

City of Fargo
House Finance and Taxation Committee Hearing
HB 1325 - Property Value Freeze for Senior Citizens
1/19/2021

Chairman Headland and members of the House Finance and Taxation Committee, thank you for the opportunity to testify on HB 1325. I am Kent Costin, Director of Finance of the City of Fargo.

This bill arbitrarily freezes property valuation for any citizen age 65 or older. We have testified in past legislative sessions about the negative impacts of freezing values and how this creates a disproportionate tax burden on the remaining taxpayers.

The impact of this bill would simply shift additional burden to younger taxpayers who may be less able to pay. In Fargo's case our demographics show that about 11% of our citizens are age 65 or older. Another 5% is between the age of 60-64. As property values trend higher the tax gap will widen between age categories which creates taxpayer inequity. This bill also grants the rights of co-owner of the property seeking relief under this provision without an age restriction. This appears to be very arbitrary and will add complexity to the local assessment process.

Section 5 of the North Dakota Constitution requires that taxes shall be uniform upon the same class of property. Existing State Law requires that all property be valued at its fair market value. This bill seems to conflict with existing provisions and singles out a certain class of people, regardless of their ability to pay.

State Homestead Credit is currently available to low-income senior citizens. Raising income limits, the maximum reduction of true and fair value, or the total asset test limits currently \$500,000 for this program would be another way to provide some direct relief to struggling low-income senior citizens.

A loss of property market value over time for this category of taxpayers could become significant and could trigger tax mill rate increases just to keep up.

We urge a DO NOT PASS recommendation for this bill. Thank you for the opportunity to testify.