

January 28, 2025

ND Senate Finance and Tax Committee

Chairman Weber and Committee Members,

My name is Tim Mathern, Senator from District 11. I am sponsor of this bill and a homeowner in Fargo with property tax of about \$4000 per year. The median household income in my district is \$61,000.

In general terms this bill is a broad-based homestead tax credit style program without any age, income, or status restrictions. The main qualifier is that the home serves as a person's primary residence. The amount of credit a person can receive is calculated the same way as the existing homestead tax credit, which provides an up to equivalent of \$200,000 in true and full value.

- The credit stays the same for tax year 2024 but under the bill, trusts, corps, life estates and contracts for deed would also qualify. It solves the issue we had this past year with trusts not qualifying.
- Co-owners get a partial credit proportional to their ownership interest.
- There is an annual application process to receive the credit.

More Detailed Overview of SB 2298

- Section 4 of the bill retains the renter refund portion of North Dakota Century Code Section 57-02-08.1.
- Sections 6 and 7 relate to the expiration of the primary residence credit and the retroactive trust "fix". The credit language included in Section 6 would *only be applicable to tax year 2024*. Section 6 includes the language intended to fix the issue regarding primary residences held in trust for primary residence credits applicable only to tax year 2024 and a provision providing for retroactive application. The expiration date on this section is bumped out to December 31, 2026, to allow time for folks to utilize the retroactive application provision to access the credit for tax year 2024. After this date, the provision would expire. Beginning in tax year 2025, the new form of relief provided in Section 8 of the bill would be available to primary residence owners.

- Section 8 of the bill creates a taxable valuation reduction for property used as a primary residence equal to one hundred percent of the taxable valuation of the individual's primary residence up to a maximum reduction of \$9,000 of taxable valuation (equivalent to \$200,000 in true and full value). This section contains numerous provisions related to the credit, including qualification criteria, definitions of various terms, including "primary residence", application requirements, and state reimbursement related provisions.
- The remainder of the provisions in the bill are the removal/repeal of the homestead property tax credit (Sections 57-02-08.1 and 57-02-08.2) and disabled veterans' credit (Section 57-02-08.8), to streamline the relief through the newly created taxable valuation reduction under Section 8 of the bill, including addressing the various cross references to those provisions throughout Century Code.

Why is this bill needed

We had a ballot measure dealing with property tax in 2024. All of us told our constituents that we would do something to reduce their property tax bill. I think the measure was put on the ballot in part because homeowners didn't realize how much property tax we already pay for with state revenues. This gives three reasons to pass this bill.

1. This bill eliminates some of programs and makes the property tax subsidy across the board for all homeowners. Every homeowner voter will experience what the state does to help them out!
2. This bill provides dramatic dollar amount of relief which is needed. Some people are beginning to lose their homes related to the escalating tax. Some retired folks are telling me their annual taxes are now more than what they paid for their home!
3. This bill supports local control. Local voters decide the amount and use of their property taxes.

We have the money and support to do this. I ask you for a Do Pass recommendation on SB2298.

Thank you.