

2021 SENATE FINANCE AND TAXATION

SB 2270

2021 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2270
1/27/2021

A BILL for an Act to create and enact a new section to chapter 57-02 of the North Dakota Century Code, relating to an optional residential property tax reduction for seniors; and to provide an effective date.

Chair Bell calls the meeting to order. Chair Bell, Vice Chair Kannianen, Senators Meyer, J. Roers, Patten, Piepkorn, Weber are present. [10:30]

Discussion Topics:

- Property taxes for those over 65
- Property tax fees and reductions
- Tax shifting between property tax payers.

Senator Clemons [10:30] introduces the bill and provides testimony in favor #3781.

Alexis Baxley, [10:33] Executive Director, North Dakota School Board Association in opposition #3629.

Linda Svihovec, [10:35] Research Analyst/Lobbyist, North Dakota Association of Counties in opposition #3589.

Blake Crosby, [10:39] Executive Director, North Dakota League of Cities in opposition #3780.

Katie Paulson, [10:47] Recorder/Tax Equalization Director, McKenzie County in opposition #3818.

Pete Hanebutt, [10:51] North Dakota Farm Bureau, orally, in opposition.

Kim Vietmeier, [10:55] State Supervisor of Assessments, Tax Department provided information on homestead tax study in HB 1325.

Chair Bell adjourned hearing [10:56]

Senator Meyer moved DO NOT PASS
Senator Piepkorn second

Senators	Vote
Senator Jessica Bell	Y
Senator Jordan Kannianen	Y
Senator Scott Meyer	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Jim Roers	Y
Senator Mark Weber	Y

Motion passed 7-0-0
Senator Weber carrier

Additional written testimony:

Harold Stewart, City Manager, City of Minot in opposition #3696.

Allyn Sveen, Auditor, City of Stanley in opposition #3682.

Dustin Gawrylow, Managing Director, North Dakota Watchdog Network in favor #3664 and #3665.

Lori Hanson, Director of Tax Equalization, Mountrail in opposition #3570.

Bernie Dardis, Commission President, City of West Fargo in opposition #3545.

Paul Houdek, City Assessor, City of Grand Forks in opposition #3540.

Chair Bell adjourns the meeting. [10:58]

Joel Crane, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2270: Finance and Taxation Committee (Sen. Bell, Chairman) recommends **DO NOT PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2270 was placed on the Eleventh order on the calendar.

January 27, 2021

Senate Finance and Taxation Committee

Senate Bill 2270

Madam Chair Senator Bell and Committee, my name is David Clemens, Senator from District 16 in West Fargo and Fargo. I am here to introduce Senate Bill 2270 that addresses the property tax on a primary residence for those age 65 and older.

Much has been said over the years, of the struggles some have as they reach older age, are living on a fixed income and property taxes continue to rise. It is very common for property taxes on a residence to be \$300-\$400 per month. This can be very threatening to an elderly homeowner, not knowing if they will be able to keep their home, even though it is paid for.

Senate Bill 2270 allows the 65 and older homeowner to file an irrecoverable claim that reduces by 70% the true and full valuation of a primary residence owned and occupied by the individual if they have resided in the residence at least 2 years and is not delinquent on property taxes. The county directors of tax equalization shall make these forms available upon request.

I would appreciate your support for SB2270.

Any questions.



NDSBA
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SB 2270
Testimony of Alexis Baxley
Senate Finance & Taxation Committee
January 27, 2021

Madame Chair Bell and members of the House Finance and Taxation Committee, my name is Alexis Baxley. I am the executive director of the North Dakota School Boards Association. NDSBA represents all 178 North Dakota public school districts and their boards and several multi-district special education units. I am here today in opposition to SB 2270.

According to the last U.S. census, persons age 65 years and older make up almost 16% of North Dakota's population. In 17 of our counties, these individuals make up anywhere from 24% to 32% of the county population. Permitting all property owners in this age range to reduce the valuation of their primary residences by 75% would likely significantly reduce the value of large portions of property throughout North Dakota for several decades. As the bill indicates, the reduction would continue even if the individual no longer resides in the residence due to a move to nursing home, hospital or other care facility, regardless of the length of the stay. It is difficult to ascertain the extent of the impact on local property tax collections for school districts and other political subdivisions if SB 2270 were to pass. However, if passed, SB 2270 would likely erode school districts', as well as other taxing districts', property tax base in a significant way.

