

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2242

2005 SENATE FINANCE AND TAXATION

SB 2242

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2242

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 25, 2005

Tape Number	Side A	Side B	Meter #
# 1	X		23.9 - 42.4
Committee Clerk Signature <i>Sharon Benfrow</i>			

Minutes: All committee members present.

SEN. URLACHER: called the committee to order and opened the hearing on SB 2242.

SEN. COOK: appeared as prime sponsor of the bill stating there is some ambiguity in the law regarding how this is supposed to affect corporate farms. This bill is just simply introduced to remove the ambiguity, it just said simply that any structure or improvement owned by a corporation, limited liability company, limited partnership, and occupied as a residence by an individual who is a shareholder, or partner of a legal entity that owns the structure involvement is not exempt under this section.

MARCY DICKERSON: Tax Dept., appeared in support with written testimony stating the same as Sen. Cook just gave.

SEN. COOK: So you don't think this solves the whole problem then?

MARCY: No, I don't think it solves the whole problem, but it solves one problem, just doesn't seem like a fair comparison.

SEN. COOK: An amendment to address the 2nd concern is that buildings that are used as a residence cannot apply as a farm building?

MARCY: I don't think I could favor that amendment because buildings that are used to house a farm worker who now is not an officer or a partner or anything but just a person who is hired as a farm laborer, under existing law and I think under this law if it were enacted under this bill, that building would still be eligible for exemption of the farm building. I have a problem with two almost identical situations about the part of the legal way the business has been structured, one individual would have to meet an income test and another would other than for the fact that he structured his business differently, he's the same guy except he doesn't have to meet an income test.

SEN. URLACHER: do you have some suggestions as to what the amendment should be?

MARCY: I don't understand why there needs to be an amendment. Addressing this one issue, I think this bill addresses this issue. I think that both bills would be well advised. This bill and the last one.

SANDY CLARK of North Dakota Farm Bureau appeared in opposition with written testimony stating this discriminates against a group of farmers simply because they have chosen to use a particular business structure.

SEN. COOK: If a farmer sole proprietor out there who is not incorporated has to meet a condition and that condition is that the spouse makes more than \$40,000 of non farm income, they no longer qualify for the exemption. I think the real problem as I understand it, is that qualification then does not apply to a corporate farm because they can then use it as a farm

building. Should we pursue this challenge and that is to see that the \$40,000 non farm income limitation applies equally in all the cases.

SANDY: as I indicated when I talk to a lot of our folks that have a family farm corporation structure, most of them own their homes so it seems to me that the individual owned the home, then they do have the dollar requirement.

SEN. COOK: if we verify that they don't have to meet that \$40,000 requirement that non corporate farms do, if we can verify that that is true, do you think that they should all be treated the same regarding that \$40,000 requirement.

SANDY: we need to discuss that further.

There being no further testimony, the hearing was closed.

SEN. WARDNER: I think it needs to be cleared up and then it will be a good bill.

SEN. COOK: I sat down with Council and thought we had it fixed

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2242

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date February 14, 2005

Tape Number	Side A	Side B	Meter #
1	X		6.1-10.8
Committee Clerk Signature <i>Sharon Ruyfrou</i>			

Minutes:

Chairman Urlacher opened the committee meeting to discuss SB 2242. All Senators were present with the exception of Senator Bercier and Senator Tollefson.

Senator Cook explained the amendments to the bill, with the farm residency exemption and how it applies for corporate farming. The amendments bring some clarification to the attorney general's opinion on this issue. If someone lives at a farm structure, it is not a farm structure exemption, under the farm structure law. The rest of the amendments take out references to the resident's exemption.

Action taken:

Senator Cook moved a Do Pass recommendation for the amendments (50213.0302).

Seconded by Senator Every. The amendments passed, 4-0-2.

Senator Wardner moved a Do Pass as Amended recommendation for SB 2242. Seconded by Senator Cook. The bill as amended passes, 4-0-2. Senator Cook is the carrier of the bill.

