

2025 HOUSE FINANCE AND TAXATION

HB 1559

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1559
1/28/2025

Relating to limitations on taxable valuation of residential property; and to provide an effective date.

9:30 a.m. Chairman Headland opened the hearing.

Members Present: Chairman Headland, Vice Chairman Hagert, Representatives Anderson, Dockter, Dressler, Foss, Grueneich, Ista, Motschenbacher, Nehring, Olson, Porter, Steiner, Toman

Discussion Topics:

- True and full value
- Constitutional requirements
- Square footage
- Municipal bonds

9:31 a.m. Representative Schauer introduced the bill and submitted testimony #31960.

9:34 a.m. Levi Bachmeier, Business Manager, West Fargo Public Schools, testified in favor and submitted testimony #31929.

9:45 a.m. Aaron Birst, ND Association of Counties, testified in favor.

9:47 a.m. Charles Dendy, General Counsel, Office of State Tax Commissioner, stood for questions.

9:49 a.m. Chairman Headland closed the hearing.

Janae Pinks, Committee Clerk

1 Tuesday, January 28, 2025

2 Levi Bachmeier, Business Manager, West Fargo Public Schools

3 Support for HB 1559

4 Good morning Chairman Headland and members of the House Finance and
5 Taxation Committee. My name is Levi Bachmeier; I am the Business Manager at
6 West Fargo Public Schools. I am here today to speak to you in support of House
7 Bill 1559.

8 As a leader at West Fargo Public Schools, one of the state's largest taxing entities,
9 I have witnessed firsthand the concerns raised by homeowners regarding the
10 impact of property tax valuations on their financial well-being.

11 In my tenure with the school district, it has been clear that constituents rarely
12 protest the overall growth of our district's budget at annual budget hearings.
13 Instead, their concerns predominantly revolve around two issues: compensation
14 levels for employees and the significant rise in property taxes due to escalating
15 home valuations.

16 The current law leveraging a one-year based percentage of a property's true and
17 full value often leads to abrupt fluctuations in tax burdens for homeowners,
18 particularly when property values spike sharply within a short period. By
19 transitioning to a three-year average of property valuations, this proposed
20 legislation aims to mitigate these abrupt shifts. This approach would provide
21 homeowners with more stable and predictable tax obligations, thereby alleviating
22 financial uncertainties associated with sudden valuation increases.

23 Moreover, adopting this method would prevent artificial distortions in the real
24 estate market that may arise from arbitrary year over year valuation increase caps.

- 1 It is possible to maintain a fair and accurate reflection of market values without
 2 compromising economic stability and growth in our communities.
- 3 Below is an example of how the bill is intended to operate for a single-family
 4 home, if the law was first implemented for Year C:

	Year A	Year B	Year C	Year D	Year E
True and Full Value	\$200,000	\$206,000	\$267,800	\$281,190	\$300,875
Year over Year Increase (%)		3%	30%	5%	7%
Taxable Value (4.5% of T&F)- current tax liability calculation	\$9,000	\$9,270	\$12,051	\$12,654	\$13,539
Year over Year Increase (%)		3%	30%	5%	7%
HB 1559 Taxable Value Proposal			\$10,107	\$11,325	\$12,748
Year over Year Increase (%)			9%	12.1%	12.6%

- 5
- 6 I urge you to support this bill as it seeks to address the genuine concerns of
 7 homeowners while promoting fiscal responsibility without distorting the market.
 8 Simply capping overall revenue on political subdivisions will not relieve property
 9 owners of substantial tax increases stemming from dramatic increases in valuation.
- 10 Thank you for your time. I am happy to answer any questions.

Greetings Chairman Headland and members of the House Tax and Finance Committee.

My name is Austen Schauer, District 13, West Fargo.

HB 1559 is intended to **shift** the definition of taxable valuation from a direct percentage of the current year's true and full to a rolling average of three years of taxable value.

The goal is to smooth the year-by-year increase to the definition of taxable value.

By smoothing the calculation using a ***look back average*** versus an **arbitrary percentage cap**, we avoid market distortions while trying to blunt disproportionately large increases for an individual property owner, a risk that exists even if revenue is capped at the macro-level.

We are trying to address the issue of people being angry over their property taxes going up 40% because their home value went up 40%.

We believe hard caps on total revenue won't help these people who are the most upset.

As you know, we use a smoothing formula for returns on the Legacy Fund and Common Schools Trust Fund to determine the level of funding.

We believe the same strategy can be used in the taxable valuation of residential property.

I have subject matter experts ready to address any specify question you may have.

Thank you, Mr. Chairman and committee members.

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1559
2/10/2025

Relating to limitations on taxable valuation of residential property; and to provide an effective date.

10:56 a.m. Chairman Headland opened the meeting.

Members Present: Chairman Headland, Vice Chair Hagert, Representatives Anderson, Dockter, Dressler, Foss, Ista, Motschenbacher, Nehring, Olson, Porter, Steiner, Toman
Members Absent: Representative Grueneich

Discussion Topics:

- Constitutional concerns
- Transfer of property

10:58 a.m. Recess

11:08 a.m. Chairman Headland reconvened the meeting.

11:08 a.m. Megan Gordon, Legislative Council, stood for questions.

11:13 a.m. Representative Dockter moved a Do Pass.

11:13 a.m. Representative D. Anderson seconded the motion.

11:18 a.m. Representative Dockter suggested a comprehensive study.

11:18 a.m. Representative Dockter withdrew the motion to Do Pass.

11:18 a.m. Representative D. Anderson withdrew his second.

11:19 a.m. Chairman Headland closed the meeting.

Janae Pinks, Committee Clerk

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Finance and Taxation Committee Room JW327E, State Capitol

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2/10/2025

Relating to limitations on taxable valuation of residential property; and to provide an effective date.

11:20 a.m. Chairman Headland opened the meeting.

Members Present: Chairman Headland, Vice Chairman Hagert, Representatives Anderson, Dockter, Dressler, Foss, Ista, Motschenbacher, Nehring, Olson, Porter, Steiner, Toman
Members Absent: Representative Grueneich

Discussion Topics:

- Committee action

11:21 a.m. Representative Hagert moved a Do Not Pass.

11:21 a.m. Representative Motschenbacher seconded the motion.

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Jason Dockter	Y
Representative Ty Dressler	Y
Representative Jim Grueneich	AB
Representative Mike Motschenbacher	Y
Representative Dennis Nehring	Y
Representative Jeremy Olson	Y
Representative Todd Porter	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	Y
Representative Austin Foss	Y
Representative Zachary Ista	N

11:22 a.m. Motion passed 12-1-1.

11:22 a.m. Representative D. Anderson will carry the bill.

11:23 a.m. Chairman Headland closed the meeting.

Janae Pinks, Committee Clerk

REPORT OF STANDING COMMITTEE
HB 1559 ([25.0538.04000](#))

Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO NOT PASS** (12 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). HB 1559 was placed on the Eleventh order on the calendar.