Currently, school districts rely on local property taxes to fund just under 40% of the cost of educating our state's youth. The costs school districts incur are not stagnant – electricity, food, transportation costs, teacher salaries – the cost of these things increase every year. If the local property tax base is reduced, this will shift more of the burden of funding K-12 public school education onto the state. In addition, it would likely shift more burden onto other local property taxpayers to help make up the difference. Protections already exist in the state funding formula and other state law relating to increases in property tax levies from year to year without taxpayer approval. In addition, persons age 65 and older with lower incomes and assets have other options to save on property taxes, including a homestead property tax credit under North Dakota law (NDCC 57-02-08.1).

For these reasons, NDSBA stands in opposition to SB 2270 and encourages this committee to give it a do not pass recommendation. Thank you for your time. I would be happy to answer any questions the committee may have.

Testimony Prepared for the
Senate Finance & Taxation Committee
January 27, 2021
By: Linda Svihovec, NDACo



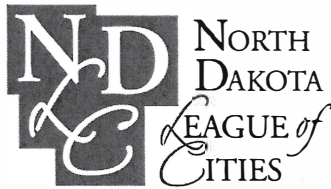
RE: Senate Bill 2270 – Value Reduction for 65+

Good morning Chairman Bell and committee members. For the record, my name is Linda Svihovec with the North Dakota Association of Counties. Thank you for the opportunity speak to you in opposition to Senate Bill 2270 on behalf of our 53 counties and their officials.

Senate Bill 2270 permits and freezes a 75% reduction in taxable property value for seniors for as long as the homeowner claims the property as their primary residence. This bill, as well as others that mandate a freeze or reduction in property values for seniors, shift the cost of the Homestead Credit program property tax burden from the state to other property owners in the community. Senate Bill 2270 goes a step further in that it permits the frozen reduction in property tax value without an income qualifying threshold. In other words, a wealthy 65+ owner of a million-dollar home, would pay taxes on \$250,000 of value – pushing the remaining tax burden of the reduced \$750,000 to other taxpayers who do not meet the 65+ age requirement in this bill.

County officials strongly support the Legislature's efforts to provide property tax relief to seniors living fixed and limited incomes. However, that can best be achieved by adjusting the income and asset thresholds of the current Homestead Credit program, rather than artificially reducing values, and shifting the burden to the other taxpayers in the community.

Chairman Bell and committee members, the ND Association of Counties and its members request a DO NOT PASS on SB2270 and encourage the Legislature to explore expanding the current Homestead Credit program income and asset thresholds instead.



SB 2270

Senate Finance and Taxation Committee

Sen. Bell, Chair

January 27, 2021

Good morning Chairwomen Bell and Committee members. For the record, Blake Crosby, Executive Director, North Dakota League of Cities

I am concerned about passing a bill without any idea of the financial impact to cities, counties, school districts, townships, and others. What we do know is that for every property tax freeze or cap, it really amounts to a shift. Personally, I would qualify under the age criteria but that means when I pay less, those of you under 65 pay more. And, there is a multiplier effect here as we are living longer. Age-wise, there are between 115,000 to 200,000 persons age 65+ and about 34,000 in the 60-64 age range according to U S Census data.

I refer you to the spreadsheet. Being very conservative, if we were to guess that this bill would only effect 50% of the "Occupied Housing Units" as defined by U S Census; we are looking at the potential for a large impact on all political subdivisions.

With the drop in oil related revenue, farm income down, the concern about coal and the downturn caused by the pandemic, this is not the biennium to be adding further stress on the under-65 working families that would have to fund this shift with higher property taxes. Cities don't have a Legacy Fund they can use to balance their budget. This is not the biennium to adding to their stress. For small North Dakota cities that have a large portion of their population 65+, this bill could be especially penalizing.

I have two suggestions:

- There are currently two bills recommending a study of property taxes. This idea should be rolled into one of those studies. Let's use the interim to have a robust, prudent and thorough discussion of our property tax system.
- Or, incorporate the true and full value language of this bill to the Homestead Credit eligibility criteria as in NDCC 57-02-08 as it is already the vehicle for tax relief based on specific criteria.

I respectfully ask for a Do-Not-Pass on SB 2270 as written. Thank you for time and consideration. I will try to answer any questions.

