

Written Testimony for the
House Finance and Tax

February 3, 2025

Erica Johnsrud, McKenzie County Auditor/Treasurer



RE: OPPOSITION for SB 2201

Good morning, Chairman Headland, and members of the House Finance and Tax Committee. My name is Erica Johnsrud and I have the honor of serving as the Auditor/Treasurer for McKenzie County. I stand in opposition of SB 2201, specifically Section 2.

The intent of this bill is to correct an issue identified in the Interim for the Primary Residence Credit for those citizens who hold their primary residence in a trust and were denied the credit due to current language in the statute referring to “individuals.” I want to be clear that I fully support the ability of those who hold property in a trust to have the ability to apply for and receive the Primary Residence Credit.

My opposition is to Section 2 of the bill which outlines with the retroactive application process. Page 3, line 27 states “A taxpayer, regardless of the application requirements and deadlines...may file an abatement claim to receive a refund...” (emphasis added). This opens the application and retroactive application to apply to **any** primary resident who failed previously to apply, not just to those who applied but were denied the credit due to their property being held in a trust.

Abatement applications require significant administrative work to complete. In a county, such as McKenzie, where the application percentage was low (around 25%) compared to what was expected, we could be inundated with applications by any person who simply didn’t apply, not just those trusts who would now be eligible, several of whom did apply for the credit during the original window and were denied.

The State Tax Commissioner’s Office did a great job of getting the word out to the public about the hard deadline for the Primary Residence Credit – radio, print, television, mailers, and social media were all utilized. My understanding during the 2023 Legislative Session was that the application deadline was firm, no exceptions. I agree that those who were denied the credit due to property in trust should have the ability to apply for and receive the credit.

I ask you to consider the following revisions to Section 2 of SB 2201 – to limit the retroactive abatement application to only those with a primary residence held in trust that were previously ineligible and to set a separate hard deadline, such as May 1, 2025, in which only these taxpayers have the ability to retroactively apply. These changes would allow for more timely processing of any retroactive abatement applications received and allow for a one-time exchange of information

between the counties, Tax Commissioner's Office, and State Treasurer for the upload of data and distribution of the refunds rather than on-going back and forth over a period of many months, possibly years, for these abatements to be submitted as they are received, which may be one or two at a time.

Property tax reform is a difficult topic in which to please everyone. I want to express my gratitude to the Legislative Assembly for all their hard work on property tax reform. However, I urge a **DO NOT PASS** recommendation on SB 2201 in the current form and again urge the committee to take a closer look at placing limitations on the retroactive application process rather than allowing any taxpayer to apply.