

**2021 HOUSE FINANCE AND TAXATION**

**HB 1325**

# 2021 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Room JW327E, State Capitol

HB 1325  
1/19/2021 am

A bill relating to an optional residential property tax freeze for owners who are age sixty-five or older.

**Chairman Headland** opened the hearing at 10:06am.

Representatives	Present
Representative Craig Headland	Y
Representative Vicky Steiner	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Sebastian Ertelt	Y
Representative Jay Fisher	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Tom Kading	Y
Representative Ben Koppelman	Y
Representative Marvin E. Nelson	Y
Representative Nathan Toman	Y
Representative Wayne A. Trottier	Y

### Discussion Topics:

- Proposed amendment 21.0760.02001
- Freezing property taxes for those age 65 years or older
- Study

**Representative Satrom** introduced bill. Distributed a proposed amendment 21.0760.02001 (#1713).

**Terry Traynor, North Dakota Association of Counties**, was going to testify in opposition but with the proposed amendment is now in support (#1369).

**Blake Crosby, North Dakota League of Cities**, is in support of the study (#1221).

**Representative K. Koppelman** testified in support (no written testimony).

**Harold Stewart, Manager for the City of Minot**, is in favor of a study but in opposition of the bill (#1309).

**Paul Houdeck, City Assessor for the City of Grand Forks**, testified in support of a study but in opposition of the bill (#1229).

**Chairman Headland** closed the hearing at 10:23.

**Additional written testimony:**

**Sarah Hellekson, City Auditor for the City of Jamestown**, testimony in opposition (1686).

**Dustin Gawrylow, Managing Director for the North Dakota Watchdog Network**, testimony in favor (#1026 and 1027).

**Bea Streifel, ND CWPAC**, testimony in support (#1408).

**Paul Fracassi, Cass County**, testimony in opposition (#1378).

**Allyn Sveen, Auditor for the City of Stanley**, testimony in opposition (#1333).

**Dwaine Heinrich, Mayor for the City of Jamestown**, testimony in opposition (#1313).

**Lori Hanson, Mountrail**, testimony in opposition (#1283).

**Kent Costin, Director of Finance for the City of Fargo**, testimony in opposition (#1278).

**David Steele, Council Member for the City of Jamestown**, testimony in opposition (#1205).

*Mary Brucker, Committee Clerk*

21.0760.02001  
Title.

Prepared by the Legislative Council staff for  
Representative Satrom  
January 18, 2021

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1325

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study of the adequacy of property tax relief for retired individuals.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY - ADEQUACY OF PROPERTY TAX RELIEF FOR RETIRED INDIVIDUALS.** During the 2021-22 interim, the legislative management shall consider studying the impact of property tax policies on retired individuals. The study must include a review of the various approaches to providing property tax relief to retired individuals, including a review of whether the relief provided by the homestead property tax credit under section 57-02-08.1 is adequate. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly."

Renumber accordingly



## RENTER'S REFUND BENEFIT:

- The renter's refund provides a partial refund on rent paid for living quarters or for a mobile home lot.
- Refund can be up to, but not exceeding, \$400.

## RENTER'S REFUND QUALIFICATIONS:

- For a husband and wife who are living together, only one may apply for the refund. Only the spouse applying for the refund needs to be 65 years old or older, or disabled.
- Renters must meet the same income requirements as homestead credit applicants. There is no asset limitation for renters.
- No refund may be made to a person who pays rent or fees for any living quarters, including nursing homes, that are exempt from property taxation and for which payment in lieu of property taxes is not made.
- Heat, water, lights, telephone or furniture costs may not be considered as part of your rent costs. If your landlord pays for these items, you must deduct the cost of these items from your rent when you apply for a refund. If you pay for your utilities and furniture yourself, you may not add the costs of these items to your rent when you apply for the refund.
- In order for you to receive a refund for part of the rent you pay, your annual rent payments must use a certain percentage of your income. Here is how the formula works:

When 20% of your annual rent exceeds 4% of your income, you receive a refund for the overpayment of rent. Example: A renter pays \$450 per month in rent (\$5,400 per year), and the renter's income is \$18,000.00.

20% of \$5,400 is \$1,080

4% of \$18,000 is \$720

Because \$1,080 is \$360 greater than \$720, the renter is entitled to a refund of \$360.

## APPLICATION PROCESS

### Homestead Credit:

Homeowners must file an application for a property tax credit with their local assessor or county director of tax equalization by February 1 (or as soon thereafter as possible) in the year in which your property is assessed and for which the credit is requested.