Label	Occupied housing units	Percent Age 65 Plus	55 to 64 years
Abercrombie	110	26%	22%
Adams	78	22%	14%
Alamo	14	14%	57%
Alexander	70	4%	26%
Alice	13	31%	15%
Almont	43	21%	19%
Alsen	14	0%	29%
Ambrose	10	70%	20%
Amenia	38	26%	18%
Amidon	17	77%	18%
Anamoose	127	34%	27%
Aneta	125	20%	23%
Antler	12	42%	25%
Ardoch	17	6%	24%
Argusville	167	8%	10%
Arnegard	28	46%	32%
Arthur	143	36%	21%
Ashley	329	53%	13%
Ayr	2	100%	0%
Balfour	13	8%	31%
Balta	41	34%	17%
Bantry	6	33%	0%
Barney	28	36%	36%
Bathgate	24	25%	50%
Beach	545	33%	22%
Belfield	388	26%	18%
Benedict	33	39%	12%
Bergen	2	50%	50%
Berlin	15	27%	33%
Berthold	216	25%	19%
Beulah	1,358	22%	23%
Binford	91	40%	25%
Bisbee	63	38%	22%
Bismarck	32,044	25%	18%
Bottineau	886	39%	17%
Bowbells	139	23%	29%
Bowdon	80	54%	13%
Bowman	660	29%	19%
Braddock	15	13%	7%
Briarwood	18	28%	33%
Brinsmade	15	7%	13%
Brocket	6	33%	33%
Buchanan	19	0%	42%
Bucyrus	11	55%	46%
Buffalo	87	36%	21%

Label	Occupied housing units	Percent Age 65 Plus	55 to 64 years
Burlington	505	13%	16%
Butte	38	42%	5%
Buxton	176	20%	24%
Calio	3	100%	0%
Calvin	4	50%	50%
Cando	557	22%	25%
Canton City (Hense	8	13%	38%
Carpio	53	24%	15%
Carrington	946	33%	23%
Carson	142	42%	15%
Casselton	1,019	24%	17%
Cathay	11	18%	55%
Cavalier	557	37%	16%
Cayuga	19	16%	63%
Center	236	41%	10%
Christine	89	20%	25%
Churchs Ferry	2	0%	100%
Cleveland	32	34%	9%
Clifford	24	8%	0%
Cogswell	33	39%	15%
Coleharbor	38	21%	47%
Colfax	69	23%	25%
Columbus	48	40%	17%
Conway	14	50%	7%
Cooperstown	434	40%	9%
Courtenay	26	35%	23%
Crary	42	24%	10%
Crosby	531	36%	15%
Crystal	65	32%	22%
Davenport	113	7%	21%
Dawson	18	22%	17%
Dazey	29	3%	24%
Deering	52	8%	37%
Des Lacs	86	27%	19%
Devils Lake	3,301	29%	19%
Dickey	14	43%	14%
Dickinson	9,439	17%	16%
Dodge	47	40%	34%
Donnybrook	32	35%	19%
Douglas	29	31%	38%
Drake	155	25%	16%
Drayton	328	26%	31%
Dunn Center	95	25%	8%
Dunseith	233	18%	31%
Dwight	29	10%	21%

Label	Occupied housing units	Percent Age 65 Plus	55 to 64 years
Edgeley	274	30%	27%
Edinburg	99	35%	24%
Edmore	68	53%	21%
Egeland	28	29%	11%
Elgin	312	39%	16%
Ellendale	518	36%	19%
Elliott	11	55%	27%
Emerado	217	16%	20%
Enderlin	462	30%	23%
Epping	31	10%	16%
Esmond	62	48%	15%
Fairdale	16	38%	25%
Fairmount	140	34%	25%
Fargo	54,571	17%	14%
Fessenden	255	28%	18%
Fingal	58	14%	12%
Finley	191	28%	18%
Flasher	115	34%	18%
Flaxton	43	21%	26%
Forbes	17	24%	0%
Fordville	105	18%	11%
Forest River	66	29%	20%
Forman	214	38%	14%
Fort Ransom	54	41%	20%
Fortuna	9	22%	0%
Fort Yates	49	18%	22%
Fredonia	24	21%	42%
Frontier	70	20%	33%
Fullerton	37	46%	27%
Gackle	123	35%	20%
Galesburg	67	13%	22%
Gardena	14	29%	14%
Gardner	40	30%	23%
Garrison	753	36%	19%
Gascoyne	8	38%	0%
Gilby	95	18%	20%
Gladstone	108	19%	20%
Glenburn	159	11%	16%
Glenfield	42	33%	17%
Glen Ullin	390	35%	21%
Golden Valley	127	44%	23%
Golva	30	0%	23%
Goodrich	62	29%	16%
Grace City	31	26%	23%
Grafton	1,806	28%	20%

