

2021 HOUSE FINANCE AND TAXATION

HB 1372

2021 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1372
1/27/2021

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

Chairman Headland opened the hearing at 9:23am.

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

Discussion Topics:

- Property tax freeze for 65 years or older
- Property tax freeze for disabled
- Income requirements
- Property requirements

Representative Kasper introduced the bill.

Senator Larsen testified in support (no written testimony).

Blake Crosby, Executive Director for the North Dakota League of Cities, testified in opposition (#3757 and 3758).

Terry Traynor, North Dakota Association of Counties, testified in opposition (#3673).

Amy DeKok, Legal Counsel for the North Dakota School Boards Association, testified in opposition (#3713).

Pete Hanebutt, North Dakota Farm Bureau, testified in opposition (no written testimony).

Katie Paulson, McKenzie County Recorder, testified in opposition (no written testimony).

Chairman Headland closed the hearing at 10:20am.

Additional written testimony:

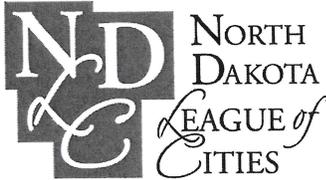
Dustin Gawrylow, Managing Director for the North Dakota Watchdog Network, testimony in favor (#3645 and 3646).

Allyn Sveen, Auditor for the City of Stanley, testimony in opposition (#3681).

Lori Hanson testimony in opposition (#3559).

Paul Houdek, City Assessor for City of Grand Forks, testimony in opposition (#3539).

Mary Brucker, Committee Clerk



HB 1372
House Finance and Taxation Committee
Rep. Headland, Chair
January 27, 2021

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

I am concerned about passing a bill without any idea of the financial impact to cities, counties, school districts, townships, and others. What we do know is that for every property tax freeze or cap, it really amounts to a shift. Personally, I would qualify under the age criteria but that means when I pay less, those of you under 65 pay more. And, there is a multiplier effect here as we are living longer. Age-wise, there are between 115,000 to 200,000 persons age 65+ and about 34,000 in the 60-64 age range according to U S Census data.

I refer you to the spreadsheet. Being very conservative, if we were to guess that this bill would only effect 50% of the "Occupied Housing Units" as defined by U S Census; we are looking at the potential for a large impact on all political subdivisions.

With the drop in oil related revenue, farm income down, the concern about coal and the downturn caused by the pandemic, this is not the biennium to be adding further stress on the under-65 working families that would have to fund this shift with higher property taxes. Cities don't have a Legacy Fund they can use to balance their budget. This is not the biennium to adding to their stress. For small North Dakota cities that have a large portion of their population 65+, this bill could be especially penalizing.

I have two suggestions:

- There are currently two bills recommending a study of property taxes. This idea should be rolled into one of those studies. Let's use the interim to have a robust, prudent and thorough discussion of our property tax system.
- Or, incorporate the true and full value language of this bill to the Homestead Credit eligibility criteria as in NDCC 57-02-08 as it is already the vehicle for tax relief based on specific criteria.

I respectfully ask for a Do-Not-Pass on HB 1372 as written. Thank you for time and consideration. I will try to answer any questions.

Label	Occupied housing units	Percent Age 65 Plus	55 to 64 years
Abercrombie	110	26%	22%
Adams	78	22%	14%
Alamo	14	14%	57%
Alexander	70	4%	26%
Alice	13	31%	15%
Almont	43	21%	19%
Alsen	14	0%	29%
Ambrose	10	70%	20%
Amenia	38	26%	18%
Amidon	17	77%	18%
Anamoose	127	34%	27%
Aneta	125	20%	23%
Antler	12	42%	25%
Ardoch	17	6%	24%
Argusville	167	8%	10%
Arnegard	28	46%	32%
Arthur	143	36%	21%
Ashley	329	53%	13%
Ayr	2	100%	0%
Balfour	13	8%	31%
Balta	41	34%	17%
Bantry	6	33%	0%
Barney	28	36%	36%
Bathgate	24	25%	50%
Beach	545	33%	22%
Belfield	388	26%	18%
Benedict	33	39%	12%
Bergen	2	50%	50%
Berlin	15	27%	33%
Berthold	216	25%	19%
Beulah	1,358	22%	23%
Binford	91	40%	25%
Bisbee	63	38%	22%
Bismarck	32,044	25%	18%
Bottineau	886	39%	17%
Bowbells	139	23%	29%
Bowdon	80	54%	13%
Bowman	660	29%	19%
Braddock	15	13%	7%
Briarwood	18	28%	33%
Brinsmade	15	7%	13%
Brocket	6	33%	33%
Buchanan	19	0%	42%
Bucyrus	11	55%	46%
Buffalo	87	36%	21%

