

19.0503.03000

FISCAL NOTE
Requested by Legislative Council
01/29/2019

Amendment to: HB 1487

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The bill provides for a Legislative Management study of the homestead tax credit.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The bill provides for a study of the homestead tax credit. The study would be conducted as part of the current Legislative Management interim committee process and would have no additional fiscal impact.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Name: Allen Knudson

Agency: Legislative Council

Telephone: 328-2916

Date Prepared: 01/29/2019

19.0503.02000

FISCAL NOTE STATEMENT

House Bill or Resolution No. HB 1487

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, school districts, or townships. However, no state agency has primary responsibility for compiling and maintaining the information necessary for the proper preparation of a fiscal note regarding this bill or resolution. Pursuant to Joint Rule 502, this statement meets the fiscal note requirement.

Sheila Sandness
Senior Fiscal Analyst

2019 HOUSE FINANCE AND TAXATION COMMITTEE

HB 1487

2019 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1487
1/21/2019
31104

- Subcommittee
 Conference Committee

Committee Clerk: Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to an optional residential property tax freeze for seniors; and to provide an effective date.

Minutes:

Attachment 1-6

Chairman Headland: Opened hearing on HB 1487.

Representative Kasper: Introduced bill. This bill freezes the property taxes of seniors reaching age 65 and their spouse or companion once they reach the age of 65 for the first \$400,000 of the property valuation. One of the problems in North Dakota is an aging population and many seniors on limited income sources. The cost of healthcare is increasing dramatically. I think it is good public policy to have seniors stay in their homes as long as possible. This is to help those seniors once they have retired not to have their property increased on the first \$400,000. My goal is not to impact those that can truly afford increased property taxes and that's why my limit is \$400,000. I'm not firm on \$400,000 if the committee could pass the bill with a reduced dollar amount but I had to start somewhere. The goal is to do a freeze on the property taxes at a level that is palatable. This is a property tax shift. The shift will go to the other property taxpayers who are either business owners or under the age of 65 years. I believe the public policy issue of helping seniors stay in their home as opposed to having to move out of their home or out of North Dakota is a higher priority than the property tax shift. As long as the person owns that home the property tax freeze remains in existence. It has to be the primary residence. If the individual or their spouse is in a nursing home or other long term care facility the freeze remains in effect until they sell the home, unless the person who bought the home is 65 or older. This does not impact farm residences. This is a policy issue you need to decide if whether or not you're willing to support a property tax shift in support of seniors reaching age 65 on a limited income.

Chairman Headland: Do you have any idea how many people across the state this would affect?

Representative Kasper: I do not. Maybe the tax department would have that information.

Chairman Headland: We'll figure that out. Is there further support for HB 1487? Is there opposition?

Blake Crosby, Executive Director for the North Dakota League of Cities: Distributed written testimony, see attachments 1 and 2. Ended testimony at 13:44.

Representative Ertelt: The information you provided us is only population by city. Do you have data on the number of homes that would be subject to this bill with the \$400,000 cap?

Blake Crosby: No. I got the data from the Census Department of the Department of Commerce, and American Community Survey data. I'm not sure the data base indicates the domicile of an individual or the worth of that domicile. I have no idea what the demographic economic situations are of those persons who may be living in various residences of various costs.

Representative Ertelt: You don't know what the impact of this bill would be?

Blake Crosby: Yes, I do know the impact it's in the data before you. All you have to do is run the numbers. If you're from a small community and a large number of your residents freeze their taxes your small community is going to go away. It's quite simple.

Representative Ertelt: Your presumption is that a large percentage of those age 65 or older have a home value at true and full value over \$400,000 and that you do not know.

Blake Crosby: It's the other way around, it's homes under \$400,000. Please read the bill carefully.

Chairman Headland: Is there further opposition?

Donnell Preskey, North Dakota Association of Counties and executive director for the County Auditors and Treasurers Association: Distributed written testimony, see attachment #3. Ended testimony at 19:20.

Representative Mitskog: Is there any way to put numbers on the number of property owners per county that are accessing that homestead tax credit?

Donnell Preskey: I wasn't able to find that information but I'm sure the tax department can provide you with that. Chairman Headland, you asked in a previous bill how we can better educate our citizens on these property tax dollars. We developed a document on how your property taxes work for you. This is a tool that auditors could use as a supplement along with their tax statements. If they chose to use it then it would go in the mail to all of our taxpayers letting them know the services their counties provide. It also served as an education piece in providing information about the funding that the legislature approved in 2017 for social services.

Chairman Headland: There's one thing that's occurred this morning, there hasn't been any support for any of these bills other than the bill sponsors. I wonder if people are starting to

get a better understanding. Property taxes are complicated but there's a reason they continue to increase. We'll have to see how things move forward.

Donnell Preskey: The actions by this legislature to create that uniform tax notice took a lot of work in coordination between the counties and the state. This is truly transparent line by line on what your taxes are, where they're going, and who is doing what with your property tax dollars along with the downward or upward movement.

Chairman Headland: The notices haven't generated a lot more participation for the budget hearings. People want to complain about them but when it's time to come and go on the record indicating your discontent not many are willing to do it. Further opposition?

Kevin Ternes, City Assessor for the City of Minot: Distributed written testimony, see attachment #4. Ended testimony at 27:42. The 2016 census for Minot states that about 13% of the people are age 65 or older. If that's the case it would freeze about 1,500 houses in Minot out of 13,000 homes.

Representative Mitskog: You said 3% of the households were eligible for the homestead tax credit?

Kevin Ternes: I think there are probably a few more but 3% have taken advantage of it.

Representative Mitskog: With that ballpark number do you think there is room for expansion of that? Is there a need to expand that tax credit?

Kevin Ternes: It seems that people fail to qualify for homestead credit when they make a pension or their combined income is over the \$42,000. A lot of seniors don't qualify because they have farm land and assets since it's set up that if you have more than \$500,000 you don't qualify. There may be an opportunity to raise that a little bit and maybe go to \$135,000 or \$140,000. The majority of our homestead credit applications now get 100% of the first \$125,000 in value off. The majority of our seniors who are at the 3% are probably paying \$300 or \$400 a year on the balance of what is over \$125,000 because they are generally not in a very expensive home. Right now you get a discount or a credit depending on your income on the \$125,000 but after that you pay the regular rate just like everyone else. You'll find a lot of smaller communities where that isn't a problem but of the eight major cities you probably have a lot of homes.

