



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.