Label	Occupied housing units	Percent Age 65 Plus	55 to 64 years
Burlington	505	13%	16%
Butte	38	42%	5%
Buxton	176	20%	24%
Calio	3	100%	0%
Calvin	4	50%	50%
Cando	557	22%	25%
Canton City (Hense	8	13%	38%
Carpio	53	24%	15%
Carrington	946	33%	23%
Carson	142	42%	15%
Casselton	1,019	24%	17%
Cathay	11	18%	55%
Cavalier	557	37%	16%
Cayuga	19	16%	63%
Center	236	41%	10%
Christine	89	20%	25%
Churchs Ferry	2	0%	100%
Cleveland	32	34%	9%
Clifford	24	8%	0%
Cogswell	33	39%	15%
Coleharbor	38	21%	47%
Colfax	69	23%	25%
Columbus	48	40%	17%
Conway	14	50%	7%
Cooperstown	434	40%	9%
Courtenay	26	35%	23%
Crary	42	24%	10%
Crosby	531	36%	15%
Crystal	65	32%	22%
Davenport	113	7%	21%
Dawson	18	22%	17%
Dazey	29	3%	24%
Deering	52	8%	37%
Des Lacs	86	27%	19%
Devils Lake	3,301	29%	19%
Dickey	14	43%	14%
Dickinson	9,439	17%	16%
Dodge	47	40%	34%
Donnybrook	32	35%	19%
Douglas	29	31%	38%
Drake	155	25%	16%
Drayton	328	26%	31%
Dunn Center	95	25%	8%
Dunseith	233	18%	31%
Dwight	29	10%	21%

Label	Occupied housing units	Percent Age 65 Plus	55 to 64 years
Edgeley	274	30%	27%
Edinburg	99	35%	24%
Edmore	68	53%	21%
Egeland	28	29%	11%
Elgin	312	39%	16%
Ellendale	518	36%	19%
Elliott	11	55%	27%
Emerado	217	16%	20%
Enderlin	462	30%	23%
Epping	31	10%	16%
Esmond	62	48%	15%
Fairdale	16	38%	25%
Fairmount	140	34%	25%
Fargo	54,571	17%	14%
Fessenden	255	28%	18%
Fingal	58	14%	12%
Finley	191	28%	18%
Flasher	115	34%	18%
Flaxton	43	21%	26%
Forbes	17	24%	0%
Fordville	105	18%	11%
Forest River	66	29%	20%
Forman	214	38%	14%
Fort Ransom	54	41%	20%
Fortuna	9	22%	0%
Fort Yates	49	18%	22%
Fredonia	24	21%	42%
Frontier	70	20%	33%
Fullerton	37	46%	27%
Gackle	123	35%	20%
Galesburg	67	13%	22%
Gardena	14	29%	14%
Gardner	40	30%	23%
Garrison	753	36%	19%
Gascoyne	8	38%	0%
Gilby	95	18%	20%
Gladstone	108	19%	20%
Glenburn	159	11%	16%
Glenfield	42	33%	17%
Glen Ullin	390	35%	21%
Golden Valley	127	44%	23%
Golva	30	0%	23%
Goodrich	62	29%	16%
Grace City	31	26%	23%
Grafton	1,806	28%	20%