FISCAL NOTE

Requested by Legislative Council
02/15/2005

Amendment to: SB 2242

1A. **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.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Engrossed SB 2242 provides that a structure owned by a corporation, LLC, LLP, or LP and occupied as a residence by an individual is not exempt as a farm building or farm residence.

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.*

The fiscal effect of Engrossed SB 2242 is unknown because the number and value of properties that will be affected is not known. Political subdivisions including the state medical center will receive additional property tax revenue from structures that are presently exempt under an Attorney General's Opinion but will become taxable under this bill.

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, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	02/16/2005

FISCAL NOTE
Requested by Legislative Council
01/18/2005

Bill/Resolution No.: SB 2242

1A. 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.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2242 provides that a structure or improvement owned by a corporation, LLC, LLP, or LP and occupied as a residency by an individual who is a shareholder, member, or partner of the legal entity that owns the structure or improvement is not exempt as a farm building or farm residence.

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.*

The fiscal effect of SB 2242 is unknown because the number and value of properties that will be affected is not known. Political subdivisions including the state medical center will receive additional property tax revenue from structures that are presently exempt under an Attorney General's Opinion but will become taxable under this bill.

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, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	01/23/2005

PROPOSED AMENDMENTS TO SENATE BILL NO. 2242

Page 1, line 1, after "reenact" insert "subdivision a of"

Page 1, line 4, remove "and residence"

Page 1, line 6, replace "Subsection" with "Subdivision a of subsection"

Page 1, line 8, remove "15."

Page 1, line 22, remove the first underscored comma

Page 1, line 24, replace "an" with "any" and remove "who is a shareholder,"

Page 2, remove line 1

Page 2, line 2, remove "improvement," and replace "subsection" with "subdivision"

Page 2, remove lines 13 through 31

Page 3, remove lines 1 through 31

Page 4, remove lines 1 through 14

Renumber accordingly

Date: 2-14-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2242

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 50213 0302

Action Taken Adopt Amendments

Motion Made By Cook Seconded By Evans

[illegible]

Total (Yes) 4 No 0

Absent _____ 2

Floor Assignment _____

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

Date: 2.14.05
Roll Call Vote #: 2

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2242

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Amended

Motion Made By Wardner Seconded By Cook

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Bercier	✓	
Sen. Wardner	✓		Sen. Every	✓	
Sen. Cook	✓				
Sen. Tollefson	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Cook

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

REPORT OF STANDING COMMITTEE

SB 2242: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2242 was placed on the Sixth order on the calendar.

Page 1, line 1, after "reenact" insert "subdivision a of"

Page 1, line 4, remove "and residence"

Page 1, line 6, replace "Subsection" with "Subdivision a of subsection"

Page 1, line 8, remove "15."

Page 1, line 22, remove the first underscored comma

Page 1, line 24, replace "an" with "any" and remove "who is a shareholder."

Page 2, remove line 1

Page 2, line 2, remove "improvement." and replace "subsection" with "subdivision"

Page 2, remove lines 13 through 31

Page 3, remove lines 1 through 31

Page 4, remove lines 1 through 14

Renumber accordingly

2005 HOUSE FINANCE AND TAXATION

SB 2242

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2242**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **March 1, 2005**

Tape Number	Side A	Side B	Meter #
1		X	30.4
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

REP. WES BELTER, CHAIRMAN Called the committee hearing to order.

SEN. DWIGHT COOK, DIST. 34, MANDAN Introduced the bill. This bill deals with the corporate farm law. There has been an Attorney General's opinion written on this, at the request of the tax equalization officer from Grand Forks, just how is the farm resident exemption supposed to apply for a corporate farm. Explained how it is supposed to be done today, and how the Attorney General thinks it should be done. When you get wages from the corporation, you are not allowed the farm residence exemption. When you are part of the corporation and you rented the land you are farming from that corporation, and then you simply farmed the farm, you would then qualify for the farm residence exemption. This bill is silent to the farm resident exemption portion of it. It only speaks to the farm structure part of it.