Chairman Headland: For several biennia we've had a bill for the homestead tax credit and generally we were increasing because we found out that we hadn't kept up with the times. Since we had that last bill we haven't seen any interest so that almost leads you to believe that the people in need of the homestead credit are using it and getting it.

Linda Leadbetter, Office of State Tax Commissioner: I do not stand in opposition but I have some statistical information for Representative Mitskog's question. The homestead credit applicants for the 2017 tax year total for the state was \$8,373. Some of those applicants in 2017 would have realized they were eligible for 2016 so they could have filed an abatement but we are looking at the number in each year.

Chairman Headland: Do you have the number of the cost to the state?

Linda Leadbetter: I can get that for you. The 2018 reports are due to the office by March 1.

Representative Mitskog: Could we expand on that and see where these numbers have been at for the past five years and see if it's leveling off or increasing.

Linda Leadbetter: I can get that information for you.

Chairman Headland: Is there any other opposition? Seeing none we will close the hearing on HB 1487.

**Written testimony submitted but were not present at the hearing from the City of Fargo (attachment 5) and City of Watford City (attachment 6).

2019 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1487
1/28/2019
31595

- Subcommittee
 Conference Committee

Committee Clerk: Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to an optional residential property tax freeze for seniors; and to provide an effective date.

Minutes:

Attachment 1

Chairman Headland: Distributed proposed amendments 19.0503.02001 dated January 25, 2019, see attachment #1. These amendments hog house the bill into a study of the homestead tax credit at the request of the bill author and others.

Representative Dockter: Every session we have something on homestead credit. **MADE A MOTION TO ADOPT THE AMENDMENT**

Representative Mitskog: SECONDED

Chairman Headland: Discussion on the amendment?

VOICE VOTE: MOTION CARRIED

Chairman Headland: We have the amended bill before us.

Representative Dockter: MADE A MOTION FOR A DO PASS AS AMENDED

Representative Mitskog: SECONDED

Chairman Headland: Discussion?

ROLL CALL VOTE: 12 YES 1 NO 1 ABSENT
MOTION CARRIED

Representative Dockter will carry this bill.

DP 1/26/19

19.0503.02001
Title.03000

Prepared by the Legislative Council staff for
Representative Headland
January 25, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1487

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study of the homestead tax credit.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - HOMESTEAD TAX CREDIT.

1. During the 2019-20 interim, the legislative management shall consider studying the homestead tax credit, a credit that reduces the property taxes of individuals who are sixty-five years of age or older or individuals who are permanently and totally disabled and whose income is \$42,000 or less per year.
2. The study must include consideration of whether:
 - a. The income levels and asset thresholds specified in the credit should be modified or indexed;
 - b. The credit impacts property valuations;
 - c. The qualifying age of sixty-five years of age or older is appropriate considering changing demographics; and
 - d. The current criteria for qualifying for the credit is effectively targeting those most in need.
3. The study also must include a review of the number of individuals who have claimed the credit in the past, an estimate of the number of individuals who might claim the credit in future years, and the estimated fiscal impact of making any changes to the credit.
4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly."

Renumber accordingly

Date: 128-19
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1487

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 19.0503.02001 study homestead tax credit

Recommendation: Adopt Amendment

- Do Pass Do Not Pass
 As Amended Without Committee Recommendation
 Place on Consent Calendar Rerefer to Appropriations
 Reconsider

Other Actions: _____

Motion Made By Rep. Dockter Seconded By Rep. Mitskog

Representatives	Yes	No	Representatives	Yes	No
Chairman Headland			Representative Eidson		
Vice Chairman Grueneich			Representative Mitskog		
Representative Blum					
Representative Dockter					
Representative Ertelt					
Representative Fisher					
Representative Hatlestad					
Representative Kading					
Representative Koppelman					
Representative Steiner					
Representative Toman					
Representative Trottier					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Voice Vote = Motion carried
Study homestead tax credit .

Date: 128-19
Roll Call Vote #: 2

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1487

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 19.0503.02001

Recommendation: Adopt Amendment
 Do Pass Do Not Pass
 As Amended Without Committee Recommendation
 Place on Consent Calendar Rerefer to Appropriations
 Reconsider

Other Actions: _____

Motion Made By Rep. Dockter Seconded By Rep. Mitskog

Representatives	Yes	No	Representatives	Yes	No
Chairman Headland	✓		Representative Eidson	✓	
Vice Chairman Grueneich	✓		Representative Mitskog	✓	
Representative Blum	✓				
Representative Dockter	✓				
Representative Ertelt	✓				
Representative Fisher	✓				
Representative Hatlestad	✗				
Representative Kading	✗				
Representative Koppelman	✓				
Representative Steiner	✓				
Representative Toman	✓	✓			
Representative Trottier	✓				

Total (Yes) 12 No 1

Absent 1

Floor Assignment Rep. Dockter

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1487: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 1 NAYS, 1 ABSENT AND NOT VOTING). HB 1487 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study of the homestead tax credit.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - HOMESTEAD TAX CREDIT.

1. During the 2019-20 interim, the legislative management shall consider studying the homestead tax credit, a credit that reduces the property taxes of individuals who are sixty-five years of age or older or individuals who are permanently and totally disabled and whose income is \$42,000 or less per year.
2. The study must include consideration of whether:
 - a. The income levels and asset thresholds specified in the credit should be modified or indexed;
 - b. The credit impacts property valuations;
 - c. The qualifying age of sixty-five years of age or older is appropriate considering changing demographics; and
 - d. The current criteria for qualifying for the credit is effectively targeting those most in need.
3. The study also must include a review of the number of individuals who have claimed the credit in the past, an estimate of the number of individuals who might claim the credit in future years, and the estimated fiscal impact of making any changes to the credit.
4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly."

Renumber accordingly

2019 SENATE FINANCE AND TAXATION

HB 1487

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

HB 1487
3/4/2019
Job #33099

- Subcommittee
 Conference Committee

Committee Clerk: Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide for a legislative management study of the homestead tax credit.

Minutes:

Attachments: 1

Chairman Cook: Called the hearing to order on HB 1487.

Representative Craig Headland: We changed it to a study of the homestead tax credit because I think we need to get clarified that the people who should use this homestead tax credit get it available to them. We want to study all aspects of what determines who is eligible and who is not.