### Renter's Refund:

Renters must file an application for a refund with the Office of State Tax Commissioner before June 1 following the year for which the refund is claimed. Applications must be sent to:



**OFFICE OF STATE TAX COMMISSIONER**  
**600 E. BOULEVARD AVE., DEPT. 127**  
**BISMARCK, ND 58505-0599**

**701.328.3127**

**877.328.7088** OPTION 6

**800.366.6888**

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#1369



## HOMESTEAD PROPERTY TAX CREDIT & RENTER'S REFUND

FOR SENIOR CITIZENS &  
DISABLED INDIVIDUALS



**OFFICE OF STATE TAX COMMISSIONER**  
**RYAN RAUSCHENBERGER**



# HOMESTEAD PROPERTY TAX CREDIT

**You may qualify for a credit to reduce your property taxes or a partial refund of the rent you pay.**

Qualified homeowners receive a credit to reduce property taxes on their home and qualified renters receive a partial refund of their rent.

## ELIGIBILITY REQUIREMENTS (APPLY TO BOTH THE HOMESTEAD CREDIT AND THE RENTER'S REFUND):

You may be eligible for North Dakota's Homestead Credit Program if:

- You are 65 years of age or older (unless you are permanently and totally disabled) in the year for which your application is made (or the year refund is claimed).

OR

- You are a permanently and totally disabled person.

## DISABLED INDIVIDUAL REQUIREMENTS:

- Proof of total disability must be established with a certificate from a licensed physician, or a written determination of disability from the social security administration or any federal or state agency that has authority to certify an individual's disability.
- You may be either a homeowner or renter.
- There is no age requirement for the permanently and totally disabled applicant.
- A disabled homeowner must meet the same requirements, except for age, as a senior citizen homeowner (see the section on "Homestead Credit Qualifications").
- A disabled renter must meet the same requirements, except for age, as a senior citizen renter (see the section on "Renter's Refund Qualifications").

## HOMESTEAD CREDIT BENEFIT:

- The homestead credit will reduce the homeowner's taxable value according to the following schedule:

If your income is	Taxable value is reduced by	Maximum reduction of taxable value	Maximum reduction of true & full value
\$0 - 22,000	100%	\$5,625	\$125,000
\$22,001 - 26,000	80%	\$4,500	\$100,000
\$26,001 - 30,000	60%	\$3,375	\$75,000
\$30,001 - 34,000	40%	\$2,250	\$50,000
\$34,001 - 38,000	20%	\$1,125	\$25,000
\$38,001 - 42,000	10%	\$ 563	\$ 12,511

- The property tax credit is subject to adjustment, equalization and abatement in the same manner as other real property assessments.
- If a recipient of the homeowner's property tax credit sells the homestead, the credit is portable and may be applied to the recipient's new homestead.
- In the event of the applicant's death, all benefits terminate at the end of the taxable year.

## HOMESTEAD CREDIT QUALIFICATIONS:

- For a husband and wife who are living together, only one may apply for the credit. Only the spouse applying for the credit needs to be 65 years of age or older, or disabled.
- You must reside on and have an interest in the property for which the credit is claimed.
- Your income, plus the income of your spouse and any dependents, may not exceed \$42,000 for the calendar year preceding the assessment date. You must consider income from all sources, which includes but is not limited to social security benefits, pensions, salaries, Experience Works, TANF, alimony, unemployment benefits, dividends, interest, net gains from the sale of property, net rental

income and net profit from any business, including ranching and farming.

- Payments NOT considered income under this act include: gifts, inheritances, life insurance proceeds, social security lump sum death payments, workforce safety and insurance payments, insurance policy proceeds for illness, injury, or casualty losses to property, child support, federal fuel assistance, renter's refund payments, food stamps, veteran's disability payments, payments for foster care of a qualifying child or adult or for difficult care, Foster Grandparents Program, Retired Senior Volunteer Program (RSVP), Senior Companion Program and Vista Program.

- Medical expenses actually paid during the year are deductible from income if not compensated for by insurance or otherwise reimbursed.

- Your assets may not exceed \$500,000, including the market value of your homestead and the value of any assets gifted or otherwise divested within the last three years.
- No person shall qualify to receive the property tax credit if the homestead is rented while the owner is temporarily absent or the homestead is a farm structure which is exempt from taxation.





HB 1325  
House Finance and Taxation Committee  
Rep. Craig Headland, Chair  
January 19, 2021

Good morning Chairman Headland and Committee members. For the record, Blake Crosby, Executive Director, North Dakota League of Cities

I am here to testify in opposition to HB 1325. It is very similar to the age 65 and older bill (HB 1487) introduced last Session by Rep. Kasper which froze property tax. This bill freezes the true and full valuation to the most recently assessed valuation which moves it into the realm of assessors. I am sure you will hear from those experts.

HB 1487 was graciously amended to a study by Rep. Kasper due to the many unanswered questions it raised. This bill, HB 1325, does not answer any of those questions either. It is bad public policy to be passing bills for which the impacts are unknown and for which there is no backstop.

The COVID-19 pandemic cost cities revenue. Sales tax was down, State aid distribution was down, highway tax was down, business in general was down...why do we want to add insult to injury. Give them some time to recover.