REP. BELTER Do you have any idea how many residences are owned by corporations?

SEN. COOK No idea.

MARCY DICKERSON, STATE SUPERVISOR OF ASSESSMENTS & DIRECTOR OF THE PROPERTY TAX DIVISION OF THE STATE TAX DEPARTMENT. Testified in a neutral position. See attached written testimony.

REP. BELTER In Cass County, they sent out a questionnaire, is the particular home used for farm labor, why wouldn't someone who is part of a corporation, can't they answer that as a farm laborer?

MARCY DICKERSON When this bill was originally introduced, it limited the application of this bill as to farm buildings that were occupied by owners or managers or people who were involved in the corporation, now it has been expanded, that if anyone is residing in that building, as a resident, if it is not a farm residence, where the farmer can qualify as a farmer with income provisions, then it will not be eligible for exemption as a farm building. That was amended into the bill in the Senate.

REP. WRANGHAM What would happen in the case where the farmer farms 10,000 acres but elects to build a house on forty acres, then decides to deed that house and forty acres to a limited liability company, how would that affect him?

MARCY DICKERSON If he were still farming as a farmer, and not as an employee of the corporation, it wouldn't affect him, he would still have his residence exemption. If he takes wages from the corporation, then he would be a wage earner and not a farmer. A person could be a shareholder in a corporation and not taking any wages from that corporation, in that case, he is not a wage earner and not affected.

REP. WRANGHAM As I understand, on page 1, line 22, if any structure or improvement is not exempt from this

Page 3

House Finance and Taxation Committee

Bill/Resolution Number **SB 2242**

Hearing Date **March 1, 2005**

MARCY DICKERSON That is how the language was amended in the Senate, that any building that is owned by one of those entities, would not be exempt.

REP. WRANGHAM So that particular farmer would not be able to claim an exemption for his home, if his home on that forty acres was owned by a partnership?

MARCY DICKERSON That is correct.

SANDY CLARK, REPRESENTING THE NORTH DAKOTA FARM BUREAU Testified in support of the bill. See attached written testimony.

LARRY SYVERSON, NORTH DAKOTA TOWNSHIP ASSOCIATION, Testified in support of the bill.

ARVID WINKLER, BARNES COUNTY TOWNSHIP ASSESSOR Testified in a neutral position.

With no further testimony, the committee hearing was closed.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2242**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **March 9, 2005**

Tape Number	Side A	Side B	Meter #
2	x		9.4
Committee Clerk Signature			

Minutes:

COMMITTEE ACTION

REP. HEADLAND Made a motion for a do not pass.

REP. BRANDENBURG Second the motion. Motion failed.

REP. DROVDAL Stated he would really like the homestead exemption stay in. If we continue to resist it because we are a farmers group here, we are going to end up losing, there are problems with it out there. There are problems the way it is being applied, it is misused, and causing a lot of hard feelings out there. One neighbor is getting it, one isn't, and I think we should start addressing this.

REP. HEADLAND Stated it will take away a legal exemption today of a person who has established a corporation but does not have the household in the corporation, but he is able to keep his exempt status because of stipulations in the code that allow for farm labor to live in this structure. Anybody who is using that part of the code today, is going to have a tax increase.

Page 2

House Finance and Taxation Committee

Bill/Resolution Number **SB 2242**

Hearing Date **March 9, 2005**

REP. WRANGHAM Responded to Rep. Drovdal's comments. He stated the interium

committee responded to the problems, but stated there is nothing in the bill that will alleviate any of the questions which came up.

The motion failed so the bill will be acted on at a later date.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2242**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **March 15, 2005**

Tape Number	Side A	Side B	Meter #
1	X		24
Committee Clerk Signature			

Minutes:

COMMITTEE ACTION

REP. HEADLAND Made a motion for a **do not pass**.

REP. NICHOLAS Second the motion. **MOTION CARRIED.**

11 YES 2 NO 1 ABSENT

REP. HEADLAND Was given the floor assignment.