Chairman Cook: It is as simple as that.

Blake Crosby, Executive Director, ND League of Cities: Testified in support of the bill. See attachment #1. This concept came up in the late 1960s. Every session since then, there has been some tweaking to this bill. I think it is important to establish a firmer formula for the use of this tax credit so that tax payers know and so the legislature will not have to continue to tweak this every session. I will stand for questions.

Chairman Cook: Further testimony in support? Any opposed? Any neutral? Hearing none, we will close the hearing on HB 1487.

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

HB 1487
3/19/2019
Job #33941

- Subcommittee
 Conference Committee

Committee Clerk: Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide for a legislative management study of the homestead tax credit.

Minutes:

Attachments: 0

Chairman Cook: Called the committee to order on HB 1487.

Senator Kannianen: Was this studied in the interim?

Chairman Cook: No.

Senator Meyer: Mr. Chairman, do you know that last time it was studied?

Chairman Cook: No.

Senator Unruh: I cannot remember studying it at all since I have been in the legislature. I think I have been on tax interim every time, as well.

Chairman Cook: I have been on it longer than you have and I do not remember it being studied either.

Senator Unruh: Moved a Do Pass on HB 1487.

Senator Meyer: Seconded.

Chairman Cook: Any Discussion?

A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent

Motion Carried.

Senator Unruh will carry the bill.

Date: 3-19-19
Roll Call Vote #: 1

**2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1487**

Senate Finance and Taxation Committee

Committee

Subcommittee

Amendment LC# or Description:

Recommendation:	<input type="checkbox"/> Adopt Amendment <input checked="" type="checkbox"/> Do Pass <input type="checkbox"/> Do Not Pass <input type="checkbox"/> As Amended <input type="checkbox"/> Place on Consent Calendar <input type="checkbox"/> Reconsider	<input type="checkbox"/> Without Committee Recommendation <input type="checkbox"/> Rerrefer to Appropriations
Other Actions:	<input type="checkbox"/>	

Other Actions: Reconsider

Motion Made By Anruh Seconded By Meyer

Total (Yes) 10 No 0

Absent

Floor Assignment Unruh

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1487, as engrossed: Finance and Taxation Committee (Sen. Cook, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1487 was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

HB 1487

#1
HB 1487
1-21-19

January 21, 2019

House Finance and Taxation Committee
Rep. Craig Headland, Chair
HB 1487

Good morning Chairman Headland and Committee members. For the record, Blake Crosby, Executive Director of the North Dakota League of Cities. I am here in opposition to HB 1487 which gives the age 65 or over owner of a primary residence an irrevocable property tax freeze.

Over 70% of my cities have a population of 500 or less. This bill would cause irreparable harm to them and would be the “beginning of their end”. Freezing property taxes does not freeze the cost of snowplowing, street repair/maintenance, fire protection, law enforcement, equipment replacement, etc. This bill also affects school districts and counties abilities to responsibility manage their respective political subdivision.

Look at the spreadsheet on city demographics that I provided, find the small communities in your District and ask yourself how long they will survive with a 65 and over population with the numbers you see. And yes, the bill says optional; but tell me what tax preparer is not going to encourage taking the freeze? The burden of making up the difference will go to those taxpayers under 65.

The ACS data before you is from 2013-2017 so best represents the average from 2015. Now 4 years later many of those in the 60-64 age cohort have moved into the 65 and over cohort. Multiplying the negative effect.

A scenario that would apply to all cities—how fair is it if a school bond, or any bond issue, that affects property taxes are voted on by those persons who froze their taxes and by doing so wouldn’t pay the increase?

If you want to provide property tax relief based on age, also base it on current earnings, assets, or some other reasonable test. Do you really want a 65-year-old homeowner living in a \$390,000 house making \$50,000 a year to irrevocably freeze their property taxes? If the State is so concerned about providing property tax relief then the State should step to the plate as they did with the Homestead Tax Credit or the disabled Veteran’s Tax Credit.

This bill is not a solution to anything other than driving the unincorporation of North Dakota’s small cities.

I respectfully ask for a DO NOT PASS on HB 1487. Thank you and I will do my best to answer any questions.

#2
HB 1487
1-21-19
P. 1

Sequence	Geography	Total population	60 years and over	65 years and over	Percent Age 60 and over	Percent Age 65 and Over
1	Abercrombie	261	56	30	21.5%	11.5%
2	Adams	175	35	28	20.0%	16.0%
3	Alamo	60	6	4	10.0%	6.7%
4	Alexander	278	24	9	8.6%	3.2%
5	Alice	22	13	5	59.1%	22.7%
6	Almont	115	19	16	16.5%	13.9%
7	Alsen	42	9	5	21.4%	11.9%
8	Ambrose	12	7	7	58.3%	58.3%
9	Amenia	84	33	22	39.3%	26.2%
10	Amidon	23	18	13	78.3%	56.5%
11	Anamoose	280	94	68	33.6%	24.3%
12	Aneta	293	68	57	23.2%	19.5%
13	Antler	29	15	13	51.7%	44.8%
14	Ardoch	87	1	1	1.1%	1.1%
15	Argusville	502	22	19	4.4%	3.8%
16	Arnegard	65	37	10	56.9%	15.4%
17	Arthur	349	117	104	33.5%	29.8%
18	Ashley	674	394	365	58.5%	54.2%
19	Ayr	12	4	2	33.3%	16.7%
20	Balfour	16	11	2	68.8%	12.5%
21	Balta	126	18	13	14.3%	10.3%
22	Bantry	14	3	3	21.4%	21.4%
23	Barney	47	14	8	29.8%	17.0%
24	Bathgate	66	25	8	37.9%	12.1%
25	Beach	987	375	286	38.0%	29.0%
26	Belfield	903	180	150	19.9%	16.6%
27	Benedict	87	29	27	33.3%	31.0%
28	Bergen	8	2	2	25.0%	25.0%
29	Berlin	53	14	9	26.4%	17.0%
30	Berthold	440	96	77	21.8%	17.5%
31	Beulah	3312	724	508	21.9%	15.3%
32	Binford	176	68	47	38.6%	26.7%
33	Bisbee	115	26	17	22.6%	14.8%
34	Bismarck	70536	15563	11492	22.1%	16.3%
35	Bottineau	2300	630	523	27.4%	22.7%
36	Bowbells	354	71	42	20.1%	11.9%
37	Bowdon	171	82	77	48.0%	45.0%
38	Bowman	1611	488	328	30.3%	20.4%
39	Braddock	10	8	8	80.0%	80.0%
40	Briarwood	65	10	6	15.4%	9.2%
41	Brinsmade	35	9	4	25.7%	11.4%
42	Brocket	60	10	3	16.7%	5.0%
43	Buchanan	65	3	0	4.6%	0.0%