Label	Occupied housing units	Percent Age 65 Plus	55 to 64 years
Grand Forks	25,328	18%	14%
Grandin	73	21%	32%
Grano	1	0%	100%
Granville	151	25%	16%
Great Bend	40	28%	20%
Grenora	76	28%	24%
Gwinner	493	19%	13%
Hague	41	49%	15%
Halliday	132	34%	10%
Hamberg	20	25%	45%
Hamilton	20	40%	15%
Hampden	18	61%	17%
Hankinson	392	31%	16%
Hannaford	73	38%	26%
Hannah	7	0%	0%
Hansboro	10	0%	0%
Harvey	835	36%	20%
Harwood	256	14%	22%
Hatton	345	25%	19%
Havana	25	40%	8%
Haynes	20	45%	15%
Hazelton	108	39%	21%
Hazen	1,082	26%	19%
Hebron	383	31%	16%
Hettinger	545	36%	21%
Hillsboro	714	30%	20%
Hoople	143	19%	25%
Hope	144	41%	33%
Horace	986	14%	19%
Hunter	102	16%	36%
Hurdsfield	21	33%	38%
Inkster	14	36%	29%
Jamestown	6,530	26%	20%
Jud	41	42%	17%
Karlsruhe	28	22%	64%
Kathryn	25	40%	12%
Kenmare	434	39%	14%
Kensal	89	21%	10%
Kief	10	0%	100%
Killdeer	362	19%	12%
Kindred	308	11%	16%
Knox	16	38%	0%
Kramer	20	25%	0%
Kulm	209	38%	23%
Lakota	338	32%	12%

Label	Occupied housing units	Percent Age 65 Plus	55 to 64 years
LaMoure	334	32%	22%
Landa	22	68%	14%
Langdon	899	34%	19%
Lankin	52	33%	39%
Lansford	126	11%	16%
Larimore	538	19%	16%
Lawton	11	55%	18%
Leal	10	30%	40%
Leeds	250	31%	22%
Lehr	42	41%	26%
Leith	18	11%	33%
Leonard	131	22%	32%
Lidgerwood	308	47%	19%
Lignite	98	16%	6%
Lincoln	1,182	10%	15%
Linton	514	49%	19%
Lisbon	941	33%	21%
Litchville	89	22%	23%
Loma	10	30%	30%
Lorraine	7	29%	0%
Ludden	16	38%	19%
Luverne	12	33%	0%
McClusky	247	39%	13%
McHenry	20	30%	25%
McVille	215	38%	20%
Maddock	187	37%	23%
Makoti	64	42%	28%
Mandan	9,856	21%	17%
Mantador	31	7%	0%
Manvel	120	18%	16%
Mapleton	376	8%	25%
Marion	67	30%	15%
Marmarth	51	37%	12%
Martin	31	45%	19%
Max	151	30%	8%
Maxbass	49	25%	27%
Mayville	722	30%	18%
Medina	129	33%	27%
Medora	56	48%	7%
Mercer	37	46%	8%
Michigan City	102	30%	41%
Milnor	375	32%	18%
Milton	30	40%	20%
Minnewaukan	85	25%	33%
Minot	20,979	20%	14%

Label	Occupied housing units	Percent Age 65 Plus	55 to 64 years
Minto	301	25%	17%
Mohall	285	29%	27%
Monango	8	0%	25%
Montpelier	47	15%	26%
Mooreton	91	28%	20%
Mott	332	40%	25%
Mountain	32	31%	9%
Munich	132	32%	22%
Mylo	4	0%	75%
Napoleon	392	33%	24%
Neché	137	31%	18%
Nekoma	12	50%	33%
Newburg	42	31%	21%
New England	287	30%	10%
New Leipzig	98	49%	31%
New Rockford	671	33%	13%
New Salem	511	34%	16%
New Town	689	18%	22%
Niagara	22	55%	9%
Nome	15	27%	53%
Noonan	95	27%	25%
North River	22	36%	18%
Northwood	320	50%	17%
Oakes	909	20%	15%
Oberon	24	8%	54%
Oriska	47	34%	26%
Osnabrock	68	37%	10%
Overly	9	100%	0%
Oxbow	106	21%	19%
Page	93	27%	20%
Palermo	49	33%	12%
Park River	668	36%	20%
Parshall	311	21%	21%
Pekin	33	24%	15%
Pembina	229	37%	24%
Perth	4	25%	50%
Petersburg	84	27%	24%
Pettibone	51	35%	18%
Pick City	69	48%	10%
Pillsbury	8	88%	13%
Pingree	17	35%	6%
Pisek	36	53%	19%
Plaza	80	18%	23%
Portal	75	24%	17%
Portland	292	32%	19%

