

## Testimony on Property Tax Exemptions for the August 1, 2012 Interim Tax Committee

Good morning, Mr. Chairman, Committee members, thank you for your time to hear testimony today. My name is Katie Andersen; I am the Mayor of Jamestown, a board member director for the ND League of Cities, an executive board member for the Jamestown Stutsman Development Corporation which is a member of Economic Development ND and a business owner.

We are all concerned about property taxes, and as a local elected official I have a responsibility to the tax payers I represent to make sure their property taxes are assessed in a fair manner and used efficiently to provide the community with public services such as police and fire protection, street management and utilities. This legislative session you will have to address many questions and concerns about property tax relief from state revenue sources. Though property tax relief from state revenue sources may shift the tax burden from property tax to sales or income tax, the **only way to truly reduce property taxes** is to reduce services or **grow the total pool of property value**. Growing the total pool of property value is exactly what the economic development tools like Tax Increment Financing districts, Renaissance Zone and New/Expanding Business Exemptions are intended to accomplish.

I have calculated **the fiscal impact**, just for the City of Jamestown, for the **use of the Tax Increment Financing, Renaissance Zone and New/Expanding Business tools**.

To date, the City of Jamestown has had two Tax Increment Financing Districts. The first was for Choice Properties for Newman Signs, and the second is the Hugo's Grocery Store project by Valley Markets.

The property that Hugo's grocery store is now located on had a true and full value of \$692,200.00 **before the TIF district** and generated **only \$17,655.60 in property tax dollars**. The TIF district was created for twelve years. During those twelve years the **base year property taxes** of \$17,655.60 **were still collected**. The exemption was only on the improved value. The TIF district is complete and Hugo's now pays approximately \$92,398.00. This is a **493% increase in revenues every year** from this property. Over the next **20 years that is \$1,847,970 in additional revenue**.

The fiscal impact also expands beyond the increase in property tax revenue directly collected on the TIF district project. The **City of Jamestown also saved money** on this project by repurposing an area of the city that already has police protection, fire protection, snow removal and water and sewer services. Removing the TIF district tool makes it difficult for municipalities to **guide development to where it is most efficient and therefore least expensive for all the property tax payers**.

Though I believe that TIF districts and Renaissance Zone exemptions are two very different tools for economic development the results are very similar.

The City of Jamestown has 17 Renaissance Zone projects. Thirteen of these projects have already completed their five year exemption on the building, land was never exempt, and are paying full property taxes. Total valuation for all 17 projects before the exemptions and improvements was \$985,700.00. Total valuations after the improvements are, or are projected to be, \$3,811,000. Total property tax revenue before **Renaissance Zone** exemptions for these properties was approximately \$22,178.00. After exemption completion the total revenues are, or are projected to be, approximately 85,747.00. That is a **286% increase in revenue** and total of **\$1,271,380.00 in additional revenue over the next 20 years.**

The City of Jamestown has also used the **New/Expanding Business** exemption. To date Jamestown has 11 new business exemptions and eight expanding business exemptions. **Increase in valuation was 28,293,000 or 493%.**

I believe I have illustrated that the **discretionary tax exemptions** referenced above **are tools to grow the total pool of property value**, therefore **reducing the property tax burden for each individual property tax payer.**

I hope that we can **trust our local elected officials** with the duties of their respective offices and protect the tax payers they represent by using the tax exemption tools to benefit the property tax payers of their political subdivision. I also **trust that the legislature** will uphold **Article VII of the ND Constitution**, to “provide for the **maximum local self-government** by all political subdivisions with the minimum duplication of functions.”

Thank you again for your time, and I would be happy to answer any questions you may have.