Label	Occupied housing units	Percent Age 65 Plus	55 to 64 years
Grand Forks	25,328	18%	14%
Grandin	73	21%	32%
Grano	1	0%	100%
Granville	151	25%	16%
Great Bend	40	28%	20%
Grenora	76	28%	24%
Gwinner	493	19%	13%
Hague	41	49%	15%
Halliday	132	34%	10%
Hamberg	20	25%	45%
Hamilton	20	40%	15%
Hampden	18	61%	17%
Hankinson	392	31%	16%
Hannaford	73	38%	26%
Hannah	7	0%	0%
Hansboro	10	0%	0%
Harvey	835	36%	20%
Harwood	256	14%	22%
Hatton	345	25%	19%
Havana	25	40%	8%
Haynes	20	45%	15%
Hazelton	108	39%	21%
Hazen	1,082	26%	19%
Hebron	383	31%	16%
Hettinger	545	36%	21%
Hillsboro	714	30%	20%
Hoople	143	19%	25%
Hope	144	41%	33%
Horace	986	14%	19%
Hunter	102	16%	36%
Hurdsfield	21	33%	38%
Inkster	14	36%	29%
Jamestown	6,530	26%	20%
Jud	41	42%	17%
Karlsruhe	28	22%	64%
Kathryn	25	40%	12%
Kenmare	434	39%	14%
Kensal	89	21%	10%
Kief	10	0%	100%
Killdeer	362	19%	12%
Kindred	308	11%	16%
Knox	16	38%	0%
Kramer	20	25%	0%
Kulm	209	38%	23%
Lakota	338	32%	12%

Label	Occupied housing units	Percent Age 65 Plus	55 to 64 years
LaMoure	334	32%	22%
Landa	22	68%	14%
Langdon	899	34%	19%
Lankin	52	33%	39%
Lansford	126	11%	16%
Larimore	538	19%	16%
Lawton	11	55%	18%
Leal	10	30%	40%
Leeds	250	31%	22%
Lehr	42	41%	26%
Leith	18	11%	33%
Leonard	131	22%	32%
Lidgerwood	308	47%	19%
Lignite	98	16%	6%
Lincoln	1,182	10%	15%
Linton	514	49%	19%
Lisbon	941	33%	21%
Litchville	89	22%	23%
Loma	10	30%	30%
Lorraine	7	29%	0%
Ludden	16	38%	19%
Luverne	12	33%	0%
McClusky	247	39%	13%
McHenry	20	30%	25%
McVille	215	38%	20%
Maddock	187	37%	23%
Makoti	64	42%	28%
Mandan	9,856	21%	17%
Mantador	31	7%	0%
Manvel	120	18%	16%
Mapleton	376	8%	25%
Marion	67	30%	15%
Marmarth	51	37%	12%
Martin	31	45%	19%
Max	151	30%	8%
Maxbass	49	25%	27%
Mayville	722	30%	18%
Medina	129	33%	27%
Medora	56	48%	7%
Mercer	37	46%	8%
Michigan City	102	30%	41%
Milnor	375	32%	18%
Milton	30	40%	20%
Minnewaukan	85	25%	33%
Minot	20,979	20%	14%

Label	Occupied housing units	Percent Age 65 Plus	55 to 64 years
Minto	301	25%	17%
Mohall	285	29%	27%
Monango	8	0%	25%
Montpelier	47	15%	26%
Mooreton	91	28%	20%
Mott	332	40%	25%
Mountain	32	31%	9%
Munich	132	32%	22%
Mylo	4	0%	75%
Napoleon	392	33%	24%
Neché	137	31%	18%
Nekoma	12	50%	33%
Newburg	42	31%	21%
New England	287	30%	10%
New Leipzig	98	49%	31%
New Rockford	671	33%	13%
New Salem	511	34%	16%
New Town	689	18%	22%
Niagara	22	55%	9%
Nome	15	27%	53%
Noonan	95	27%	25%
North River	22	36%	18%
Northwood	320	50%	17%
Oakes	909	20%	15%
Oberon	24	8%	54%
Oriska	47	34%	26%
Osnabrock	68	37%	10%
Overly	9	100%	0%
Oxbow	106	21%	19%
Page	93	27%	20%
Palermo	49	33%	12%
Park River	668	36%	20%
Parshall	311	21%	21%
Pekin	33	24%	15%
Pembina	229	37%	24%
Perth	4	25%	50%
Petersburg	84	27%	24%
Pettibone	51	35%	18%
Pick City	69	48%	10%
Pillsbury	8	88%	13%
Pingree	17	35%	6%
Pisek	36	53%	19%
Plaza	80	18%	23%
Portal	75	24%	17%
Portland	292	32%	19%

