

HB 1438 Testimony

Mr. Chairman, members of the Senate 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.

While tax collectors apparently have no interest in attempting to tax school land, not only land upon which school buildings sit, but also land school districts purchase for potential future expansion, or vacant school property, they for some

unexplained reason, seem eager to tax as much hospital property as they think they might be able to somehow find authority to tax. Sadly, the way our current law is written has led to their interpretation that they have the authority to what the Constitution forbids. It is time for us to clear that up. HB 1438 clarifies this point and makes it clear that both our statutes and our Constitution say and mean the same thing.

I am sure that only gov't entities will be against this bill (political subs). 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. This is not true, because the taxes are new dollars. Not once was there a mention to reduce gov't spending. And because of the interpretation of the current law as it, 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, why? 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. And the property assessment increased each year during construction. 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.

Mr. Chairman, Members of the Senate Finance and Tax Committee, I don't believe, as a legislator, that I've ever seen a clearer opportunity to uphold our oath of office or to "right a wrong" in our government. Our responsibility, now, is to end this practice, once and for all, to make it crystal clear that the North Dakota Legislature upholds the Constitution, as we've each sworn to do. Please pass HB 1438. Thank you.