Label	Occupied housing units	Percent Age 65 Plus	55 to 64 years
Powers Lake	114	35%	18%
Prairie Rose	22	23%	18%
Ray	245	38%	28%
Reeder	67	39%	5%
Regan	18	50%	11%
Regent	76	43%	26%
Reile's Acres	155	11%	25%
Reynolds	128	20%	19%
Rhame	87	15%	21%
Richardton	328	35%	18%
Riverdale	109	36%	37%
Robinson	19	79%	5%
Rocklake	66	43%	14%
Rogers	22	0%	41%
Rolette	274	28%	21%
Rolla	522	29%	18%
Ross	41	2%	15%
Rugby	1,328	41%	18%
Ruso	0	0%	-
Rutland	67	37%	22%
Ryder	56	39%	2%
St. John	108	29%	22%
St. Thomas	148	26%	37%
Sanborn	83	24%	22%
Sarles	6	33%	0%
Sawyer	130	24%	18%
Scranton	149	30%	18%
Selfridge	59	20%	25%
Sentinel Butte	43	42%	26%
Sharon	36	53%	14%
Sheldon	57	21%	39%
Sherwood	92	21%	34%
Sheyenne	102	40%	23%
Sibley	27	22%	19%
Solen	36	31%	36%
Souris	47	53%	4%
South Heart	133	21%	16%
Spiritwood Lake	51	51%	24%
Springbrook	8	25%	25%
Stanley	964	24%	12%
Stanton	178	46%	12%
Starkweather	34	26%	24%
Steele	384	28%	23%
Strasburg	175	38%	20%
Streeter	67	52%	25%

Label	Occupied housing units	Percent Age 65 Plus	55 to 64 years
Surrey	477	30%	12%
Sykeston	49	39%	39%
Tappen	114	18%	20%
Taylor	93	29%	13%
Thompson	417	12%	16%
Tioga	561	23%	14%
Tolley	19	58%	5%
Tolna	86	68%	14%
Tower City	145	29%	12%
Towner	305	23%	13%
Turtle Lake	271	38%	20%
Tuttle	48	35%	29%
Underwood	342	23%	24%
Upham	87	25%	29%
Valley City	3,193	27%	21%
Velva	523	19%	15%
Venturia	18	56%	28%
Verona	36	28%	31%
Voltaire	17	12%	65%
Wahpeton	3,275	24%	18%
Walcott	114	19%	18%
Wales	7	57%	0%
Walhalla	486	26%	20%
Warwick	33	15%	18%
Washburn	649	22%	25%
Watford City	2,639	16%	11%
West Fargo	13,840	15%	15%
Westhope	150	37%	21%
White Earth	20	15%	15%
Wildrose	38	0%	34%
Williston	11,230	14%	12%
Willow City	93	43%	18%
Wilton	345	27%	30%
Wimbledon	107	22%	32%
Wing	54	26%	11%
Wishek	480	31%	22%
Wolford	10	40%	60%
Woodworth	28	50%	7%
Wyndmere	196	35%	17%
York	11	18%	9%
Zap	79	18%	34%
Zeeland	52	37%	10%

#3818

To: Chairman Jessica Bell, Finance & Taxation Committee

From: Katie Paulson, McKenzie County Recorder/Tax Equalization Director

RE: SB 2270

Chairman Bell and Committee Members,

My name is Katie Paulson, and I am the McKenzie County Recorder/Tax Equalization Director. I am here to oppose SB 2270, a bill that proposes to allow a person 65 years of age or older to file an irrecoverable claim that reduces the valuation of their property by 70% of their primary residence.

As Tax Director, it is my duty to ensure that the properties in McKenzie County are valued at market value and remain equalized in relation to the other properties within my county. The purpose of this process is to spread the property tax burden to our property owners in fair and equitable manner. I believe strongly in this process as I have spent many hours training, analyzing, and executing models that support where the valuation from each property comes from.

When lawmakers propose laws that will provide ways that properties can be valued or discounted to a level that is drastically below market value, this process is completely undermined and makes the property tax burden heavier on some of the property owners. I believe that although the intentions of this bill are to help our aging population with financial limitations; the repercussions of a bill like this would be negative. In the bill there is no mention of income or assets, the qualification for this reduction. When I think of the drastic number of property owners within my jurisdiction that are 65 and older, the amount of valuation that

would be removed from our tax rolls would be a substantial number. That tax burden would be shifted to our working families, farmers, and business owners. When I think of fair and equitable, this is not what will work.

I do believe that there could be a different solution to helping our residents that are retired and on a limited income. The state already offers the Homestead Credit which allows seniors and disabled people to apply for some financial help on their property tax. Currently if these folks apply and qualify based on their income level, they can receive help on up to \$125,000 in total valuation. The level of reduction is a tiered approach that is based off of their income as long as it is less than \$42,000 annually, and there are deductions that are allowed for medical expenses.

