

**City of Fargo**  
**Senate Finance and Taxation Committee**  
**Legislative Testimony for HB 1277**  
**3/22/2021**

Chairman Bell and members of the Senate Finance and Taxation Committee my name is Kent Costin, Director of Finance for the City of Fargo. We urge a DO NOT pass recommendation on this bill.

Property taxes currently make up about 32% of our General Fund revenue. It is the largest and most stable revenue source that we administer. This bill is too prescriptive by requiring a vote of the public which must stand for at least ten years. We favor increasing the exempt amount with an inflationary increase from \$150,000 to \$250,000 as the cost of housing has risen significantly over the past several years. In Fargo the % of taxable value exempted by the current new home construction exemption is .52%, a very small % in the aggregate, however a very big win citizens building new homes.

We feel this tax incentive is a local control issue that should be managed by City officials who know the needs of their communities. We favor making inflationary adjustments to the exemption amount, however we do not support a State mandate on how this is administered.

Construction of new homes in many communities continue to grow especially in the low interest environment. Fargo and neighboring communities have embraced the two year property tax exemption as a way to incent new home construction. We feel this is working and

is beneficial to new homeowners as it allows our citizens to transition into and consider new home construction.

There are several bills that have been introduced this session dealing with property taxation. Many of them either cap our ability to manage our finances, or intentionally diminish our current revenues.

Please help preserve local control and consider a DO NOT PASS vote on bill. Thank you for the opportunity to provide our testimony.