Label	Occupied housing units	Percent Age 65 Plus	55 to 64 years
Powers Lake	114	35%	18%
Prairie Rose	22	23%	18%
Ray	245	38%	28%
Reeder	67	39%	5%
Regan	18	50%	11%
Regent	76	43%	26%
Reile's Acres	155	11%	25%
Reynolds	128	20%	19%
Rhame	87	15%	21%
Richardton	328	35%	18%
Riverdale	109	36%	37%
Robinson	19	79%	5%
Rocklake	66	43%	14%
Rogers	22	0%	41%
Rolette	274	28%	21%
Rolla	522	29%	18%
Ross	41	2%	15%
Rugby	1,328	41%	18%
Ruso	0	0%	-
Rutland	67	37%	22%
Ryder	56	39%	2%
St. John	108	29%	22%
St. Thomas	148	26%	37%
Sanborn	83	24%	22%
Sarles	6	33%	0%
Sawyer	130	24%	18%
Scranton	149	30%	18%
Selfridge	59	20%	25%
Sentinel Butte	43	42%	26%
Sharon	36	53%	14%
Sheldon	57	21%	39%
Sherwood	92	21%	34%
Sheyenne	102	40%	23%
Sibley	27	22%	19%
Solen	36	31%	36%
Souris	47	53%	4%
South Heart	133	21%	16%
Spiritwood Lake	51	51%	24%
Springbrook	8	25%	25%
Stanley	964	24%	12%
Stanton	178	46%	12%
Starkweather	34	26%	24%
Steele	384	28%	23%
Strasburg	175	38%	20%
Streeter	67	52%	25%

Label	Occupied housing units	Percent Age 65 Plus	55 to 64 years
Surrey	477	30%	12%
Sykeston	49	39%	39%
Tappen	114	18%	20%
Taylor	93	29%	13%
Thompson	417	12%	16%
Tioga	561	23%	14%
Tolley	19	58%	5%
Tolna	86	68%	14%
Tower City	145	29%	12%
Towner	305	23%	13%
Turtle Lake	271	38%	20%
Tuttle	48	35%	29%
Underwood	342	23%	24%
Upham	87	25%	29%
Valley City	3,193	27%	21%
Velva	523	19%	15%
Venturia	18	56%	28%
Verona	36	28%	31%
Voltaire	17	12%	65%
Wahpeton	3,275	24%	18%
Walcott	114	19%	18%
Wales	7	57%	0%
Walhalla	486	26%	20%
Warwick	33	15%	18%
Washburn	649	22%	25%
Watford City	2,639	16%	11%
West Fargo	13,840	15%	15%
Westhope	150	37%	21%
White Earth	20	15%	15%
Wildrose	38	0%	34%
Williston	11,230	14%	12%
Willow City	93	43%	18%
Wilton	345	27%	30%
Wimbledon	107	22%	32%
Wing	54	26%	11%
Wishek	480	31%	22%
Wolford	10	40%	60%
Woodworth	28	50%	7%
Wyndmere	196	35%	17%
York	11	18%	9%
Zap	79	18%	34%
Zeeland	52	37%	10%

Testimony Prepared for the
House Finance & Taxation Committee
January 27, 2021
By: Terry Traynor, NDACo Executive Director



RE: House Bill 1372

Chairman Headland and committee members, thank you for the opportunity speak to House Bill 1372 on behalf of our 53 counties and their county officials.

Our Association is opposed to the passage of HB1372. While I appreciate that this is property tax relief targeted at those taxpayers with the most need, it effectively shifts the gradually increasing cost of providing this tax relief from the state-funded Homestead Credit program to other property taxpayers.

County officials strongly support the Legislature's efforts to maintain, and as appropriate enhance, the Homestead Credit program. The maximum (True & Full) property value for the program was increased by the Legislature from \$100,000 to \$125,000 in 2015, and in 2013 the income thresholds were increased and the asset limit to qualify was adjusted from \$75,000 to \$500,000. The similar Disabled Veterans Credit program is being examined in the other body as I speak to you today, and they are discussing moving the valuation limit for that program to \$250,000.

County officials believe the goals of this bill can be more efficiently achieved by adjusting the value, income and asset thresholds of the current Homestead Credit program on a periodic basis, rather than artificially freezing values which would preclude those properties currently under the threshold from leveraging the state appropriation and would shift the state support and taxes on the value over the threshold to other properties.

As written, counties cannot support House bill 1372, and urge a Do Not Pass recommendation.