I have heard the complaints from our long-time residents that have seen property values exceed this valuation over the last decade that I have lived in McKenzie County. In 2010 the median price of a single-family home was \$53,500; in 2019 the median price for a single-family home was \$285,000. The median is the mid-point measurement of the sales, it is less skewed than an average, and I can tell you that with the increase in transactions over the last few years that it is a trend for our residents. Our real estate market is inflated because of the oil activity, but I am certain that there are counties that haven't seen this drastic of a change in their respective markets, but many have seen some level of increase. The owners that have lived in their homes for an extended amount of time have been affected by steep value changes to keep up with the market, so I understand their trepidation over what is affordable today. I think that the intentions of this bill to provide some tax relief could be addressed by raising the value the credit covers and income qualification that is covered by this credit. The Homestead

Credit allows for the valuation to still be carried out equally within each jurisdiction, and the credit gets paid to the counties from the state. This program does not shift the tax burden to the rest of the taxpayers, but it provides direct relief to the qualified applicants' tax bills. It has been a number of years since the amount covered by the credit has been raised.

Exemptions and blanket reductions do help those that qualify, but it comes at an expense to all of those who do not qualify. I realize that the fund that pays the counties for the Homestead Credit comes from other tax dollars that are allocated by the state, so I also understand that changing the credit value would have implications to the state fund that disperses the money back to the counties, but the program has already been successfully implemented for a number of years and proven to provide direct assistance to our retired residents with limited income without shifting the burden to the working families.

I strongly urge the committee to keep the equalization process intact and **DO NOT PASS SB 2270.**

Thank you for your consideration and time.

Katie Paulson, McKenzie County Recorder/Tax Equalization Director



Allyn Sveen – Stanley City Auditor

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#3696, #3682

January 26, 2021

Senate Finance and Taxation Committee

SB #2270 - (1/27/2021 Hearing – 10:30 A.M.)

Dear Chair Bell and Honorable Members of the Senate Finance and Taxation Committee:

I am respectfully requesting you to support a **“DO NOT PASS”** on Senate Bill #2270 relating to an optional residential property tax reduction for seniors, age 65 or older.

Senate Bill #2270 creates a lot of implications. Allowing a 70% reduction in true and full valuation for the “primary residence” for age 65 or older with no stipulations will drastically reduce the overall valuation in cities. It is not fair to shift the tax burden to those under the age of 65 and/or to other classifications of property (agricultural and commercial) in order to make up the loss of tax revenue from the reduction in valuations. There are likely more taxpayers under the age of 65 struggling and to place this burden on them is unjust and may cause undue hardship for many.

Further, numerous have expressed opposition to similar bills and have presented many valid and logical reasons why similar legislation should not be passed. The State of ND already allows for property tax credits for senior citizens and disabled persons and veterans that meet qualifications. These tax credits are reimbursed by the State to political subdivisions and present no loss of revenue to political subdivisions nor do these credits shift the tax burden to other taxpayers. Maybe something similar should be considered for those over 65 at the State level without distorting property values and without having an adverse effect on hard working taxpayers.

Please do not place this unnecessary burden on a select group of taxpayers nor distort the overall valuations within political subdivisions, your support for a **“DO NOT PASS”** on Senate Bill #2270 is greatly appreciated.

Thank you for your consideration.

Sincerely,
Allyn Sveen
Stanley City Auditor

E-mail: District #2 & #4 Senate Representatives

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SB 2270 – Testimony by Dustin Gawrylow (Lobbyist #266) North Dakota Watchdog Network

Property tax burden is a perpetual argument. Especially when it comes to older residents, many of whom rely on fixed income.

Concerns: The word “optional” raises the question of who is exercising the option. The homeowner, or the county? Some state do this county by county. It is our view this should be a statewide program.

We fully support the concept of exempting senior citizens from burdensome property tax increases, and hope this committee can do the same for others regardless of age.



#3665

(/)



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State Property Tax Freeze and Assessment Freeze Programs



12/31/2012



The property tax is the primary source of revenue for local governments in the United States. However, according to researchers at the National Center for Policy Analysis, the property tax has historically been one of the most unpopular taxes, largely because it is one of the most noticeable taxes, as most homeowners write a few checks a year to pay for it. For older Americans living on fixed incomes, the tax can be a concern because of worries over being priced out of their homes. Because of the unpopularity of the tax, property tax

limits have become common throughout the country. Nearly all states have homestead exemption and credit programs in place for seniors and other qualifying individuals to exempt a certain amount of a home’s value from taxation. At the same time, six states have property tax freeze programs that bar property tax increases for eligible individuals. These programs are usually an optional program for local governments. Ten states have assessment freeze programs that limit how much property values can increase in a year for tax purposes. The following charts list state property tax freeze programs and property assessment freeze programs for 14 states (Oklahoma and Rhode Island have both property tax freeze and assessment freeze programs).

CT| NJ| OK| RI| TN| TX

States with Property Tax Freezes				
State	Year Enacted	Age Requirement	Income limit	Additional
Connecticut	2006	Age 70 or older	No	The program is a local government option and not a requirement. Local governments may set asset limits. An applicant must have lived in Connecticut for at least one year before applying. A surviving spouse who is age 62 or older may also apply.



