

# HCR3024 Testimony – House Finance & Taxation Committee – 3/6/2023 9:00 AM

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Chairman Headland and House Finance & Taxation Committee members, thank you for the opportunity to testify in support of HCR3024. For the record my name is Mike Blessum. I am a small business owner, husband, and father from District 5 in Minot.

My son and I own an accounting firm in Minot. We are in the midst of our busy season where we have the opportunity to talk to hundreds of local homeowners about their income and tax challenges. We have seen the effects of the income tax relief passed during the 2021 special session. While the income tax break has been a positive, my guess is that you get the same message from your constituents that we get from our clients. Although people recognize the need for taxes to fund essential services, property tax is the greatest concern for most people.

According to my tax statement the house I own in SW Minot has appreciated in value by 8% since 2014. During that period my property tax increased by 68%. My daughter recently purchased a condo. Her property actually decreased in value during that same period, yet her property tax increased by 48%. She is doing everything right, but still faces the uncertainty in her budget due to property taxes. She is facing a \$98 increase per month in her mortgage payment because of another projected property tax increase this year.

<b>Legislative tax relief (3-year comparison)</b>		
	<b>2014</b>	<b>2022</b>
State school levy reduction	1,692.91	0
12% state-paid tax credit	496.09	0
<b>Total legislative tax relief</b>	<b>2,189.00</b>	<b>2,372.19</b>
<b>Tax distribution (3-year comparison):</b>		
	<b>2014</b>	<b>2022</b>
True and Full Value	342,000	369,000
Taxable Value	15,390	16,605
Less: Homestead credit	0	0
Veterans credit	0	0
<b>Net Taxable Value</b>	<b>15,390</b>	<b>16,605</b>
<b>Total mill levy</b>	<b>268.620</b>	<b>367.010</b>
<b>Taxes By District (in dollars):</b>		
CITY	1,198.88	1,978.48
COUNTY	1,080.67	929.04
PARK	416.92	806.52
SCHOOL (after state reduction)	1,422.22	2,363.56
STATE	15.38	16.60
<b>Consolidated Tax</b>	<b>4,134.07</b>	<b>6,094.20</b>
Less: 12% state-paid tax credit	496.09	0
<b>Net consolidated tax</b>	<b>3,637.98</b>	<b>6,094.20</b>
<b>Net effective tax rate</b>	<b>1.06%</b>	<b>1.65%</b>

**Since 2014**

**Home Value Increase**

**8%**

**Property Tax Increase**

**68%**

The best course of action is to vote those in charge out of office. Minot has done that; 14 of the 17 elected seats of our three local subs that can levy property tax have turned over since 2014. We all agree that better candidates and better decision making can give us better outcomes, but we certainly aren't seeing it in our area. All that we see are the taxing authorities colluding to make sure there is room in the property tax totals to cover all of the pet projects.

The legislative assembly has tried to help through buy down programs. I guess that means that my property tax should be more like \$8500 instead of the \$6100 it is today. We all know these plans don't work because the local subs just use it as an opportunity to keep our taxes the same while receiving the additional funds. While it would be great to have the legislative assembly step up and make major changes to or outlaw property tax altogether, I know that is a tall order. The best thing you can do is give it back to the people to decide.

We have heard a lot this session about the great work that the legislative assembly has done to leverage the economic windfall that oil and gas have provided our state. Now is the time to think bigger than income tax rate adjustments and go after a major pain point for North Dakota families. North Dakota is in the higher half of effective property tax rates nationwide. My rate of 1.65% is higher than the average of all but the 9 highest effective rates in the country and places me among the rates of New York, Vermont, Connecticut, Illinois, and New Jersey.

I have no expectation that our legislative assembly would eliminate the property tax. I do hope that you will return a do pass recommendation on HCR3024 and give the people a chance to choose their own path forward. Thank you Chairman Headland and members of the committee. I am happy to stand for any questions you may have.

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Rank	State	Real Estate Tax Rate	Average Home Price	Annual Property Tax
1	Hawaii	0.28%	\$615,300	\$606
2	Alabama	0.41%	\$142,700	\$895
3	Colorado	0.51%	\$343,300	\$1,113
4	Louisiana	0.55%	\$163,100	\$1,187
5	District of Columbia	0.56%	\$601,500	\$1,221
6	South Carolina	0.57%	\$162,300	\$1,238
7	Delaware	0.57%	\$251,100	\$1,240
8	West Virginia	0.58%	\$119,600	\$1,269
9	Nevada	0.60%	\$267,900	\$1,310
10	Wyoming	0.61%	\$220,500	\$1,319
11	Arkansas	0.62%	\$127,800	\$1,358
12	Utah	0.63%	\$279,100	\$1,362
13	Arizona	0.66%	\$225,500	\$1,446
14	Idaho	0.69%	\$212,300	\$1,492
15	Tennessee	0.71%	\$167,200	\$1,548
16	California	0.76%	\$505,000	\$1,644
17	New Mexico	0.80%	\$171,400	\$1,740
18	Mississippi	0.81%	\$119,000	\$1,751
19	Virginia	0.82%	\$273,100	\$1,779
20	Montana	0.84%	\$230,600	\$1,818
21	North Carolina	0.84%	\$172,500	\$1,833
22	Indiana	0.85%	\$141,700	\$1,853
23	Kentucky	0.86%	\$141,000	\$1,866
24	Florida	0.89%	\$215,300	\$1,934
25	Oklahoma	0.90%	\$136,800	\$1,952
26	Georgia	0.92%	\$176,000	\$2,006
27	Missouri	0.97%	\$157,200	\$2,111
28	Oregon	0.97%	\$312,200	\$2,116
29	North Dakota	0.98%	\$339,000	\$2,138
30	Washington	0.98%	\$193,900	\$2,134
31	Maryland	1.09%	\$314,800	\$2,370
32	Minnesota	1.12%	\$223,900	\$2,429
33	Alaska	1.19%	\$270,400	\$2,599
34	Massachusetts	1.23%	\$381,600	\$2,667
35	South Dakota	1.31%	\$167,100	\$2,857
36	Maine	1.36%	\$190,400	\$2,953
37	Kansas	1.41%	\$151,900	\$3,060
38	Michigan	1.54%	\$154,900	\$3,343
39	Ohio	1.56%	\$145,700	\$3,390
40	Iowa	1.57%	\$147,800	\$3,407
41	Pennsylvania	1.58%	\$180,200	\$3,442
42	Rhode Island	1.63%	\$261,900	\$3,548
43	New York	1.72%	\$313,700	\$3,749
44	Nebraska	1.73%	\$155,800	\$3,754
45	Texas	1.80%	\$172,500	\$3,907
46	Wisconsin	1.85%	\$180,600	\$4,027
47	Vermont	1.90%	\$227,700	\$4,135
48	Connecticut	2.14%	\$275,400	\$4,658
49	New Hampshire	2.18%	\$261,700	\$4,738
50	Illinois	2.27%	\$194,500	\$4,942
51	New Jersey	2.49%	\$335,600	\$5,419

<https://www.rocketmortgage.com/learn/property-taxes-by-state>