#2
HB 1487
1-21-19
P.2

Sequence	Geography	Total population	60 years and over	65 years and over	Percent Age 60 and over	Percent Age 65 and Over
44	Bucyrus	12	4	4	33.3%	33.3%
45	Buffalo	208	43	24	20.7%	11.5%
46	Burlington	1332	90	68	6.8%	5.1%
47	Butte	93	26	19	28.0%	20.4%
48	Buxton	437	83	35	19.0%	8.0%
49	Calio	7	7	7	100.0%	100.0%
50	Calvin	11	2	1	18.2%	9.1%
51	Cando	1085	348	243	32.1%	22.4%
52	Canton City	18	7	6	38.9%	33.3%
53	Carpio	130	19	15	14.6%	11.5%
54	Carrington	1923	630	519	32.8%	27.0%
55	Carson	214	83	75	38.8%	35.0%
56	Casselton	2773	509	377	18.4%	13.6%
57	Cathay	34	6	6	17.6%	17.6%
58	Cavalier	1203	421	315	35.0%	26.2%
59	Cayuga	35	5	3	14.3%	8.6%
60	Center	547	185	153	33.8%	28.0%
61	Christine	180	33	20	18.3%	11.1%
62	Churchs Ferry	8	0	0	0.0%	0.0%
63	Cleveland	88	21	19	23.9%	21.6%
64	Clifford	18	8	8	44.4%	44.4%
65	Cogswell	74	27	23	36.5%	31.1%
66	Coleharbor	64	30	18	46.9%	28.1%
67	Colfax	186	38	25	20.4%	13.4%
68	Columbus	115	32	22	27.8%	19.1%
69	Conway	15	7	7	46.7%	46.7%
70	Cooperstown	1166	370	328	31.7%	28.1%
71	Courtenay	44	6	3	13.6%	6.8%
72	Crary	130	13	13	10.0%	10.0%
73	Crosby	891	487	395	54.7%	44.3%
74	Crystal	117	44	31	37.6%	26.5%
75	Davenport	274	44	24	16.1%	8.8%
76	Dawson	34	14	10	41.2%	29.4%
77	Dazey	77	13	7	16.9%	9.1%
78	Deering	120	14	6	11.7%	5.0%
79	Des Lacs	238	62	45	26.1%	18.9%
80	Devils Lake	7313	2022	1605	27.6%	21.9%
81	Dickey	41	11	8	26.8%	19.5%
82	Dickinson	22309	3463	2472	15.5%	11.1%
83	Dodge	117	22	18	18.8%	15.4%
84	Donnybrook	90	25	20	27.8%	22.2%
85	Douglas	44	19	6	43.2%	13.6%
86	Drake	391	76	65	19.4%	16.6%

#2
HB 1487

1-21-19

p. 3

Sequence	Geography	Total population	60 years and over	65 years and over	Percent Age 60 and over	Percent Age 65 and Over
87	Drayton	730	239	147	32.7%	20.1%
88	Dunn Center	227	64	51	28.2%	22.5%
89	Dunseith	785	157	127	20.0%	16.2%
90	Dwight	81	5	3	6.2%	3.7%
91	Edgeley	530	156	120	29.4%	22.6%
92	Edinburg	177	72	56	40.7%	31.6%
93	Edmore	185	76	70	41.1%	37.8%
94	Egeland	27	15	13	55.6%	48.1%
95	Elgin	655	269	220	41.1%	33.6%
96	Ellendale	1271	408	323	32.1%	25.4%
97	Elliott	17	9	3	52.9%	17.6%
98	Emerado	359	71	43	19.8%	12.0%
99	Enderlin	963	296	230	30.7%	23.9%
100	Epping	98	4	3	4.1%	3.1%
101	Esmond	81	37	33	45.7%	40.7%
102	Fairdale	46	13	11	28.3%	23.9%
103	Fairmount	381	65	49	17.1%	12.9%
104	Fargo	118099	19139	13095	16.2%	11.1%
105	Fessenden	473	130	98	27.5%	20.7%
106	Fingal	125	17	10	13.6%	8.0%
107	Finley	509	172	115	33.8%	22.6%
108	Flasher	325	56	47	17.2%	14.5%
109	Flaxton	119	24	20	20.2%	16.8%
110	Forbes	48	12	11	25.0%	22.9%
111	Fordville	202	33	29	16.3%	14.4%
112	Forest River	106	24	16	22.6%	15.1%
113	Forman	550	188	155	34.2%	28.2%
114	Fort Ransom	104	50	34	48.1%	32.7%
116	Fort Yates	241	26	15	10.8%	6.2%
115	Fortuna	148	3	3	2.0%	2.0%
117	Fredonia	47	13	8	27.7%	17.0%
118	Frontier	205	51	24	24.9%	11.7%
119	Fullerton	54	29	24	53.7%	44.4%
120	Gackle	310	148	109	47.7%	35.2%
121	Galesburg	194	39	28	20.1%	14.4%
122	Gardena	24	8	5	33.3%	20.8%
123	Gardner	124	24	18	19.4%	14.5%
124	Garrison	1508	513	412	34.0%	27.3%
125	Gascoyne	9	7	7	77.8%	77.8%
126	Gilby	200	21	16	10.5%	8.0%
127	Gladstone	465	57	36	12.3%	7.7%
130	Glen Ullin	756	254	218	33.6%	28.8%
128	Glenburn	534	48	30	9.0%	5.6%

