

House Finance and Taxation
Chairman – Representative Craig Headland
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Testimony

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HB 1325

Thank you for the opportunity to testify regarding HB 1325 on behalf of the City of Minot. We would like the record to show that the City of Minot is opposed to the changes proposed in this bill.

Minot, like many other communities throughout the State of North Dakota, experienced a significant decrease in many revenue streams that support various operational costs and projects. State Operating revenues received by the City decreased \$2.22 million (27.3% decrease from the prior year), State Capital revenues decreased approximately \$935,000 (34.7% decrease from the prior year), Sales Tax revenues decreased \$3 million (15% decrease from the prior year), and HUB City revenues decreased \$2.28 million (36.3% decrease from the prior year). These decreases represent the financial impacts of the COVID pandemic, the changes in the oil market, and other economic pressures.

In addition to the significant decline in revenues Minot continues to experience the need to fund rising operational costs and infrastructure investments. The City has had to prioritize needs such as the maintenance and replacement of current aging infrastructure, installation of new infrastructure to address growth and capacity needs, investment into wages and benefits to decrease employee turnover due to market competitiveness, and recovery and prevention efforts from the 2011 Flood. Minot is not alone in experiencing declining revenues simultaneous with increasing demand and cost for local government services and infrastructure investment.

Given the previously stated background, the City of Minot would respectfully request this committee to consider the following impacts this proposed bill represents to local jurisdictions:

1. Property tax is one mechanism local governments uses to fund such core services as police, fire and emergency services. Citizens 65 or older represent a significant number of response calls in these areas. Exempting this demographic from property tax shifts the cost burden disproportionately to other citizens/entities of the community.
2. This bill would also potentially create a “loophole” allowing for significant numbers of properties to be exempted. In effect property deeds could be filed with an eligible exempted individual despite non-exempt individuals also living on the property. For example, an owner of a residential property could place an eligible parent on the deed since the parent is living with them or on the property. In fact, there would be a tax incentive in place to do just that.
3. Many communities’ demographics include a significant, and growing, percentage of citizens 65 or older. If adopted this bill would significantly erode the number of taxable properties within a jurisdiction. With one of the largest generations in American history, the Baby Boomers, now reaching this milestone, the negative effects of this bill will decimate the financial solvency of

local governments. Small rural communities especially will struggle and likely not survive the repercussions of this bill.

Local governments exist to provide core protections and services to their constituencies such as public safety, utilities, quality roads, a rich quality of life, and protection of rights. HB 1200 undermines the sustainability of cities to continue to meet these needs for the foreseeable future. As such Minot respectfully requests the committee vote a “do not pass” recommendation on this bill.