NDSBA
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BOARDS ASSOCIATION

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HB 1372

**Testimony of Amy DeKok
House Finance & Taxation Committee
January 27, 2021**

Chairman Headland and members of the House Finance and Taxation Committee, my name is Amy DeKok. I am in-house Legal Counsel for the North Dakota School Boards Association. NDSBA represents all 178 North Dakota public school districts and their boards. I am here today in opposition to HB 1372.

Any reduction in the property tax base likely has an impact on local school districts' ability to properly fund and provide K-12 education services to the students of our state. We are particularly concerned regarding the impact of this bill to the extent it would permit a property valuation freeze for all individuals age 65 years or older. According to the last U.S. census, persons age 65 years and older make up almost 16% of North Dakota's population. In 17 of our counties, these individuals make up anywhere from 24% to 32% of the county population. Permitting all property owners in this age range to freeze the valuation of their primary residences may cap the value of large portions of property throughout North Dakota for several decades. It is difficult to ascertain the extent of the impact on local property tax collections for school districts and other political subdivisions if HB 1372 were to pass. However, if passed, HB 1372 would likely erode school districts', as well as other taxing districts', property tax base in a significant way.

Currently, school districts rely on local property taxes to fund just under 40% of the cost of educating our state's youth. The costs school districts incur are not stagnant – electricity, food, transportation costs, teacher salaries – the cost of these things increase every year. If the local property tax base is reduced, this will shift more of the burden of funding K-12 public school education onto the state. In addition, it would likely shift more burden onto other local property taxpayers to help make up the difference. Protections already exist in the state funding formula and other state law relating to increases in property tax levies from year to year without taxpayer approval. In addition, persons age 65 and older with lower incomes and assets have other options to save on property taxes, including a homestead property tax credit under North Dakota law (NDCC 57-02-08.1).

For these reasons, NDSBA stands in opposition to HB 1372 and encourages this committee to give it a do not pass recommendation. Thank you for your time. I would be happy to answer any questions the committee may have.



(/)

#3645



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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.



New Jersey	1998	Age 65 or older	Yes	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.
Oklahoma	1996	Age 65 or older	No	The program is a local government option and not a requirement. Local governments may set asset limits.
Rhode Island	2009	Age 65 or older	No more than \$4,000	The program is a local government option and not a requirement.
Tennessee	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.
Texas	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.



Oklahoma	2004	Age 65 or older	Yes	The income limit is set by the Department of Housing and Urban Development for the applicant's county.
Rhode Island	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.
South Dakota	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.
Washington	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.





2021 LEGISLATIVE SESSION

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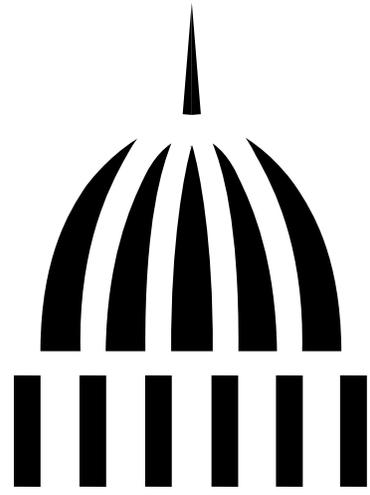
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HB 1372 – Testimony by Dustin Gawrylow (Lobbyist #266) North Dakota Watchdog Network

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.

We fully 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.

**Allyn Sveen – Stanley City Auditor**

221 S. Main St. – PO Box 249, Stanley, ND 58784-0249

Tel. (701) 628-2225 Fax (701) 628-2232 Fax

TTY 1-800-366-6888

E-Mail allyn@stanleynd.us

January 26, 2021

House Finance and Taxation Committee

HB #1372 - (1/27/2021 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 #1372 relating to an optional residential property tax freeze for owners who are age 65 or older.

Unlike HB #1325 as originally introduced, House Bill #1372 adds an income level not in excess of \$42,000. This income level does not change the fact that the tax burden is shifted to those under the age of 65 and/or to other classifications of property (agricultural and commercial). The testimony in opposition of HB #1325 presents many valid and logical reasons why HB #1372 should not be supported.