The financial impact of this bill to cities and all political subdivisions that receive tax levy revenue is unknown but could be significant. As I did last Session, you have a list of cities and populations 60-64 and 65+ to the tune of about 197,000 persons. Do your math and figure out the impact.

Refreshing your memory, over 60% of all 357 incorporated cities in North Dakota have a population of less than 500. A couple of thousand dollars drop in funds needed to maintain the operations of local government is significant. And, any freeze on property taxes is really a tax shift. A freeze does not lessen the cost of running a city. If someone pays less, someone else pays more. This bill would hurt smaller communities in particular.

I believe a better solution is to move this age-related tax freeze to the Homestead Credit section, NDCC 57-02-08.1, which already includes the age 65+ criteria. That way those persons 65+ get the tax freeze, there is no tax shift to other taxpayers and there is no harm to political subdivisions.

Without moving this bill to the Homestead credit section of NDCC 57-02, I do not see the necessity for HB 1325 and respectfully ask for a DO-NOT PASS. I will do my best to try and answer any questions. Thank you for your time and consideration.

House Finance and Taxation  
Chairman – Representative Craig Headland  
January 19, 2021

### Testimony

By: Harold Stewart  
City Manager, City of Minot  
[harold.stewart@minotnd.org](mailto:harold.stewart@minotnd.org)  
701-857-4750

### HB 1325

Thank you for the opportunity to testify regarding HB 1325 on behalf of the City of Minot. We would like the record to show that the City of Minot is opposed to the changes proposed in this bill.

Minot, like many other communities throughout the State of North Dakota, experienced a significant decrease in many revenue streams that support various operational costs and projects. State Operating revenues received by the City decreased \$2.22 million (27.3% decrease from the prior year), State Capital revenues decreased approximately \$935,000 (34.7% decrease from the prior year), Sales Tax revenues decreased \$3 million (15% decrease from the prior year), and HUB City revenues decreased \$2.28 million (36.3% decrease from the prior year). These decreases represent the financial impacts of the COVID pandemic, the changes in the oil market, and other economic pressures.

In addition to the significant decline in revenues Minot continues to experience the need to fund rising operational costs and infrastructure investments. The City has had to prioritize needs such as the maintenance and replacement of current aging infrastructure, installation of new infrastructure to address growth and capacity needs, investment into wages and benefits to decrease employee turnover due to market competitiveness, and recovery and prevention efforts from the 2011 Flood. Minot is not alone in experiencing declining revenues simultaneous with increasing demand and cost for local government services and infrastructure investment.

Given the previously stated background, the City of Minot would respectfully request this committee to consider the following impacts this proposed bill represents to local jurisdictions:

1. Property tax is one mechanism local governments uses to fund such core services as police, fire and emergency services. Citizens 65 or older represent a significant number of response calls in these areas. Exempting this demographic from property tax shifts the cost burden disproportionately to other citizens/entities of the community.
2. This bill would also potentially create a “loophole” allowing for significant numbers of properties to be exempted. In effect property deeds could be filed with an eligible exempted individual despite non-exempt individuals also living on the property. For example, an owner of a residential property could place an eligible parent on the deed since the parent is living with them or on the property. In fact, there would be a tax incentive in place to do just that.
3. Many communities’ demographics include a significant, and growing, percentage of citizens 65 or older. If adopted this bill would significantly erode the number of taxable properties within a jurisdiction. With one of the largest generations in American history, the Baby Boomers, now reaching this milestone, the negative effects of this bill will decimate the financial solvency of

local governments. Small rural communities especially will struggle and likely not survive the repercussions of this bill.

Local governments exist to provide core protections and services to their constituencies such as public safety, utilities, quality roads, a rich quality of life, and protection of rights. HB 1200 undermines the sustainability of cities to continue to meet these needs for the foreseeable future. As such Minot respectfully requests the committee vote a “do not pass” recommendation on this bill.

255 N. 4th St.  
PO Box 5200  
Grand Forks, ND 58206-5200



Mayor Brandon Bochenski  
(701) 746-4636

## **TESTIMONY ON HOUSE BILL 1325**

### **House Finance & Taxation Committee**

**January 19, 2021**

**Paul Houdek, City Assessor, City of Grand Forks, ND**

Mr. Chairman and members of the committee, my name is Paul Houdek, and I am the City Assessor for the City of Grand Forks. I want to thank you for the opportunity to provide testimony and express my opposition to this legislation.

I am contacting you today in opposition of House Bill 1325. This bill would have devastating effects to all taxing jurisdictions. It will eliminate tax increases on all property owned by people that are 65 years of age and older. Just simple inflationary increases to the property taxes will be shifted from all property owners to only those property owners that are under the age of 65 years old. Think about the demographics in many small towns in North Dakota for a moment. When a large portion of your residential property is owned by people over the age of 65, the future tax increases will be picked up by residential properties owned by people under the age of 65, as well as commercial and agricultural property within the county. This is a shift in the tax burden. It will save some people some money, for sure, but at the same time shifting the burden to younger property owners, commercial and agricultural property owners as well. I believe this will lead to increases in mill rates which would not otherwise happen without this law. There is no "needs test" at all in this bill. Many retirement age property owners have a significant financial portfolio which further complicates this issue. Freezing the property tax bill for a person who has a good retirement income as well as significant assets and shifting that burden onto young families is not an appropriate solution. Thank you for considering my testimony.