Date: 3-9-05
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 582242

House FINANCE & TAXATION

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Motion Made By

Seconded By

Representatives	Yes	No	Representatives	Yes	No
BELTER, WES, CHAIRMAN	✓				
DROVDAL, DAVID, V-CHAIR		✓			
BRANDENBURG, MICHAEL	✓				
CONRAD, KARI		✓			
FROELICH, ROD	✓				
GRANDE, BETTE		✓			
HEADLAND, CRAIG	✓				
IVERSON, RONALD		✓			
KELSH, SCOT		✓			
NICHOLAS, EUGENE	✓				
OWENS, MARK		✓			
SCHMIDT, ARLO	✓				
WEILER, DAVE		✓			
WRANGHAM, DWIGHT	✓				

Total (Yes)

No

Absent

Floor Assignment

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

Date: 3-15-05
Roll Call Vote #: 2

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2242

House FINANCE & TAXATION

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Do Not Pass

Motion Made By

Rep. Headland

Seconded By

Rep. Nicholas

Representatives	Yes	No	Representatives	Yes	No
BELTER, WES, CHAIRMAN	✓				
DROVDAL, DAVID, V-CHAIR	✓				
BRANDENBURG, MICHAEL	✓				
CONRAD, KARI		✓			
FROELICH, ROD	✓				
GRANDE, BETTE		✓			
HEADLAND, CRAIG	✓				
IVERSON, RONALD	✓				
KELSH, SCOT	✓				
NICHOLAS, EUGENE	✓				
OWENS, MARK	✓				
SCHMIDT, ARLO	✓				
WEILER, DAVE	✓				
WRANGHAM, DWIGHT	✓				

Total (Yes)

11

No

2

Absent

1

Floor Assignment

Rep. Headland

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

REPORT OF STANDING COMMITTEE (410)
March 15, 2005 1:06 p.m.

Module No: HR-47-5008
Carrier: Headland
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2242, as engrossed: Finance and Taxation Committee (Rep. Belter, Chairman)
recommends **DO NOT PASS** (11 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed SB 2242 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

SB 2242

SENATE FINANCE AND TAXATION COMMITTEE
January 25, 2005

Testimony of Marcy Dickerson, State Supervisor of Assessments

SENATE BILL 2242

Mr. Chairman, Members of the Committee, for the record my name is Marcy Dickerson and I am employed as State Supervisor of Assessments and Director of the Property Tax Division by the Tax Commissioner.

Senate Bill 2242 provides that a structure or improvement owned by a corporation, limited liability company, limited liability partnership, or limited partnership and occupied as a residence by an individual who is a shareholder, member, or partner of the legal entity that owns the structure or improvement is not exempt as a farm building or farm residence.

The Attorney General has ruled that a structure or improvement described above is not eligible for the farm residence exemption because it is not occupied by an individual who qualifies as a farmer under N.D.C.C. § 57-02-08(15)(b)(2). An individual who receives wages is a wage earner, not a farmer. However, the structure or improvement is eligible for exemption as a farm building because it is used as part of a farm plant to house a farm worker.

Under existing law, a farmer has to meet an income test to be eligible for a farm residence exemption. There is no income test for exemption as a farm building. For that reason, the home of an individual who could not meet the farm residence income test can be exempt as a farm building.

The fiscal effect of Senate Bill 2242 is unknown because the number and value of properties that will be affected is not known. Political subdivisions including the state medical

center will receive additional property tax dollars from structures that are presently exempt under the Attorney General's Opinion but will become taxable under this bill.

This concludes my prepared testimony. I will be glad to try to answer any questions.



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North Dakota Farm Bureau

www.ndfb.org

Senate Finance & Taxation Committee

January 25, 2005

SB 2242 Testimony by North Dakota Farm Bureau

presented by Sandy Clark, public policy team

Good morning, Mr. Chairman and members of the committee. For the record, my name is Sandy Clark and I represent the 27,500 members of the North Dakota Farm Bureau.

NDFB opposes SB 2242. