

HB 1367 Testimony

Mr. Chairman, members of the Political Subs Committee, my name is Rep. Larry Bellew from District 38 in Minot. I am introducing HB 1367 as a bill that I consider to be Property tax reform.

Why do we need property tax reform? To prevent what happened in Minot and Ward County from happening in other cities in other cities and counties. Example: From 2016 to 2022, taxes in Ward County have increase by 40.325%. And this is after the State's 20 mill buydown of social services in 2019. The Minot property taxes increased by 65.608%; Park District taxes have increased by 67.509%; and school taxes have increased by 42.249%. The citizens of Ward County and Minot have had no recourse but pay the huge increases. This bill would allow citizens from every corner of the state to have some say into what they are willing to pay for local government. This past year, my property taxes increased by around 16%. This along with an inflation rate of 8%, makes it hard for people to pay the increase. This is especially true for those elderly on a fixed income. I am sure that many property owners' taxes in Minot increased as much as mine. The other problem with the current property tax formula is the

valuation. The current value of my home is no good to me unless I sell my house, so I do not think it is fair to be taxed by this valuation method.

In my opinion, there are two main reasons property taxes have gotten out of control: The first is voter apathy. Second, local officials are very good at finding new and creative ways to spend the additional revenue created by valuation increases instead of lowering the mill rate. Most voters because they feel they don't have a say in property taxes and just accept what commissioners and council members bring forth in their budgets. HB 1367 will address this concern.

I read on the internet that only the federal income tax is rated worse than the property tax and some say that property tax is the worst. There are several reasons why the public resents the property tax.

1. The taxation of unrealized capital gains by the property tax.
2. The tax is paid in large lump-sum payments.
3. People get anxious about reappraisal of property taxes.
4. Inequitable assessments and appraisals.

During my last few campaigns, property tax was always the number one complaint. I think you all know what will happen if one does not pay their property tax. The property becomes a possession of the State(government.)

Under the current system of property tax, the property owner is just renting their property and will never really own it.

The only real solution to property relief and reform is to repeal all property taxes. School boards, city councils, county commissions, and park boards would not like this as they now have an unlimited money supply. The more they want, the more they take. They have a permanent lien on your property. You will never own your property, even after it is paid off. I know that this is not going to happen, so I think that one of the next best things is HB 1367. This bill will allow local citizens to refer a preliminary budget of their local political sub-division, if they feel that the budget requested is too high or raises property taxes excessively. Passage of this bill will give local citizens some say as to what they are willing to pay in property taxes. And this will be another check on our elected officials, meaning they will be responsible to their local citizens. The way the system works now is that our local elected officials are not responsible to anyone. One reason for this is that they are elected in June and then vote on their budgets. The exception are county commissioners. So, in essence, they have a two- or four-year window before the voters get their say.

Whenever elected officials, through their inaction, allow property taxes to rise precipitously, it is time to allow the voting public to reject their inactions. The heart of this bill is that if elected officials will not listen to the voters, then the voters can take matters into their own hands.

The referral system was used in North Dakota in 1989 to eliminate increases in several tax increases passed by the state legislature. I think it is only fair that if legislative bills can be referred, local ordinances and budgets should also be able to be referred. With all this in mind, I urge the committee to give this bill a do pass.