The Grand Forks City Assessor and the City of Grand Forks Legislative Committee oppose this bill. I would also ask you to oppose this bill as well.

Respectfully,

Paul Houdek,

Grand Forks City Assessor



SARAH HELLEKSON  
CITY ADMINISTRATOR/CITY AUDITOR  
102 THIRD AVENUE SOUTHEAST  
JAMESTOWN, ND 58401

SHellekson@JamestownND.gov  
701 252 5900 GENERAL LINE  
www.JamestownND.gov  
Info@JamestownND.gov

January 19, 2021

RE: House Bill 1325 relating to an optional residential property tax freeze for owners who are age sixty-five or older

Chair Rep. Headland, Vice-Chair Rep. Steiner, and Members of the House Finance and Taxation Committee:

HB 1325 is detrimental to Jamestown and to North Dakota. According to 2019 U.S. Census data, 1,880 of the residential properties in Jamestown were owned and/or occupied by someone 65 years of age or older. HB 1325 would cause Jamestown a 41% decrease in property tax revenue. In a city that already has the large percentage of government-owned property, and therefore already a substantial burden on property owners, this would be a devastating problem for any property owner, residential and business, in this community.

This is a sure method to guarantee a decrease in our state population and an increase in the relocation of people and businesses to neighboring states and Canada.

Please withdraw your support for HB 1325. Thank you for your continued work in representing the people of this region and North Dakota.

Sincerely,

Sarah Hellekson

City Administrator / City Auditor

Census Data, 1-19-2020,

[https://data.census.gov/cedsci/table?q=0400000US38\\_1600000US3840580&tid=ACSDP5Y2019.DP02](https://data.census.gov/cedsci/table?q=0400000US38_1600000US3840580&tid=ACSDP5Y2019.DP02)





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Pensions (<https://www.ncsl.org/searchresults/issearch/false/kwdid/1088.aspx>)

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State Budget Conditions (<https://www.ncsl.org/searchresults/issearch/false/kwdid/1021.aspx>)

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State Budget Procedures (<https://www.ncsl.org/searchresults/issearch/false/kwdid/1022.aspx>)

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State Revenues and Tax Policy (<https://www.ncsl.org/searchresults/issearch/false/kwdid/276.aspx>)

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# State Property Tax Freeze and Assessment Freeze Programs



12/31/2012



The property tax is the primary source of revenue for local governments in the United States. However, according to researchers at the National Center for Policy Analysis, the property tax has historically been one of the most unpopular taxes, largely because it is one of the most noticeable taxes, as most homeowners write a few checks a year to pay for it. For older Americans living on fixed incomes, the tax can be a concern because of worries over being priced out of their homes. Because of the unpopularity of the tax, property tax

limits have become common throughout the country. Nearly all states have homestead exemption and credit programs in place for seniors and other qualifying individuals to exempt a certain amount of a home’s value from taxation. At the same time, six states have property tax freeze programs that bar property tax increases for eligible individuals. These programs are usually an optional program for local governments. Ten states have assessment freeze programs that limit how much property values can increase in a year for tax purposes. The following charts list state property tax freeze programs and property assessment freeze programs for 14 states (Oklahoma and Rhode Island have both property tax freeze and assessment freeze programs).

CT| NJ| OK| RI| TN| TX

States with Property Tax Freezes				
State	Year Enacted	Age Requirement	Income limit	Additional
Connecticut	2006	Age 70 or older	No	The program is a local government option and not a requirement. Local governments may set asset limits. An applicant must have lived in Connecticut for at least one year before applying. A surviving spouse who is age 62 or older may also apply.



<b>New Jersey</b>	1998	Age 65 or older	Yes	<div>The current \$70,000 (both married), but can change from year to year. The program is essentially a reimbursement program: The amount reimbursed is the increase (if any) above the amount of property tax paid in the first year the applicant qualified.</div> <div><div></div><div></div><div></div></div>
<b>Oklahoma</b>	1996	Age 65 or older	No	The program is a local government option and not a requirement. Local governments may set asset limits.
<b>Rhode Island</b>	2009	Age 65 or older	No more than \$4,000	The program is a local government option and not a requirement.
<b>Tennessee</b>	2006	Age 65 or older	Yes	The program is an option for counties and/or municipalities and not a requirement. The income limit would be set by the counties. Applicants would have to apply annually. Improvements to the property would increase the tax base amount.
<b>Texas</b>	2003	Age 65 or older	No	The program is a local government option and not a requirement. The tax ceiling is set at the amount paid in the year the applicant qualifies; it may go up if the property is improved unless the improvements are for repairs or standard maintenance.




AZ| AR| GA| IL| LA| NM| OK| RI| SD| WA

States with Assessment Freezes

State	Year Enacted	Age Requirement	Income Limit	Additional
Arizona	2000	Age 65 or older	None	Disabled individuals and permanently totally disabled veterans may also apply.
Arkansas	2001	Age 65 or older	Yes	The income limit is less than 400% of the Supplemental Security Income benefit rate for individuals and less than 500% for joint owners.
Georgia	1994	Age 62 or older	Less than \$30,000	This program may be used in lieu of, not in addition to, any other homestead exemption.
Illinois	1994	Age 65 or older	Less than \$55,000	A surviving spouse need not be age 65 or older who otherwise meets the income qualification.
Louisiana	2000	Age 65 or older	Currently less than \$67,000. A limit of \$50,000 was set in 2001 and is adjusted annually by the Consumer Price Index.	Permanently totally disabled individuals and veterans who are at least 50% disabled may also apply.
New Mexico	2000	Age 65 or older	Currently less than \$32,000. This limit was set in 2010 and is adjusted annually by the Consumer Price Index.	Applicants must apply annually.



<b>Oklahoma</b>	2004	Age 65 or older	Yes	<div> <div>The income limit is set by the Department of Housing and Urban Development for the applicant's county.</div>  </div>
<b>Rhode Island</b>	2009	Age 65 or older	Yes	The state authorized freezes for eight towns. However, the freeze currently applies to five towns; income limits and other additional requirements are determined locally.
<b>South Dakota</b>	1980	Age 65 or older	Yes	The income limit is \$25,116.03 (single) or \$31,395.04 (married) and adjusted by the Consumer Price index. The applicant must have resided for at least 200 days of the previous calendar year in the property.
<b>Washington</b>	1995	Age 61 or older	Less than \$35,000	Individuals who retire because of a disability or veterans who are 100% disabled may also apply. A surviving spouse or domestic partner of someone who had been eligible may also apply if they are age 57 or older and meet all other requirements.



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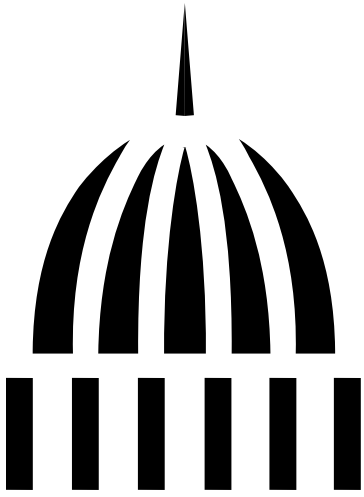
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**HB 1325 – Testimony by Dustin Gawrylow (Lobbyist #266) North Dakota Watchdog Network**

Property tax burden is a perpetual argument. Especially when it comes to older residents, many of whom rely on fixed income.

Concerns: The word “optional” raises the question of who is exercising the option. The homeowner, or the county? Some state do this county by county. It is our view this should be a statewide program.

Income Indexing: If indexing this exemption to income would increase the chance of passage, we would support that assuming the income level was high enough to still benefit the people it intends to benefit.

Otherwise, we support the concept of exempting senior citizens from burdensome property tax increases, and hope this committee can do the same for others regardless of age.



Thank you for your work on this bill! I support HB 1325. My Mom is 76 years old and still working fulltime to pay her bills. Her property tax bill is more than her house payment. This is a shame on ND! We need to relieve those who will not be having more children, who have paid more than their fair share and who are now forced to work because of the high property tax burdening our elderly. Please pass this bill.

Thank you!



## Equalization Department

Box 2806  
211 Ninth Street South  
Fargo, ND 58103

Telephone: 701-241-5616  
Fax: 701-241-5729  
[assessor@casscountynd.gov](mailto:assessor@casscountynd.gov)

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Testimony prepared for:

**House Finance and Taxation Committee**

Prepared January 18, 2021

Paul Fracassi, Director of Equalization

Cass County Government

RE: House Bill No. 1325

Chairman Headland and Committee Members;

Thank you for the opportunity to submit written testimony regarding House Bill No. 1325.

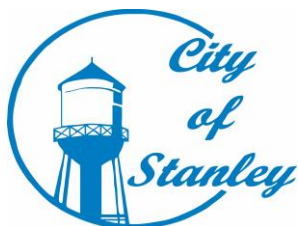
The bill as written fails to address improvements that could be made to a property after the freeze is initiated. Basement finish, additions, house flips, etc., would all go unaccounted resulting in a substantial loss in the tax base for the local jurisdiction. The value will be picked up someday, however, it's important to remember that a freeze in value is simply a shift in the tax burden. In this case, it is a shift in the burden to those under 65.

