

TAXATION COMMITTEE

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WEDNESDAY, August 1, 2012

Harvest Room, State Capitol

Bismarck, North Dakota

Mr. Chairman and members of the Taxation Committee, my name is Donald Frye Mayor of the City of Carrington, a professional community developer and President of Crossroads Community Advisors. I appear before you to address my concerns related to the bill draft to eliminate discretionary property tax exemptions granted by cities or counties.

Nearly every community in North Dakota is facing the difficult problem of housing for today and future needs in our communities. Recently an apartment complex was completed in Carrington to help us address this serious problem. This facility would not have moved ahead without our ability to provide enhancements to the business in the way of property tax exemptions. In today's environment of project financing it is very difficult to fund housing projects in small rural communities that are fair market rental properties.

This project only scratched the surface of our needs. Rural communities will not be able to address these needs if the tools they use are reduced or taken away as enhancements. They will not be able to compete with larger communities who have more resources and developers than smaller rural communities.

A second project is now underway to address the needs of our older population to provide single level living with facility needs that help to drive the cost upwards. Again, without the assistance of the City the project would not have moved forward. The result would have been the outmigration of a senior population who are looking for facilities that address special needs. This outmigration takes the wealth from the community and reduces the number of family visits to the area.

Because of the construction of this facility, 16 single family homes will soon become available on the market, in a very tight housing market. A market that has few homes available if any for sale. This project, as the first project, helps to make better use of the present infrastructure in the city foot print and reduces the need for additional costly infrastructure.

But this is only the beginning; at least 1 additional housing project is under consideration to address a third market need. This market and facility is to address young families who need additional space for small children but are not ready to make the next leap to buying their first home. Again, without the tools that we have available today we will be unable to address our needs today and for our future.

But this is only one key area of need to retain the discretionary property tax exemptions. Recently Running's, who has a store in Carrington, was looking at how to address their facility problems in Carrington. If they were unable to solve some of their problems they would close their facility and the Region would have lost one of its most important assets. We were able to help solve some of these problems by providing a property tax exemption to help control costs at the beginning and provide them with time to build on their business and trade area.

What did this do for our community? It expanded our trade area, helped to keep people at home to shop, increased our sales tax collection and finally increased the number of products available and reduced the cost to our residents by product price and availability.

An additional benefit was to reduce travel cost to our residents because we had what they needed in our community.

In closing, our community would not be what it is today without the ability to make these local decisions. These decisions will help to build our community and plan our future and make Carrington a great place to live and work for years to come.

The City of Carrington and the City Council, along with the Foster County Commission has worked hard to ensure the proper use of these enhancements. The reduction or loss of these types of programs will only add to the future cost to our local tax payers by reducing the ability to broaden the tax base. When a community is unable to grow, the tax burden falls back on those who are already living in their community to maintain services and infrastructure.

Thank you for your consideration. I would be happy to answer any questions.