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Sequence	Geography	Total population	60 years and over	65 years and over	Percent Age 60 and over	Percent Age 65 and Over
129	Glenfield	106	18	12	17.0%	11.3%
131	Golden Valley	242	65	47	26.9%	19.4%
132	Golva	95	23	12	24.2%	12.6%
133	Goodrich	129	48	34	37.2%	26.4%
134	Grace City	83	15	7	18.1%	8.4%
135	Grafton	4243	1088	863	25.6%	20.3%
136	Grand Forks	56236	9051	6333	16.1%	11.3%
137	Grandin	195	30	11	15.4%	5.6%
138	Grano	2	0	0	0.0%	0.0%
139	Granville	218	66	46	30.3%	21.1%
140	Great Bend	68	29	14	42.6%	20.6%
141	Grenora	237	25	16	10.5%	6.8%
142	Gwinner	1012	214	140	21.1%	13.8%
143	Hague	45	26	26	57.8%	57.8%
144	Halliday	340	68	41	20.0%	12.1%
145	Hamberg	18	18	7	100.0%	38.9%
146	Hamilton	64	18	10	28.1%	15.6%
147	Hampden	31	13	13	41.9%	41.9%
148	Hankinson	987	349	283	35.4%	28.7%
149	Hannaford	108	54	42	50.0%	38.9%
150	Hannah	12	1	1	8.3%	8.3%
151	Hansboro	19	1	1	5.3%	5.3%
152	Harvey	1762	631	511	35.8%	29.0%
153	Harwood	797	139	72	17.4%	9.0%
154	Hatton	709	270	213	38.1%	30.0%
155	Havana	69	23	21	33.3%	30.4%
156	Haynes	11	1	1	9.1%	9.1%
157	Hazelton	258	78	61	30.2%	23.6%
158	Hazen	2643	663	473	25.1%	17.9%
159	Hebron	816	183	144	22.4%	17.6%
160	Hettinger	1124	338	254	30.1%	22.6%
161	Hillsboro	1576	397	308	25.2%	19.5%
162	Hoople	295	51	28	17.3%	9.5%
163	Hope	276	135	91	48.9%	33.0%
164	Horace	2603	436	212	16.7%	8.1%
165	Hunter	298	62	33	20.8%	11.1%
166	Hurdsfield	59	17	14	28.8%	23.7%
167	Inkster	32	12	6	37.5%	18.8%
168	Jamestown	15367	3626	2720	23.6%	17.7%
169	Jud	82	28	22	34.1%	26.8%
170	Karlsruhe	71	19	11	26.8%	15.5%
171	Kathryn	57	30	27	52.6%	47.4%
172	Kenmare	887	332	266	37.4%	30.0%

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Sequence	Geography	Total population	60 years and over	65 years and over	Percent Age 60 and over	Percent Age 65 and Over
173	Kensal	202	36	26	17.8%	12.9%
174	Kief	11	0	0	0.0%	0.0%
175	Killdeer	891	195	159	21.9%	17.8%
176	Kindred	787	97	68	12.3%	8.6%
177	Knox	28	1	1	3.6%	3.6%
178	Kramer	57	8	8	14.0%	14.0%
179	Kulm	398	157	122	39.4%	30.7%
180	Lakota	688	222	180	32.3%	26.2%
181	LaMoure	764	233	178	30.5%	23.3%
182	Landa	44	14	9	31.8%	20.5%
183	Langdon	1946	616	487	31.7%	25.0%
184	Lankin	110	22	20	20.0%	18.2%
185	Lansford	294	39	25	13.3%	8.5%
186	Larimore	1518	257	215	16.9%	14.2%
187	Lawton	16	14	11	87.5%	68.8%
188	Leal	16	7	3	43.8%	18.8%
189	Leeds	511	135	100	26.4%	19.6%
190	Lehr	81	50	38	61.7%	46.9%
191	Leith	33	3	1	9.1%	3.0%
192	Leonard	295	68	48	23.1%	16.3%
193	Lidgerwood	636	264	226	41.5%	35.5%
194	Lignite	155	28	19	18.1%	12.3%
195	Lincoln	3467	231	154	6.7%	4.4%
196	Linton	1047	454	376	43.4%	35.9%
197	Lisbon	2082	616	436	29.6%	20.9%
198	Litchville	203	48	25	23.6%	12.3%
199	Loma	5	1	1	20.0%	20.0%
200	Lorraine	3	0	0	0.0%	0.0%
201	Ludden	33	17	8	51.5%	24.2%
202	Luverne	85	5	0	5.9%	0.0%
206	Maddock	396	113	86	28.5%	21.7%
207	Makoti	95	34	21	35.8%	22.1%
208	Mandan	21472	4260	3093	19.8%	14.4%
209	Mantador	59	0	0	0.0%	0.0%
210	Manvel	332	56	31	16.9%	9.3%
211	Mapleton	917	89	43	9.7%	4.7%
212	Marion	139	31	21	22.3%	15.1%
213	Marmarth	145	39	29	26.9%	20.0%
214	Martin	73	19	18	26.0%	24.7%
215	Max	387	79	56	20.4%	14.5%
216	Maxbass	100	16	13	16.0%	13.0%
217	Mayville	1874	465	373	24.8%	19.9%
203	McClusky	350	134	113	38.3%	32.3%

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Sequel	Geography	Total population	60 years and over	65 years and over	Percent Age 60 and over	Percent Age 65 and Over
204	McHenry	97	28	19	28.9%	19.6%
205	McVille	302	133	91	44.0%	30.1%
218	Medina	286	70	52	24.5%	18.2%
219	Medora	153	27	18	17.6%	11.8%
220	Mercer	60	28	25	46.7%	41.7%
221	Michigan City	237	81	51	34.2%	21.5%
222	Milnor	627	177	135	28.2%	21.5%
223	Milton	63	24	18	38.1%	28.6%
224	Minnewaukan	226	47	25	20.8%	11.1%
225	Minot	48171	8455	6079	17.6%	12.6%
226	Minto	697	151	109	21.7%	15.6%
227	Mohall	749	208	150	27.8%	20.0%
228	Monango	72	0	0	0.0%	0.0%
229	Montpelier	115	19	9	16.5%	7.8%
230	Mooreton	208	45	30	21.6%	14.4%
231	Mott	813	330	248	40.6%	30.5%
232	Mountain	67	38	31	56.7%	46.3%
233	Munich	293	92	78	31.4%	26.6%
234	Mylo	7	0	0	0.0%	0.0%
235	Napoleon	768	276	228	35.9%	29.7%
236	Neche	316	76	61	24.1%	19.3%
237	Nekoma	40	15	5	37.5%	12.5%
239	New England	607	179	141	29.5%	23.2%
240	New Leipzig	216	114	80	52.8%	37.0%
241	New Rockford	1405	452	358	32.2%	25.5%
242	New Salem	911	369	292	40.5%	32.1%
243	New Town	2459	256	158	10.4%	6.4%
238	Newburg	124	44	26	35.5%	21.0%
244	Niagara	37	12	11	32.4%	29.7%
245	Nome	47	10	5	21.3%	10.6%
246	Noonan	336	37	26	11.0%	7.7%
247	North River	62	10	4	16.1%	6.5%
248	Northwood	767	319	284	41.6%	37.0%
249	Oakes	2018	517	373	25.6%	18.5%
250	Oberon	135	16	12	11.9%	8.9%
251	Oriska	101	32	12	31.7%	11.9%
252	Osnabrock	149	78	68	52.3%	45.6%
253	Overly	8	7	7	87.5%	87.5%
254	Oxbow	313	43	22	13.7%	7.0%
255	Page	308	43	30	14.0%	9.7%
256	Palermo	173	17	13	9.8%	7.5%
257	Park River	1452	489	410	33.7%	28.2%
258	Parshall	1036	129	88	12.5%	8.5%