For the reason above, I am opposed to bill as it is currently written.

Sincerely,



Paul Fracassi  
Cass County Government, Director of Equalization



221 S. Main St.  
PO Box 249  
Stanley, ND 58784-0249  
701-628-2225  
701-628-2232 Fax  
1-800-366-6888 TTY  
[allyn@stanleynd.us](mailto:allyn@stanleynd.us)

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January 18, 2021

HB # 1325 (1/19/2021 Hearing – 9:30 A.M.)

Dear Chair Headland and Honorable Members of the House Finance and Taxation Committee:

I am respectfully requesting you to support a **“DO NOT PASS”** on House Bill #1325 relating to optional residential property tax freeze for owners who are age 65 or older.

House Bill #1325 is not a fair taxation method. By allowing a residential property tax freeze for owners who are age 65 or older only shifts the tax burden to those less than 65 years of age. The State of ND already allows for property tax credits for senior citizens and disabled persons and veterans that meet qualifications. This proposed property tax freeze would distort the overall valuation within a city especially those cities that have a large elderly population.

Please do not place this unnecessary burden on a select group of taxpayers, your support for a **“DO NOT PASS”** on House Bills #1325 is greatly appreciated.

Sincerely,  
Allyn Sveen  
Stanley City Auditor

E-mail: District #2 & #4 House Representatives  
[bertanderson@nd.gov](mailto:bertanderson@nd.gov)  
[dlongmuir@nd.gov](mailto:dlongmuir@nd.gov)  
[cfegley@nd.gov](mailto:cfegley@nd.gov)  
[tbjones@nd.gov](mailto:tbjones@nd.gov)

House Finance and Taxation Committee

Re: House Bill 1325

Dear Mr. Chairman and members of the committee:

As you know I am the mayor of Jamestown. I am writing today on my own behalf to speak in opposition to this bill

I just saw this bill which is a very, very bad bill. Do you have any idea how many homeowners there are living in Jamestown that are 65 years of age or older.

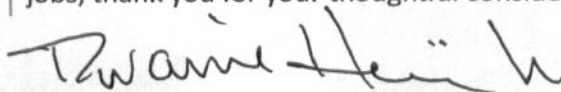
If you are going to put this in place then you must replace the lost taxes to the local political subdivisions with money from the state. If not you will be directly responsible for creating property tax increases for the hard-working folks who are under 65 years of age. Many of these younger folks do not have their homes paid for, they are often paying off student loans and/or are helping their kids through college.

Eliminating this source of revenue for local political subdivisions does not reduce the cost of government but only transfers that cost to other folks. Money is not saved by having Billy pay for Bobby's ice cream.

Now if you have money at the state level to replace these funds by all means go for it. If the intent is however, to pay for this on the backs of hard-working under 65 year years of age Jamestown residents this cannot be supported. Every action has a reaction. This action would cause a devastating reaction and harm to many.

We have the Homestead Tax Credit that is available to low income folks 65 years of age or older or who are disabled. This is a very poorly conceived plan, I do not know where it came from but I urge you to withdraw your support for this as it will injure many of the taxpayers you are in Bismarck to represent.

Again, I respectfully request that you reconsider your support for this bill. I know you all have difficult jobs, thank you for your thoughtful consideration.



Dwaine Heinrich

Jamestown Mayor

701-952-5931



#1283

Monday, January 18, 2021

HB 1325 (1/19/2021 Hearing – 9:30 AM)

Dear Chairman Headland and Honorable Members of the House Finance and Taxation Committee:

I am respectfully requesting you to support a **“DO NOT PASS”** on House Bill 1325 relating to the optional residential property tax freeze for owners who are age 65 or older.

A residential property tax freeze for owners who are age 65 or older, shifts the tax burden to those under the age of 65 along with shifting the tax burden to the other property classes (commercial and agricultural). As written the bill has a definition of income but no limitations on income to receive the optional property tax freeze.

Currently, under North Dakota Century Code 57-02-08.1, an individual who is 65 years of age or older may apply for what is known as the Homestead Credit. The application filed needs to meet ownership, income and assets requirements. There is a limitation on income – not in excess of \$42,000, assets not in excess of \$500,000. The maximum reduction allowed is a \$5,625 taxable value which equates to a true and full value of \$125,000.

Since the Homestead Credit already exists in the Century Code for those 65 and older, possible adjustments can be made to the existing Century Code to meet the intent of HB 1325. As the bill stands, I would support a **“DO NOT PASS”**.

Thank you for your consideration.

Sincerely,

**Lori Hanson**  
**Mountrail County Director of Tax Equalization**

**City of Fargo**  
**House Finance and Taxation Committee Hearing**  
**HB 1325 - Property Value Freeze for Senior Citizens**  
**1/19/2021**

Chairman Headland and members of the House Finance and Taxation Committee, thank you for the opportunity to testify on HB 1325. I am Kent Costin, Director of Finance of the City of Fargo.