House Bill #1372 is not a fair taxation method. The State of ND already allows for property tax credits for senior citizens and disabled persons and veterans that meet qualifications. These credits are reimbursed by the State to political subdivisions and present no loss of revenue to political subdivisions nor do these credits shift the tax burden to other taxpayers. Maybe something similar should be considered for those over 65 at the State level without distorting property values and without having an adverse effect on taxpayers.

Please do not place this unnecessary burden on a select group of taxpayers nor distort the overall valuations within cities, your support for a **“DO NOT PASS”** on House Bill #1372 or to change wording to allow for a legislative management study as proposed in HB #1325, as amended, is greatly appreciated.

Thank you for your consideration.

Sincerely,
Allyn Sveen
Stanley City Auditor

E-mail: District #2 & #4 House Representatives

bertanderson@nd.govdlongmuir@nd.govcfegley@nd.govtbjones@nd.gov



Testimony prepared for:
House Finance and Taxation Committee
Prepared January 26, 2021
Lori Hanson, Director of Tax Equalization
Mountrail County

#3559

RE: Opposition Testimony for House Bill 1372

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 1372 relating to the optional residential property tax freeze for owners who are disabled or age 65 or older.

A residential property tax freeze for owners who are disabled or 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).

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.

North Dakota Century Code 57-02-08.8 is in regards to the disabled veteran’s credit for those individuals who have a service-connected disability of fifty percent or greater. An application needs to be filed with supporting documents for the disability or disability rating as determined by the department of veteran’s affairs along with their honorable discharge papers. Currently, the maximum reduction allowed is \$6,750 of taxable valuation which equates to a true and full value of \$150,000 for a homestead owned and occupied by the disabled veteran or unremarried surviving spouse.

Senate Bill 2213 which is being heard before the Senate Finance and House Committee requests an increase to the maximum reduction allowed to \$11,250 which equates to a true and full value of \$250,000. I do support enhancements and believe that this should be carried through with the Homestead Credit (57-02-08.1) too.

Since the Homestead Credit and the Disabled Veteran’s Credit already exist in the Century Code, I would suggest enhancements could be made to the existing Century Code to meet the intent of HB 1372. 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

TESTIMONY ON HOUSE BILL 1372

Finance & Taxation Committee

January 27, 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 1372. This bill will eliminate value increases on all residential property owned by people that are 65 years of age and older that have income less than \$42,000. Age and income are the requirements to qualify for the homestead credit tax relief program offered by the State of North Dakota. This bill will save the State of North Dakota money as future value increases would not be reflected on properties that meet the requirements for the homestead credit program, but at the same time this bill shifts the tax burden to younger property owners, as well as, commercial and agricultural property owners. As is the case with all bills that freeze values, this is a shift in the tax burden, and I believe this will lead to increases in mill rates which would not otherwise happen without this law. There is a “needs test” in this bill. Taxpayers that qualify for this value freeze likely already qualify for tax relief through the homestead credit program. If you want to expand tax relief for this elderly population, I feel a better way to accomplish this would be thru an expansion of the homestead credit law already in place. This would keep the local jurisdictions whole in terms of a tax base while at the same time increasing the desired property tax relief that this bill seeks. Line 7 of this bill state it is “optional”? I am not sure how this bill is optional. There does not seem to be any criteria in the bill to “opt in” or “opt out” for the local jurisdictions.

The Grand Forks City Assessor and the City of Grand Forks Legislative Committee oppose HB 1372 and we ask you to do the same.

2021 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1372
1/27/2021

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

Chairman Headland opened up for discussion at 2:56pm.

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	AB
Representative Nathan Toman	Y
Representative Wayne A. Trottier	Y

Discussion Topics:

- Committee vote

Representative D. Anderson made a motion for a Do Not Pass.

Representative Trottier seconded the motion.

Representatives	Vote
Representative Craig Headland	Y
Representative Vicky Steiner	N
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Sebastian Ertelt	N
Representative Jay Fisher	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Tom Kading	N
Representative Ben Koppelman	N

Representative Marvin E. Nelson	AB
Representative Nathan Toman	Y
Representative Wayne A. Trottier	Y

Motion carried 9-4-1

Representative Toman is the bill carrier.

Chairman Headland closed the discussion at 3:03pm.

Mary Brucker, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1372: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO NOT PASS** (9 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). HB 1372 was placed on the Eleventh order on the calendar.