

HB 1438 Testimony

Mr. Chairman, members of the House Finance and Tax Committee, my name is Rep. Larry Bellew, District 38 Republican from Minot. I am here to support passage of HB 1438.

In the North Dakota Constitution, Article X, Section 5, states “to the extent immunity from taxation has not been waived by an act the legislative assembly, and property used exclusively for schools, religious, cemetery, charitable or other public purposes shall be exempt from taxation.”

NDCC 57-02-08 states that all property described in this section to the extent herein limited shall be exempt from taxation: I would like to bring to your attention section 6 which exempts all property belonging to schools. Going back to the Constitution, we can see that schools and charitable purposes are in the same sentence. Hospitals are considered are a charitable purpose. If schools are exempt, then I feel that hospitals should also be exempt to be consistent with our Constitution.

I am sure that only gov't entities will be against this bill. Their testimony probably will state that if the property tax was reduced for hospitals during the construction period, then the other taxpayers in the taxing areas would have to

make up the difference. Not once was there a mention to reduce gov't spending. And because of the law as it currently is, the local political subs received an enormous infusion of new tax dollars. I wonder how they spent this money. Also, they did not mention when a surplus of taxes is collected because of new projects like Trinity, there is no rebate to the local property owners. Trinity Hospital is building a new hospital in Minot. Their property taxes for the last six years are 2017- \$49,825.46; 2018 -\$56,474.82; 2019 - \$235,361.86; 2020 - \$684,063.78; 2021-\$1,297,731.87; 2022- \$2,705,774.30 for a total of \$5,029,232.09. I was told they had to pay these exorbitant taxes because they are not occupying the new hospital. Once they open for business, they will become a non-profit and no longer pay property taxes. This does not make sense to me because I maintain that Trinity Hospital is a non-profit now and should not have pay property taxes during construction. Six years of taxes amount to \$5,029,232.09. This amount is new taxes while they are building their hospital. Not one of our political subs offered a property tax reduction, even though they received, a massive infusion of new funds.

As I stated earlier, because schools and charitable purposes are in the same line in the Constitution, I feel that hospitals should also be exempt from property taxes as it states in the bill. I urge a do pass on this bill.