New Jersey	1998	Age 65 or older	Yes	<div>The current \$70,000 (both married), but can change from year to year. The program is essentially a reimbursement program: The amount reimbursed is the increase (if any) above the amount of property tax paid in the first year the applicant qualified.</div>
Oklahoma	1996	Age 65 or older	No	<div>The program is a local government option and not a requirement. Local governments may set asset limits.</div>
Rhode Island	2009	Age 65 or older	No more than \$4,000	<div>The program is a local government option and not a requirement.</div>
Tennessee	2006	Age 65 or older	Yes	<div>The program is an option for counties and/or municipalities and not a requirement. The income limit would be set by the counties. Applicants would have to apply annually. Improvements to the property would increase the tax base amount.</div>
Texas	2003	Age 65 or older	No	<div>The program is a local government option and not a requirement. The tax ceiling is set at the amount paid in the year the applicant qualifies; it may go up if the property is improved unless the improvements are for repairs or standard maintenance.</div>




AZ| AR| GA| IL| LA| NM| OK| RI| SD| WA

States with Assessment Freezes

State	Year Enacted	Age Requirement	Income Limit	Additional
Arizona	2000	Age 65 or older	None	Disabled individuals and permanently totally disabled veterans may also apply.
Arkansas	2001	Age 65 or older	Yes	The income limit is less than 400% of the Supplemental Security Income benefit rate for individuals and less than 500% for joint owners.
Georgia	1994	Age 62 or older	Less than \$30,000	This program may be used in lieu of, not in addition to, any other homestead exemption.
Illinois	1994	Age 65 or older	Less than \$55,000	A surviving spouse need not be age 65 or older who otherwise meets the income qualification.
Louisiana	2000	Age 65 or older	Currently less than \$67,000. A limit of \$50,000 was set in 2001 and is adjusted annually by the Consumer Price Index.	Permanently totally disabled individuals and veterans who are at least 50% disabled may also apply.
New Mexico	2000	Age 65 or older	Currently less than \$32,000. This limit was set in 2010 and is adjusted annually by the Consumer Price Index.	Applicants must apply annually.



Oklahoma	2004	Age 65 or older	Yes	<div> <div>The income limit is set by the Department of Housing and Urban Development for the applicant's county.</div> <div>  </div> </div>
Rhode Island	2009	Age 65 or older	Yes	The state authorized freezes for eight towns. However, the freeze currently applies to five towns; income limits and other additional requirements are determined locally.
South Dakota	1980	Age 65 or older	Yes	The income limit is \$25,116.03 (single) or \$31,395.04 (married) and adjusted by the Consumer Price index. The applicant must have resided for at least 200 days of the previous calendar year in the property.
Washington	1995	Age 61 or older	Less than \$35,000	Individuals who retire because of a disability or veterans who are 100% disabled may also apply. A surviving spouse or domestic partner of someone who had been eligible may also apply if they are age 57 or older and meet all other requirements.



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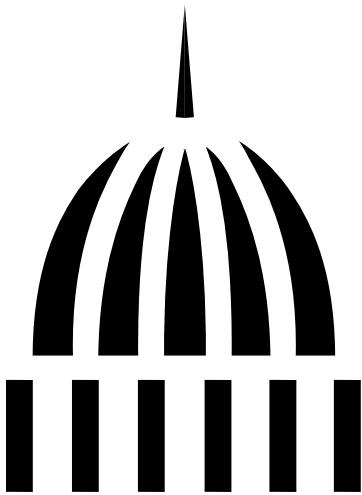
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Testimony prepared for:
Senate Finance and Taxation Committee
Prepared January 26, 2021
Lori Hanson, Director of Tax Equalization
Mountrail County

RE: Opposition Testimony for Senate Bill 2270

Dear Chairwoman Bell and Honorable Members of Senate Finance and Taxation Committee:

I am respectfully requesting you to support a **“DO NOT PASS”** on Senate Bill 2270 relating to the optional residential property tax reduction for the primary residence of an owner who age 65 or older.

A residential property tax reduction or **“freeze”** for owners who are age 65 or older, shifts the tax burden to those under the age of 65 along with shifting the tax burden to the other property classes (commercial and agricultural). In essence, this bill would affect those under the age of 65 as they would be the ones to bear the shift in tax burden. Without any limitations/restrictions based on income and assets, this State would have a large population of residents who could apply who are better off financially than our young working families.

Currently, under North Dakota Century Code 57-02-08.1, an individual who is 65 years of age or older may apply for what is known as the Homestead Credit. The application filed needs to meet ownership, income and assets requirements. There is a limitation on income – not in excess of \$42,000, assets not in excess of \$500,000. The maximum reduction allowed is a \$5,625 taxable value which equates to a true and full value of \$125,000.

