

2023 HOUSE FINANCE AND TAXATION

HB 1380

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1380
1/23/2023

A bill relating to a senior citizens property tax credit for an owner who is age sixty-five or older and relating to determination of state school aid.

Chairman Headland opened the hearing at 10:29AM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, and Representative Ista. Members absent: Representative Finley-DeVilleville.

Discussion Topics:

- Property tax relief for senior citizens

Representative Bellew introduced the bill in support (#14796).

Chairman Headland closed the hearing at 10:42AM.

Mary Brucker, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1380
1/23/2023

A bill relating to a senior citizens property tax credit for an owner who is age sixty-five or older and relating to determination of state school aid.

Chairman Headland opened the meeting at 2:35PM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVille, and Representative Ista. **Members absent:** Representative D. Anderson, Representative Finley-DeVille.

Discussion Topics:

- Committee vote

Representative Steiner moved a **Do Not Pass**.

Representative Motschenbacher seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	AB
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	AB
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	Y

Motion carried 12-0-2

Representative Grueneich is the bill carrier.

House Finance and Taxation Committee
HB 1380
January 23, 2023
Page 2

Chairman Headland adjourned at 2:37PM.

Mary Brucker, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1380: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO NOT PASS** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1380 was placed on the Eleventh order on the calendar.

TESTIMONY

HB 1380

Representative Larry Bellew
House District 38
Testimony for HB 1380

65-YEAR-OLD PROPERTY TAXES
HB 1380 2023

Inflation today and high property taxes are hitting families hard, especially seniors on fixed incomes struggling to afford to stay in their own home. The State of North Dakota can step up and do something to help older adults who have worked hard all their lives to raise and provide for their family. Every senior should be able to retire with dignity. They should never be forced into considering selling their home because they cannot afford high property taxes along with runaway inflation that is eating away household budgets.

In a free society, a family's home is a place of refuge, a sanctuary free from trespass, assault and taxes. The fundamental purpose of government is to protect these freedoms. A home is a person's castle, and home ownership should mean that, once the domain is bought and paid for, that no one can take it away. Property taxes violate this sacred and primary end of government. If we are not secure in our homes, we are not truly free.

Almost every other tax besides property taxes can be controlled by the payer. For example, when an individual's income is reduced through loss of employment or retirement, his income tax goes down. Same goes for sales taxes, when you buy less, you pay less.

On the other hand, a property owner's economic circumstances play absolutely no role in his real estate tax bill. No matter if a homeowner is rich or poor, can pay or not able to pay, the property tax is based on what the local jurisdiction decides the property is worth, which is known as an assessment. Failure to meet the tax that is assessed will result in the confiscation of the property by the government.

This is called taxing the appreciation in the value of property. Or tax on an unrealized gain. The so-called increase in the value of the property is theoretical. The homeowner has no way of capitalizing on what the state says is a more valuable piece of land unless he or she attempts to sell the property. Thus, assessing taxes based on an artificial valuation rather than earned income is essentially counting nonexistent money. Governmental entities love this type of tax because it allows them to extract more income. However, the homeowner has not necessarily earned more income that year with which to pay the tax.

This is precisely why property taxes could tax people out of their homes. Even though government may determine that the value has gone up, the homeowner himself often has not had a corresponding increase in his or her income. This often results in a very disturbing scenario: In order to pay their taxes, a homeowner may be forced to sell their home. This is especially true to those who are 65 or older, living on a fixed income.

As I have previously stated, older adults, many who are on fixed incomes have been especially hard-hit by inflation and high property taxes. With state tax revenues coming in higher than was anticipated, state government can more than afford to give seniors hurt by inflation and high property taxes a meaningful tax break. Hence, this bill is being introduced. This bill's appropriation is \$330,000,000. The current biennium projected increase in general funds is over one billion dollars, and that is taking into consideration the Governor's income tax reduction proposal of 500 million dollars. North Dakota has more than enough money to pass this proposal and the 500 million dollar income tax reduction. If this happens, we will still have a general fund increase of over 700 million dollars.

I believe that the highest priority for North Dakotans is property tax relief and reform along with government spending restraint during this period of historic inflation. This bill provides some property tax relief.

I hope that my Legislative colleagues will join me to enact this bill which would help those who are hardest hit by these tough times.