

HB 1328 – Testimony by Dustin Gawrylow (Lobbyist #266) North Dakota Watchdog Network

Mr. Chairman and Members of the Committee,

I would like to thank Rep. Claire Cory as prime sponsoring bill for me, and Rep. Motschenbacher for having it drafted, though I'm not sure why he's not listed as a co-sponsor.

As you can see by the co-sponsor list, this is an issue that has garnered the interest of the full spectrum of political ideologies. This is as bipartisan as a tax fairness bill can get.

This is a very basic bill, it would treat mobile/manufactured/trailer parks as residential property instead of commercial for tax and special assessment purposes. Instead of assessing and taxing based on zoning classification, the actual end use would be the determining factor

Justification: since all these costs are passed thru to residents by the park owners, taxing the owners at a higher rate directly causes higher rent prices for residents - residents who tend to be older and lower income.

Local governments say they cannot treat these properties as residential because of state law. So this is one area where the legislature is causing higher property taxes to a sub-set of residents.

3. Factors

A. The following factors are applied to all special assessment districts, except Continuous

Districts:

- Factors applied are:
 - Commercial - 2.0; Residential - 1.0
 - Agricultural - Factor applied shall coincide with Comprehensive Land Use Plan.
- Public Park Property - if the property contains a revenue producing facility (i.e. pool), that area which supports the use is Commercial - 2.0; otherwise, same application as Residential - 1.0
- Schools & Churches - Commercial - 2.0.
- Stormwater Lots - 0.5
 - Stormwater lots are subject only to paving and street lighting assessments on a per parcel/lot residential basis.

The City of Bismarck charges a 2.0x factor on commercial property. As the attached documentation of Bismarck's special assessment policy shows, the city has adjustments that bring down the multiplier factor on mobile homes to 1.5x of residential. Other cities likely have other terms, these policies are not uniform. State law requires mobile homes to be treated as commercial, but give cities latitude on what that means. Even the 2.0x multiplier on all commercial is a local decision.)

The opposition will likely come from League of Cities, the Association of Counties, and some individual cities/counties as this will require reallocations of tax formulas locally. But it comes down to a fairness issue.

In my personal role on the Bismarck Special Assessment Task Force, this has been shown to being a re-occurring difficulty in calculating reforms to the system.

This bill is not required for Bismarck to pass its new reform plan, but it will make it easier by allowing us to treat mobile home parks as if they were giant single family parcels with many single family homes on it. (Remember: owners of the actual mobile homes still pay their own property tax on the structure itself.)

This is a fairness issue. This should be applied statewide, and should apply to Bismarck just in case we can't actually pass the sort of reforms we've been working on.

Thank you