

Testimony in Support of **House Bill # 1176**

Senate Finance and Taxation Committee

March 10, 2025

Chairman Weber and members of the Senate Finance and Taxation Committee, my name is Joan Hollekim from Stanley, ND. I am currently serving as President of the ND County Commissioner's Association. I am a county commissioner for Mountrail County and serve on several other boards. I also am a past County Auditor.

In Regard to Property Tax Relief:

One of the many reasons I voted against Measure 4 was the fact that it provided property tax relief to large for-profit corporations. Another reason, I wanted property tax relief to be sustainable. Will property tax relief be sustainable especially for ND residents if the credit applies to large for-profit corporations which include the centrally assessed properties and maybe even extended to rural electric cooperatives as recently requested in testimony at the HB1575 hearing? There is no easy solution to tax relief, and it will not be resolved in one legislative session. This is why I support the primary residence property tax credit as I feel the residents of North Dakota should be the first to benefit from tax relief. Do I think there are other classes of property that deserve tax relief, absolutely. HB#1176 breaks down residential property into two categories, primary residential property and nonprimary residential property. What if this same concept was used for other classes of property (such as agricultural properties) making it certain that the implementation of each step of property tax relief is sustainable. My husband and I own two houses in Stanley, do I expect relief on both houses? No, I do not, one of the reasons I like the two classifications of residential property. In fact, I don't believe that 100% of my taxes should be covered by a residential property tax credit as I want all North Dakota residents to benefit from the wealth. I do not envy your job as no matter what relief may be approved by the legislators someone will be unhappy. Please know that I am appreciative of the fact that property tax relief is a top priority of legislators. Thank you for that.

In Regard to Property Tax Reform:

Sadly, there are taxing districts (not all) where the burden to the taxpayer has become unbearable. Have we studied the reason why some taxpayers are more overwhelmed with property taxes than others or are we just assuming all taxpayers are paying too much in property taxes? The ND Tax Commissioner has a great property tax lookup tool, it is obvious where some of the problems exist. Don't get me wrong, I do believe in property tax reform, but I do not feel it is fair to cap all taxing districts equally considering they are all unique. In fact, I do not feel it is necessary to place a cap (other than what is currently imposed) on many taxing districts. What reform does an essential ambulance or fire district need when the levy authority is authorized by the vote of the people and

their levies are already capped? HB#1176 was amended to allow townships to levy up to 18 mills. I agree with this exception but by making exceptions, are you agreeing that caps are not necessary for all taxing districts? Last week, I heard testimony requesting small cities be exempted from the 3% cap. I don't know the answer except the 3% cap is not a one size fits all and there may need to be more considerations for exemptions.

The ND Association of Counties recently compiled 2024-year data for counties. I personally like to look at the data for the general funds of taxing districts. If the 3% cap is implemented there will be several counties that will be limited to under \$15,000 in additional property tax revenue to cover general fund expenses. This is even more concerning if there is little or no new growth in these same counties. Being a city resident, I am concerned that sewer and water rates will increase to cover costs that may be currently covered by property taxes. The concern is not for me but for those individuals living on a fixed income, especially those that already qualify for a Homestead Tax Credit. Imagine having a limited income and having to pay an extra \$50 per month or perhaps more for increased water and sewer fees. This individual will see no relief as they will not get a Homestead Tax Credit on their water and sewer bill. In many cases, a tax cut (or restriction) in one area only shifts the tax to another area. Fee increases may be the only feasible way for some cities to increase revenues to meet budgetary expenses, especially in cities that have little or no growth or where a sales tax would generate very little revenue.

I recognize we need a starting point to property tax reform; local officials also need to be held accountable, but we need to recognize that local taxing districts are not exempt from continual inflationary costs and many times these costs are more than 3%. Please consider allowing a little more flexibility than the 3% cap.

Measure 4 opened a lot of eyes; I hope that all levels of government will work together to provide tax relief to the taxpayers. Thank you for your past and continued support to assist local taxing districts with the continually increasing costs of providing quality services and programs. Also, thank you for the opportunity to speak on HB#1176. Are there any questions on my testimony?

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