This bill arbitrarily freezes property valuation for any citizen age 65 or older. We have testified in past legislative sessions about the negative impacts of freezing values and how this creates a disproportionate tax burden on the remaining taxpayers.

The impact of this bill would simply shift additional burden to younger taxpayers who may be less able to pay. In Fargo's case our demographics show that about 11% of our citizens are age 65 or older. Another 5% is between the age of 60-64. As property values trend higher the tax gap will widen between age categories which creates taxpayer inequity. This bill also grants the rights of co-owner of the property seeking relief under this provision without an age restriction. This appears to be very arbitrary and will add complexity to the local assessment process.

Section 5 of the North Dakota Constitution requires that taxes shall be uniform upon the same class of property. Existing State Law requires that all property be valued at its fair market value. This bill seems to conflict with existing provisions and singles out a certain class of people, regardless of their ability to pay.

State Homestead Credit is currently available to low-income senior citizens. Raising income limits, the maximum reduction of true and fair value, or the total asset test limits currently \$500,000 for this program would be another way to provide some direct relief to struggling low-income senior citizens.

A loss of property market value over time for this category of taxpayers could become significant and could trigger tax mill rate increases just to keep up.

We urge a DO NOT PASS recommendation for this bill. Thank you for the opportunity to testify.

Dear Honorable House Members:

I strongly urge that you oppose the endorsement of HB 1325. Passing of this bill would severely limit the ability of a city to continue to function. Cities provide basic services to its residence in a responsible and efficient manner to the best of their ability. This bill is restrictive and an over reach of State government and takes away local control. All citizens benefit from police and fire protection, water, sewer, streets, snow removal and garbage collection services. Freezing some property taxes would create an unfair burden and possibly discriminatory on the homeowners below the age of 65. What tools would the cities have to be able to operate without declaring bankruptcy? Will the state compensate the cities with the dollars needed to operate due to the loss of revenue? Many older homeowners are in better financial situations with their homes paid for while younger working families, still making house payments, would be burdened with the possibility of having to pay much higher taxes to make up for the city's financial loss. I urge you to give this bill a do not pass recommendation. Thank you for your consideration.

# 2021 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Room JW327E, State Capitol

HB 1325  
1/19/2021 pm

A bill relating to an optional residential property tax freeze for owners who are age sixty-five or older.

**Chairman Headland** opened discussion at 2:37pm.

Representatives	Present
Representative Craig Headland	Y
Representative Vicky Steiner	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Sebastian Ertelt	Y
Representative Jay Fisher	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Tom Kading	Y
Representative Ben Koppelman	Y
Representative Marvin E. Nelson	Y
Representative Nathan Toman	Y
Representative Wayne A. Trottier	Y

### Discussion Topics:

- Study
- Changes to amendment

**Chairman Headland** closed the discussion at 2:39pm.

*Mary Brucker, Committee Clerk*



# 2021 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Room JW327E, State Capitol

HB 1325  
1/20/2021

A bill relating to an optional residential property tax freeze for owners who are age sixty-five or older.

**Chairman Headland** opened discussion at 2:01pm.

<b>Representatives</b>	<b>Present</b>
Representative Craig Headland	Y
Representative Vicky Steiner	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Sebastian Ertelt	Y
Representative Jay Fisher	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Tom Kading	Y
Representative Ben Koppelman	Y
Representative Marvin E. Nelson	Y
Representative Nathan Toman	Y
Representative Wayne A. Trottier	Y

### Discussion Topics:

- Proposed amendment 21.0760.02002
- Amendment 21.0760.02001

**Representative Ertelt** distributed a proposed amendment 21.0760.02002 and explained (#2032).

**Representative Ertelt** made a motion to adopt the amendment 21.0760.02002.

**No second.**

**Representative B. Koppelman** made a motion to adopt amendment 21.0760.02001 (#1713).

**Representative D. Anderson** seconded the motion.

**Voice vote-motion carried.**

**Representative D. Anderson** made a motion for a Do Pass As Amended.

**Vice Chairman Steiner seconded the motion.**

**Roll call vote:**

<b>Representatives</b>	<b>Vote</b>
Representative Craig Headland	Y
Representative Vicky Steiner	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Sebastian Ertelt	Y
Representative Jay Fisher	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Tom Kading	AB
Representative Ben Koppelman	Y
Representative Marvin E. Nelson	Y
Representative Nathan Toman	Y
Representative Wayne A. Trottier	Y

**Motion carried 13-0-1**

**Representative Ertelt will carry the bill.**

**Chairman Headland** closed the discussion at 2:11pm.

*Mary Brucker, Committee Clerk*

  
1/20/21

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1325

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study of the adequacy of property tax relief for retired individuals."

