



## Equalization Department

Box 2806  
211 Ninth Street South  
Fargo, ND 58103

Telephone: 701-241-5616  
Fax: 701-241-5729  
[assessor@casscountynd.gov](mailto:assessor@casscountynd.gov)

Testimony prepared for:

**Senate Finance & Taxation**

Prepared: Tuesday, February 28, 2023  
Paul Fracassi, Director of Equalization  
Cass County Government

RE: House Bill No. 1438

Chairman Kannianen and Committee Members;

Thank you for the opportunity to submit written testimony in opposition to House Bill No. 1438.

### Unintended Consequences

Property belonging to institutions of public charity, including public hospitals and nursing homes, currently receive an exemption of their building and land valuation if they meet the state's two-part test: (1) charitable organization and (2) devoted to a charitable purpose (ownership and use). Vacant land is typically not exempt, but this bill would allow the vacant land to be exempt after acquisition, and it further exempts the building and land throughout the construction of the facility.

The "use" portion of the two-part test applies specifically after a building is occupied. This is the point in time that our office can review and determine if the use test is satisfied. Exempting the land after acquisition and during construction removes the "use" portion that is associated with the building. This could potentially open the door for any LLC with a 501(c)(3) to become developers of exempt land, an expense which would shift the burden to other taxpayers.

### Amendment

I was able to listen to Rep. Bellew's testimony in the house and it was clear the bill is intended to assist with the tax burden placed on public hospitals during construction. I feel there is a simple solution to remedy the bill in a way that will assist Rep. Bellew's concerns and avoid any unintended consequences.

***On Page 1, line 14: ~~strikeout the words "institution of public charity" and replace it with the words, "Public Hospitals and Nursing Homes licensed pursuant to section 23-16-01 under the control of religious or charitable institutions."~~***

By adopting this amendment, it clearly states how the exemption should be facilitated and avoids any grey area.

Thank you again for the opportunity to provide written testimony regarding House Bill No. 1438.

Sincerely,

*Paul Fracassi*

Paul Fracassi  
Cass County Government, Director of Equalization