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Sequence	Geography	Total population	60 years and over	65 years and over	Percent Age 60 and over	Percent Age 65 and Over
259	Pekin	90	16	11	17.8%	12.2%
260	Pembina	503	160	125	31.8%	24.9%
261	Perth	2	0	0	0.0%	0.0%
262	Petersburg	149	39	18	26.2%	12.1%
263	Pettibone	72	25	21	34.7%	29.2%
264	Pick City	110	40	36	36.4%	32.7%
265	Pillsbury	13	11	10	84.6%	76.9%
266	Pingree	34	14	14	41.2%	41.2%
267	Pisek	109	40	17	36.7%	15.6%
268	Plaza	188	30	21	16.0%	11.2%
269	Portal	192	56	33	29.2%	17.2%
270	Portland	566	146	116	25.8%	20.5%
271	Powers Lake	355	62	51	17.5%	14.4%
272	Prairie Rose	91	9	7	9.9%	7.7%
273	Ray	464	122	68	26.3%	14.7%
274	Reeder	144	63	51	43.8%	35.4%
275	Regan	36	17	12	47.2%	33.3%
276	Regent	193	67	54	34.7%	28.0%
277	Reile's Acres	520	45	15	8.7%	2.9%
278	Reynolds	270	53	32	19.6%	11.9%
279	Rhame	226	33	8	14.6%	3.5%
280	Richardton	769	189	137	24.6%	17.8%
281	Riverdale	220	103	58	46.8%	26.4%
282	Robinson	34	18	17	52.9%	50.0%
283	Rocklake	92	32	25	34.8%	27.2%
284	Rogers	44	8	0	18.2%	0.0%
285	Rolette	803	198	176	24.7%	21.9%
286	Rolla	1273	214	132	16.8%	10.4%
287	Ross	108	3	1	2.8%	0.9%
288	Rugby	2847	983	750	34.5%	26.3%
289	Ruso	7	0	0	0.0%	0.0%
290	Rutland	174	63	41	36.2%	23.6%
291	Ryder	115	19	15	16.5%	13.0%
294	Sanborn	164	36	21	22.0%	12.8%
295	Sarles	17	7	7	41.2%	41.2%
296	Sawyer	309	65	32	21.0%	10.4%
297	Scranton	354	95	58	26.8%	16.4%
298	Selfridge	216	36	19	16.7%	8.8%
299	Sentinel Butte	157	21	15	13.4%	9.6%
300	Sharon	57	44	20	77.2%	35.1%
301	Sheldon	101	38	18	37.6%	17.8%
302	Sherwood	202	53	42	26.2%	20.8%
303	Sheyenne	187	65	41	34.8%	21.9%

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Sequence	Geography	Total population	60 years and over	65 years and over	Percent Age 60 and over	Percent Age 65 and Over
304	Sibley	50	15	11	30.0%	22.0%
305	Solen	74	22	14	29.7%	18.9%
306	Souris	67	22	20	32.8%	29.9%
307	South Heart	359	57	45	15.9%	12.5%
308	Spiritwood Lake	97	61	51	62.9%	52.6%
309	Springbrook	9	4	0	44.4%	0.0%
292	St. John	313	86	52	27.5%	16.6%
293	St. Thomas	306	90	55	29.4%	18.0%
310	Stanley	2487	521	392	20.9%	15.8%
311	Stanton	330	123	97	37.3%	29.4%
312	Starkweather	107	16	9	15.0%	8.4%
313	Steele	775	210	160	27.1%	20.6%
314	Strasburg	376	176	166	46.8%	44.1%
315	Streeter	111	53	41	47.7%	36.9%
316	Surrey	1165	250	154	21.5%	13.2%
317	Sykeston	119	31	22	26.1%	18.5%
318	Tappen	321	52	34	16.2%	10.6%
319	Taylor	180	55	51	30.6%	28.3%
320	Thompson	1161	113	58	9.7%	5.0%
321	Tioga	1116	343	247	30.7%	22.1%
322	Tolley	34	16	15	47.1%	44.1%
323	Tolna	179	71	63	39.7%	35.2%
324	Tower City	275	78	56	28.4%	20.4%
325	Towner	549	154	127	28.1%	23.1%
326	Turtle Lake	431	184	142	42.7%	32.9%
327	Tuttle	80	40	27	50.0%	33.8%
328	Underwood	870	247	152	28.4%	17.5%
329	Upham	139	33	22	23.7%	15.8%
330	Valley City	6547	1919	1539	29.3%	23.5%
331	Velva	1288	274	245	21.3%	19.0%
332	Venturia	32	5	1	15.6%	3.1%
333	Verona	66	27	22	40.9%	33.3%
334	Voltaire	38	15	6	39.5%	15.8%
335	Wahpeton	7822	1672	1127	21.4%	14.4%
336	Walcott	223	32	24	14.3%	10.8%
337	Wales	30	12	11	40.0%	36.7%
338	Walhalla	1008	260	227	25.8%	22.5%
339	Warwick	56	17	13	30.4%	23.2%
340	Washburn	1432	333	233	23.3%	16.3%
341	Watford City	5441	952	630	17.5%	11.6%
342	West Fargo	33089	4681	2850	14.1%	8.6%
343	Westhope	360	139	115	38.6%	31.9%
344	White Earth	147	15	2	10.2%	1.4%