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY - ADEQUACY OF PROPERTY TAX RELIEF FOR RETIRED INDIVIDUALS.** During the 2021-22 interim, the legislative management shall consider studying the impact of property tax policies on retired individuals. The study must include a review of the various approaches to providing property tax relief to retired individuals, including a review of whether the relief provided by the homestead property tax credit under section 57-02-08.1 is adequate and the feasibility of including local contribution requirements for a portion of the credit. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly."

Renumber accordingly

**REPORT OF STANDING COMMITTEE**

**HB 1325: Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1325 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study of the adequacy of property tax relief for retired individuals."

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY - ADEQUACY OF PROPERTY TAX RELIEF FOR RETIRED INDIVIDUALS.** During the 2021-22 interim, the legislative management shall consider studying the impact of property tax policies on retired individuals. The study must include a review of the various approaches to providing property tax relief to retired individuals, including a review of whether the relief provided by the homestead property tax credit under section 57-02-08.1 is adequate and the feasibility of including local contribution requirements for a portion of the credit. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly."

Renumber accordingly

21.0760.02002  
Title.

Prepared by the Legislative Council staff for  
Representative Ertelt  
January 19, 2021

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1325

Page 1, line 11, after "individual" insert "if the individual has owned and occupied the residence  
for twenty or more years"

Renumber accordingly

21.0760.02001  
Title.

Prepared by the Legislative Council staff for  
Representative Satrom  
January 18, 2021

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1325

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study of the adequacy of property tax relief for retired individuals."

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY - ADEQUACY OF PROPERTY TAX RELIEF FOR RETIRED INDIVIDUALS.** During the 2021-22 interim, the legislative management shall consider studying the impact of property tax policies on retired individuals. The study must include a review of the various approaches to providing property tax relief to retired individuals, including a review of whether the relief provided by the homestead property tax credit under section 57-02-08.1 is adequate. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly."

Renumber accordingly

**2021 SENATE FINANCE AND TAXATION**

**HB 1325**

# 2021 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1325  
3/23/2021

A BILL for an Act to provide for a legislative management study of the adequacy of property tax relief for retired individuals.

**Chair Bell** calls the meeting to order. Chair Bell, , Senators Meyer, J. Roers, Patten, Piepkorn, Weber are present. Vice Chair Kannianen absent [9:02]

### Discussion Topics:

- Homestead tax credit
- Property tax study

**Representative Satrom** [9:02] orally introduces in favor.

**Blake Crosby** [9:04] orally in favor

### Additional written testimony:

**Tina Fisk**, City Administrator, City of West Fargo in neutral #10445.

**Chair Bell** adjourns the meeting. [9:10]

*Joel Crane, Committee Clerk*





#10445

**Testimony on HB 1325**  
**Presented to the Finance and Taxation Committee**  
**Prepared by Tina Fisk, West Fargo City Administrator**  
**Monday, March 22, 2021**

1           Chairperson Bell and members of the Finance and Taxation Standing  
2 Committee: I would like to take this opportunity to submit a suggestion for HB 1325,  
3 which would ask legislative management to study the impact of property tax relief  
4 policies on retired individuals.

5           After evaluating the bill, I believe it was intended to identify property tax relief for  
6 populations who would benefit the most. However, a qualification using age and not  
7 need is likely to exclude a large portion of the population in need of relief, as well as  
8 potentially provide a tax benefit to a portion of the population who may not need it.

9           According to the 2019 American Community Survey 5-year estimates from the  
10 U.S. Census Bureau, 3,084 residents in West Fargo are at least 65 and 3% of them are  
11 living below poverty level. However, 6.5% of the 22,499 residents ages 18 to 64 are  
12 below poverty level. As you can see, age is not an inclusive demographic to determine  
13 the need for property tax relief. It is also important to remember that North Dakota's  
14 Homestead Property Tax Credit does cater to the people in 65 and over age group  
15 who actually need assistance.

16           For these reasons, I request HB 1325 be amended to the study of property tax  
17 relief based on need and not age.

# 2021 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1325  
3/29/2021

A BILL for an Act to provide for a legislative management study of the adequacy of property tax relief for retired individuals.

**Chair Bell** calls the meeting to order. Chair Bell, Vice Chair Kannianen, Senators Meyer, J. Roers, Patten, Piepkorn, Weber are present. [10:30]

### Discussion Topics:

- Homestead tax credit

**Senator Kannianen** [10:33] moved DO NOT PASS  
**Senator Patten** seconds

Senators	Vote
Senator Jessica Bell	Y
Senator Jordan Kannianen	Y
Senator Scott Meyer	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Jim Roers	Y
Senator Mark Weber	N

Motion passes 6-1-0

**Senator Kannianen** carries

**Chair Bell** adjourns the meeting. [10:35]

*Joel Crane, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**HB 1325, as engrossed: Finance and Taxation Committee (Sen. Bell, Chairman)**  
recommends **DO NOT PASS** (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING).  
Engrossed HB 1325 was placed on the Fourteenth order on the calendar.