

HB NO. 1277 with Amendment 21.0737.01002

Introduction of HB1277 C Schreiber-Beck District 25 Representative

Chair Representative Craig Headland / Vice-Chair Representative Vicki Steiner

This proposed legislation resulted after a conversation with the Valley City Director of Development with the Valley City-Barned County Development Corporation.

As currently written, subsection 35 of 57-02-08 allows an OPTIONAL residential property tax exemption for new construction UP TO \$150,000. The proposed legislation, with the amendment, would increase the \$150,000 to UP TO \$250,000.

The \$150,000 limit was enacted in 2009. Since that time, the cost of building materials has increased. And within the last year, due to the pandemic, contractors I have spoken with state building materials have increased 35% to 40%.

No changes occur in line 12-19, the governing body is required to approve the residential property exemption by adopting a resolution that can be rescinded or amended at any time and can also impose conditions upon the exemptions, including limitations on the time during which an exemption is allowed.

This proposed legislation could benefit the North Dakota communities that need another tool in the toolbox to incentive residential housing development – those communities that do not need any increased incentives are not required to utilize this exemption.

I respectfully request the committee's support of HB 1277 with Amendment 21.0737.01002.

57-02-01 12. "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located.

57-02-08 35. Up to one hundred fifty thousand dollars of the true and full value of all new single-family and condominium and townhouse residential property, exclusive of the land on which it is situated, is exempt from taxation for the first two taxable years after the taxable year in which construction is completed and the residence is owned and occupied for the first time if all of the following conditions are met: a. The governing body of the city, for property within city limits, or the governing body of the county, for property outside city limits, has approved the exemption of the property by resolution. A resolution adopted under this subsection may be rescinded or amended at any time. The governing body of the city or county may limit or impose conditions upon exemptions under this subsection, including limitations on the time during which an exemption is allowed. b. Special assessments and taxes on the property upon which the residence is situated are not delinquent.