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Sequence	Geography	Total population	60 years and over	65 years and over	Percent Age 60 and over	Percent Age 65 and Over
345	Wildrose	98	11	3	11.2%	3.1%
346	Williston	25072	3451	2237	13.8%	8.9%
347	Willow City	211	60	41	28.4%	19.4%
348	Wilton	912	168	116	18.4%	12.7%
349	Wimbledon	249	73	30	29.3%	12.0%
350	Wing	115	42	34	36.5%	29.6%
351	Wishek	979	396	325	40.4%	33.2%
352	Wolford	20	15	9	75.0%	45.0%
353	Woodworth	51	24	20	47.1%	39.2%
354	Wyndmere	489	137	123	28.0%	25.2%
355	York	26	6	4	23.1%	15.4%
356	Zap	228	47	34	20.6%	14.9%
357	Zeeland	78	22	16	28.2%	20.5%

Testimony Prepared for the
House Finance & Tax
January 21, 2019
By: Donnell Preskey, NDACo



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RE: Opposition to HB 1487 Property Tax Freeze for Seniors

Good morning Mr. Chairman and committee members, I'm Donnell Preskey with ND Association of Counties and serving as executive director for the County Auditors and Treasurers Association. As you can see by the attached chart of counties and the percentage of their population that are 65 and older, you can imagine much of an impact this bill could have on property taxes. 34 out of 53 counties have 20-30% of their population made up of seniors who would qualify for their property taxes to be frozen.

A freeze on property taxes is concerning for a number of reasons. There is no income test. All seniors regardless of their income would qualify. The local needs and response a citizen depends on does not differ due to their age. All property owners require road maintenance, snow removal and law enforcement protection – to name a few services our property tax dollars pay for. This bill would shift an additional burden on the taxpayers and the local government to provide these services.

Let's talk about the cost... As indicated by the fiscal note statement, this bill will affect revenues of counties, cities, school districts and townships. But, it is important to note that all other taxpayers will feel the most impact. How much impact? This committee heard a similar bill last session. It would have provided a 100% reduction in property taxes at age 75. The fiscal note at that time provides some insight. It estimated that there are 108,000 North Dakotans 65 or older and about 69,000 own their own home. It was estimated that would increase the expenditures for the homestead credit program by \$55 million a year. I understand we aren't talking about exactly the same program but very similar. And remember a tax freeze would mean that cost needs to be absorbed locally – by local taxpayers.

The state legislature has a history of creating very limited exemptions to property taxes that are generally around being disabled or elderly and come with an income test. Seniors already have the homestead tax credit that is available to assist those who have incomes of \$42,000 or below. This program is already established and set up, perhaps a more logical avenue of providing greater assistance to seniors would be through expanding the homestead credit.

Mr. Chairman, if this bill passes and exempts our senior population from paying more in property taxes; but it will be a direct shift in tax to the rest of the property tax payers in the state. We ask for a DO NOT PASS.

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Percent of population age 65+

Rank of counties, North Dakota, 2017

Rank	County (1=greatest proportion age 65+)	2017	Rank	County (1=greatest proportion age 65+)	2017
1	Sheridan	31.1%	27	Oliver	21.5%
2	McIntosh	31.0%	28	Billings	21.2%
3	Griggs	29.7%	29	Dickey	21.1%
4	Grant	29.1%	30	Walsh	20.8%
5	Wells	27.7%	31	Bowman	20.4%
6	Cavalier	27.4%	32	Ransom	20.4%
7	Emmons	27.0%	33	Burke	20.2%
8	Logan	27.0%	34	McHenry	20.2%
9	Adams	26.7%	35	Renville	19.4%
10	Nelson	26.7%	36	Trail	19.4%
11	LaMoure	25.8%	37	Ramsey	19.3%
12	Divide	24.9%	38	Mercer	18.5%
13	Towner	23.8%	39	Stutsman	18.5%
14	Kidder	23.5%	40	Richland	17.1%
15	Steele	23.5%	41	Morton	16.0%
16	Bottineau	23.2%	42	Dunn	15.5%
17	Golden Valley	23.2%	43	Burleigh	15.4%
18	Pierce	23.1%	44	Benson	13.7%
19	Slope	23.1%	45	Stark	13.5%
20	Hettinger	23.0%	46	Ward	12.4%
21	Pembina	23.0%	47	Grand Forks	12.2%
22	McLean	22.8%	48	Cass	11.7%
23	Sargent	22.4%	49	Mountrail	11.3%
24	Foster	22.2%	50	Rolette	11.2%
25	Barnes	22.0%	51	Williams	9.8%
26	Eddy	22.0%	52	McKenzie	9.3%
			53	Sioux	7.7%

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North Dakota House of Representatives
Finance and Taxation Committee
Chairman Craig Headland
January 21st, 2019

By: Kevin Ternes
Minot City Assessor
kevin.ternes@minotnd.org
701.721.6839

HB 1487

Chairman Headland and members of the House Finance and Taxation Committee, thank you for allowing me to provide testimony today and offer a few comments and questions about administration of the proposal outlined in HB 1487.

While the City of Minot could agree with the basic idea that those on a fixed income, our seniors, may need some assistance with property tax, the bill before you today has significant administrative difficulties, and for that reason, we must oppose it as written.

This bill would allow for homeowners 65 years or older to apply for a property tax freeze based on their last' year's property tax levied on the first \$400,000 in True and Full Value for their primary residence. Currently in Minot about 97% of the houses have a True and Full Value assessment of less than \$400,000. For me, this raises many questions about how our office might implement such a freeze.

One very important point to remember: the assessment does not drive the property tax levy. Rather, the political subdivision's budget does. The assessments simply spread the dollar levy over the taxable properties in a fair manner based on True and Full valuation.

HB 1487 proposes to generate a property tax shift to homeowners less than 65 years of age if the same dollars or increased amount of dollars is levied by our city. And certainly, as the rate of inflation to city and county expenses goes up, those less than 65 years old would then pay for the inflation associated with increasing budgets.

The legislature asked that the effective tax rate be placed on each tax statement some time ago. The effective tax rate is simply the tax dollars owed/paid divided by the True and Full Value. Currently, that rate is the same for all homeowners living in the same jurisdiction regardless of their valuation. If some homes have a frozen tax dollar levy and others do not, it will be increasingly difficult to explain the difference to those whose tax rates will be higher than others enjoying the freeze. Of course, as each year goes by, the spread would become much more pronounced as values go up on all houses, including the frozen ones, but the dollars owed do not.

