

**Testimony of Jennifer Feist, Director of Development
Valley City-Barnes County Development Corporation
March 22, 2021**

Finance & Taxation Committee
HB 1277

Honorable Senator Jessica Bell
Members of Finance & Taxation Committee

This testimony is in support of **HB 1277 as it was originally proposed**, which would allow a residential property tax exemption for new home construction of **UP TO \$250,000 and UP TO two (2) years**. Please note-an amendment was offered by the sponsor, Representative Cindy Schreiber-Beck to revert from the original ask of five (5) years to two (2) years when the bill was introduced in the House.

The State of North Dakota would provide this as a tool, with officials at the local level making the decision as to how the tool is used to benefit its community. An amendment to the proposed legislation required a **vote of the people, which we strongly oppose**. This amendment is unwanted and could potentially jeopardize what State law currently allows. Other tax exemptions that cities and counties offer do not require a vote of the people, but are allowed by Resolution.

The proposed changes would help:

1. Offset increased construction costs that communities have experienced since the \$150,000 was enacted in 2009. In Valley City, concrete prices are typically 25% higher than neighboring communities, for example;
 - a. Since the pandemic, the cost of materials has increased dramatically, 35% to 40%, with lumber prices even higher;
 - b. These prices may settle down; however, it is very doubtful that they would return to pre-pandemic levels;
2. Encourage single family home construction;
3. Solidify the workforce; single family home ownership offers permanency and helps anchor people in the community, especially in our schools; and
4. Support growth through primary sector companies, who are creating new wealth for North Dakota. The number one question primary sector companies ask is, “do you have the housing if we hire more people and expand operations here?” We are being faced with this question right now, today.

We believe this is an investment. We sincerely appreciate the work of Representative Cindy Schreiber-Beck and agree with her and the information provided. We respectfully urge the Finance & Taxation Committee remove the vote requirement and recommend a do pass of the amendment of HB 1277 that would allow UP TO \$250,000 and UP TO two (2) years for a property tax exemption for new construction, and maintain the remaining existing language currently allowed by State law. Thank you.

Respectfully,
Jennifer Feist, Director of Development