

Testimony in Favor of Senate Bill 2139  
March 17, 2021  
House Finance and Taxation Committee  
Bill Wocken on behalf of the North Dakota League of Cities

Good Morning Mr. Chairman and members of the House Financer and Taxation Committee. For the record, my name is Bill Wocken and I am very pleased to be testifying today in favor of Senate Bill 2139 on behalf of the North Dakota League of Cities.

Senate Bill 2139 allows for the creation of neighborhood zones. The purpose of a neighborhood zone is stated very succinctly at the bottom of page 2 and top of page 3 of the bill. That is the “what” so let us talk about the “why”. We have all visited or at least seen pictures of areas of cities where we might feel at risk or in which we would be unwilling to live. Some may call them “slums” while the more polite term might be “areas of limited investment”. These are areas where housing has fallen into disrepair and where demolition is the only construction activity.

This bill helps to avoid creation of those undesirable housing areas by giving persons who are willing to live in the zone an incentive for investing to make buildings viable and functional for residential occupancy. As neighborhoods evidence examples of buy-in and investment, this positive behavior often sparks projects in nearby blocks and whole areas of the more central part of our cities can be rehabilitated and returned to productivity. Investment and lack of investment both follow examples.

To apply a business model, as a property ages its relative value and production of tax revenue for a city decreases while the city’s service costs increase. Building conditions and police calls put a greater demand on city services, increasing city costs even as the real estate produces less tax income. A new or remodeled building, on the other hand, will have a higher value and pay more in taxes but it normally requires much less special attention by a city and a corresponding lowering of service costs.

Senate Bill 2139 helps to insure the rehabilitation of our cities' oldest neighborhoods (pre-1959 construction). It discourages absentee landlords and helps to combat the decline of neighborhoods while providing housing stock to the community. Often done in the past with expensive urban renewal programs, Senate Bill 2139 quietly encourages strong urban neighborhoods utilizing relatively inexpensive tax incentives to accomplish the work and to attract the investment of private capital in the most vulnerable areas of our cities.

The North Dakota League of Cities supports this program for the health of our cities and our state. We respectfully request a DO PASS recommendation for Senate Bill 2139.