In the City of Minot/Ward County, all property tax statements are online for transparency.
People like to compare what they pay with everybody else.

The proposal outlined in HB 1487 also raises a number of questions:

- 1) If a senior owner is in a newly built home and the new construction exemption expires, and the true and full value goes up to the full amount--or the \$150,000 True & Fair Value formerly exempt is added to the prior year's assessment--is that homeowner's tax levy still frozen at the prior year's level (which included an exemption_?) If so, then we would have some significant differences in property taxes amongst those living in the similar houses or similar condos depending on when each new unit was completed.
- 2) If the owner was on a homestead credit of 100% for the first \$125,000 the prior year, but his or her income changes, and the percentage of credit goes down to another bracket as provided by the Homestead Credit statute now, generally the share of the tax would go up. How would this freeze relate to that circumstance?
- 3) Do we know how this might affect smaller communities who have a larger proportion of seniors over 65 years versus those under 65? How would that affect future city budgets when a large percentage of a city's properties are being frozen in their assessed values
- 4) Is the intention of HB 1487 to freeze the tax on a home that saw a newly built addition or remodeling improvement project after the freeze?
- 5) Many people refer to a special assessment or consider it to be a property tax. A special assessment does appear on their property tax statement at the end of the year. Is this proposal intended to not include special assessments as part of the freeze should specials be applied the following year--or sometime in the future, for example?
- 6) Has anyone considered that HB 1487 would also create an unfunded mandate to update local software? If pass, HB 1487 would require some serious software programming by the assessors, tax directors and county auditors at additional local cost. Our budgets for 2019 did not include this expense. The bill indicates it would take effect for the 2019 tax year. Would there be consideration in providing additional time if this bill were passed for budgeting for the programming, processing the estimated 1,500 homes in Minot alone, and re-coding in some fashion to be determined each property into a re-written software calculation for a tax freeze?
- 7) Would a form be necessary if the owner is already on Homestead Credit? Or would a form be required on an annual basis?
- 8) Would the freeze be in effect if somebody upgraded a mobile home on the same lot in a court?
- 9) Would the freeze be in effect if somebody moved to a different house? I assume they wouldn't transport the freeze from the previous house?
- 10) What about a primary residence coming off a renaissance zone where they were paying no tax on a structure just on the land assessment? Does the freeze eliminate an assessment increase to now account for the house itself?
- 11) In 2011 in Minot, about ¼ of our homes were damaged at 70% for 6 months and they received a discount to that effect. As they were repaired the assessments were brought back to market value. How would that situation be handled under this proposed

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freeze? Or if an assessment was dropped for damage to the house, flood, fire etc. is it
froze at that reduced assessment even after the home is repaired into perpetuity? p. 3

As always, the Minot Assessor's Office is always willing to provide any information or statistical
studies the committee feels might help them in their decision.

House Finance and Tax Committee
HB 1487 Freeze on Property Value for Senior Citizens
Testimony From City of Fargo
January 21, 2019

Honorable Chair Headland and members of the House Finance and Tax Committee, the City of Fargo is submitting testimony in opposition to proposed House Bill 1487.

This bill will cause all taxing entities to lose future market value and will simply shift tax burdens to other taxpayers who do not benefit from the provisions of this bill. We feel this bill creates inequitable taxation on others for the benefit of senior citizens.

We also feel that this bill is flawed because it exempts property value for a certain category of taxpayers, regardless of income levels and ability to pay. There are no provisions in this bill that establish income limitations to qualify for this benefit. Age has nothing to do with the ability to pay taxes and should not be the sole determinant of exempting property value.

We believe that modification of existing homestead credit laws that increase eligibility to higher income limits would be a preferred approach since this would be tied to a taxpayer's ability to pay, would have a more favorable impact on low income senior taxpayers and would have less of an impact on our overall tax base.

The City of Fargo is urging a DO NOT pass vote on this bill.

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HB 1487

Watford City



City of Watford City 1-21-19
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Watford City, ND 58854
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1/21/2019

11:00 AM – Fort Totten Room

Urge a DO NOT Pass recommendation on HB 1487

Chairman Headland and Committee members of House Finance and Taxation,

The City of Watford City opposes the new section of NDCC chapter 57-02. In recent history, the Legislature has prioritized creating North Dakota law that provides for tax equalization for the state of North Dakota. This addition to NDCC chapter 57-02 would undo that legislative work while it devastated the property tax base of many communities in North Dakota.

The unintended consequence of caps is that they destabilize equalization. The current tax credits that exist address the issues of seniors on fixed and low incomes and also maintain equalization.

For these reasons the **City of Watford City recommends a DO NOT Pass on HB 1487.**

Thank you for your time and consideration of our concerns.

Mayor Phil Riely, Watford City
(701) 570-4338
phil_riely@yahoo.com

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1487

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study of the homestead tax credit.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - HOMESTEAD TAX CREDIT.

1. During the 2019-20 interim, the legislative management shall consider studying the homestead tax credit, a credit that reduces the property taxes of individuals who are sixty-five years of age or older or individuals who are permanently and totally disabled and whose income is \$42,000 or less per year.
2. The study must include consideration of whether:
 - a. The income levels and asset thresholds specified in the credit should be modified or indexed;
 - b. The credit impacts property valuations;
 - c. The qualifying age of sixty-five years of age or older is appropriate considering changing demographics; and
 - d. The current criteria for qualifying for the credit is effectively targeting those most in need.
3. The study also must include a review of the number of individuals who have claimed the credit in the past, an estimate of the number of individuals who might claim the credit in future years, and the estimated fiscal impact of making any changes to the credit.
4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly."

Renumber accordingly

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March 4, 2019

Senate Finance and Taxation Committee

Senator Dwight Cook, Chair

HB 1487

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

I am here in support of HB 1487 as a Legislative Management Study of the Homestead Tax Credit. It is my observation that every Session sees a bill to tweak some parts of the Homestead Tax Credit. I believe it is time for a thorough review of the tax credit to determine if it is functioning as per legislative intent and what changes need to be made so the tax credit does serve those it was originally intended to serve.

The study considerations as listed could lead to an indexing of income, assets and property valuation so the tax credit does not need to be up for review each session and users of the credit have a better understanding if they will qualify from one year to the next.

I respectfully ask for a DO-PASS on HB 1487. Thank you and I will try to answer any questions.