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SB 2270

**Testimony of Alexis Baxley
Senate Finance & Taxation Committee
January 27, 2021**

Madame Chair Bell and members of the House Finance and Taxation Committee, my name is Alexis Baxley. I am the executive director of the North Dakota School Boards Association. NDSBA represents all 178 North Dakota public school districts and their boards and several multi-district special education units. I am here today in opposition to SB 2270.

According to the last U.S. census, persons age 65 years and older make up almost 16% of North Dakota's population. In 17 of our counties, these individuals make up anywhere from 24% to 32% of the county population. Permitting all property owners in this age range to reduce the valuation of their primary residences by 75% would likely significantly reduce the value of large portions of property throughout North Dakota for several decades. As the bill indicates, the reduction would continue even if the individual no longer resides in the residence due to a move to nursing home, hospital or other care facility, regardless of the length of the stay. It is difficult to ascertain the extent of the impact on local property tax collections for school districts and other political subdivisions if SB 2270 were to pass. However, if passed, SB 2270 would likely erode school districts', as well as other taxing districts', property tax base in a significant way.

Currently, school districts rely on local property taxes to fund just under 40% of the cost of educating our state's youth. The costs school districts incur are not stagnant – electricity, food, transportation costs, teacher salaries – the cost of these things increase every year. If the local property tax base is reduced, this will shift more of the burden of funding K-12 public school education onto the state. In addition, it would likely shift more burden onto other local property taxpayers to help make up the difference. Protections already exist in the state funding formula and other state law relating to increases in property tax levies from year to year without taxpayer approval. In addition, persons age 65 and older with lower incomes and assets have other options to save on property taxes, including a homestead property tax credit under North Dakota law (NDCC 57-02-08.1).

For these reasons, NDSBA stands in opposition to SB 2270 and encourages this committee to give it a do not pass recommendation. Thank you for your time. I would be happy to answer any questions the committee may have.