Since the Homestead Credit already exist in the Century Code, I would suggest enhancements could be made to the existing Century Code to meet the intent of SB 2270. As the bill stands, I would support a **“DO NOT PASS”**.

Thank you for your consideration.

Sincerely,

Lori Hanson
Mountrail County Director of Tax Equalization



#3545

Testimony on SB 2270
Presented to the Finance and Taxation Committee
Prepared by Bernie Dardis, West Fargo Commission President
Wednesday, Jan. 27, 2021

1 Chairwoman Bell and members of the Finance and Taxation Standing
2 Committee: I would like to take this opportunity to submit my opposition to SB 2270,
3 which would provide for property tax reduction for individuals over 65 years of age.

4 After evaluating the bill, I believe it was intended to provide property tax relief to
5 populations who would benefit the most. However, a qualification using age and not
6 need is likely to exclude a large portion of the population in need of relief, as well as
7 provide a tax benefit to a portion of the population who may not need it.

8 According to the 2019 American Community Survey 5-year estimates from the
9 U.S. Census Bureau, 3,084 residents in West Fargo are at least 65 and 3% of them are
10 living below poverty level. However, 6.5% of the 22,499 residents ages 18 to 64 are
11 below poverty level. As you can see, age is not an inclusive demographic to determine
12 the need for property tax relief. It is also important to remember that North Dakota's
13 Homestead Property Tax Credit does cater to the people in 65 and over age group
14 who actually need assistance.

15 As currently written, the bill also provides the opportunity for individuals to share
16 ownership with an individual who qualifies and then benefit from the relief without
17 meeting the qualifications. In fact, this is specifically stated in the bill under Section 1.3.
18 This will lead to an enormous tax burden placed on the shoulders of residents who do
19 not qualify or choose not to create a situation where they would qualify.

20 When evaluating and developing property tax reductions, it is important to
21 remember that every action shifts the burden of property tax on to the shoulders of
22 other residents. Local municipalities do their part to control the level of property taxes
23 needed by closely controlling costs, adjusting fees, implementing sales tax, utilizing
24 multiple sources like Prairie Dog funding and sales tax for infrastructure projects, and

25 reviewing debt annually to identify refinancing opportunities. However, there will always
26 be a cost to providing municipal services like police, fire and snowplows and these
27 costs increase annually, just like anything else. Property tax efforts need careful
28 consideration to ensure one action to benefit a group of property owners does not
29 place an undue burden on another group of property owners.

30 For these reasons, I oppose SB 2270 and ask this committee to consider a
31 different action to address property taxes.



TESTIMONY ON SENATE BILL 2270

Senate Finance & Taxation Committee

January 27, 2021

Paul Houdek, City Assessor

City of Grand Forks, ND

Mr. Chairman and members of the committee, my name is Paul Houdek, and I am the City Assessor for the City of Grand Forks. I want to thank you for the opportunity to provide testimony and express my opposition to this legislation.

I am contacting you today in opposition of Senate Bill 2270. This bill would have devastating effects to all local taxing jurisdictions. It will eliminate a portion of the tax base for all taxing entities by making exempt 70% of all primary residences of people that are 65 years of age and older. Without a plan to replace that lost revenue I cannot support this legislation. People 65 years of age and older may already qualify for a homestead credit. The criteria for this program are based on an income and asset test, giving tax relief to property owners where it is needed most. When a significant portion of your residential property is owned by people over the age of 65, as is the case in many small towns in North Dakota, the implications of this bill would be difficult for any local jurisdiction to absorb. A 70% exemption on these homes would shift the tax burden to all parcels that are owned by people under the age of 65, as well as commercial and agricultural property within the jurisdiction. This is simply shifting the tax burden to a smaller pool of taxpayers causing default tax increases to all other property owners. This will lead to a decrease in taxable values and an increase in mill rates which would not otherwise happen without this law. There is no "needs test" at all in this bill. Many retirement age property owners have a significant financial portfolio which further complicates this issue. A 70% exemption of the value for a person who has a good retirement income as well as significant assets is simply shifting that burden onto young families and is not an appropriate solution. While this would have a positive effect on the property owners that qualify it would adversely affect all other property owners by an increase in the tax burden. Line 7 of this bill states it is "optional"? I am not sure how this bill is optional. There does not seem to be any criteria in the bill to "opt in" or "opt out" for the local jurisdictions. Thank you for considering my testimony.

The Grand Forks City Assessor and the City of Grand Forks Legislative Committee oppose SB 2270 and we ask you to do the same.