You legislators put almost all property assessments into the hands of a single out-of-state company called Vanguard. Vanguard can only make money when it raises the assessed values of properties. Surprise! Everyone around the state has seen their property values skyrocket over the last five years.

We can no longer afford this capricious, out-of-control and immoral tax. *It has to stop.*

I am grateful to Rep. Hoverson for introducing this bill that will allow us, the citizens who are bearing the brunt of this terrible tax, a chance to vote on it.

I have studied property tax for almost 15 years. I even co-wrote a book on the topic and I have come to the conclusion that a good amendment to eliminate property tax will have three elements. I'd like to introduce those three elements as proposed amendments to Rep. Hoverson's great bill.

**First**, remove the requirement for home rule charter in order to raise revenues. Maybe this wouldn't be part of the constitutional amendment, but just something you enact by statute. I leave that to you.

**Second**, associated with that, allow all taxing entities and political subdivisions the power to generate revenues to fund their legitimate costs. These new taxes that the political subdivisions create must be approved by the affected voters before they can be implemented. I'd like to see a 60% threshold for approval, but again, that's up to you.

Two things happen when you allow local governments to raise their own revenues as they see fit.

First, with one exception (and I'll get to that in a minute) it means that this measure will not cost the state anything. Rep. Headland can still work to abolish income tax, and wouldn't that be wonderful for our state? No property tax **and** no income tax. Talk about an economic boom for our state. We'll have to keep out of the way of the stampede as new businesses race to our state.

Second, you will ensure true local control. I don't want to see the state replacing property taxes with a complicated—or even a simple—formula.

Counties don't always know what the townships need, bigger cities' appetites often supersede the needs of small towns. You need to leave all funding to the most local government possible. Let each political subdivision decide how and how much they will fund their expenses.

About six years ago our township had a couple roads that needed repairs that would cost more than county had allotted us for roads. So we had to vote for a 2-mill increase in our property tax for 5 years. *That* is local control.

There is nothing so creative as the government when it's trying to raise revenues. The state constitution already allows counties to levy an income tax. Most cities with home rule charter have a city sales tax. So we can take our pick: income tax, sales tax, a household fee, a banana tax, a fee for shoe laces, tax whatever and however you want in order to raise the needed revenues. Just don't base the tax on the value of property and stop holding homeowners hostage to unresponsive and unsustainable spending.

**Third**, this constitutional measure should create a state-funded buffer for the transition away from property tax. And this is the one exception to money coming from the state's general funds. Take your pick, have a buffer of one, two or three years where the state covers the costs of the the missing property tax while giving local governments the time they need to re-work their budgets and pass new funding mechanisms.

And of course the Legislature needs to do what the state constitution mandates and fully fund K-12 education.

This is a plan that is not only doable, but very affordable. It will cost the state less to do this than all the buy downs and “property tax relief” bills of the last 10 years and will ensure that local governments are able to institute permanent, sustainable and equitable funding for their functions.

I urge you to consider the amendments I've proposed. Please consider the security of your homes and the homes that you hope your children and grandchildren will have and vote Do Pass on HCR 3024.

Homes foreclosed on in Fargo in 2022:







Home foreclosed on in Kenmare in 2022:

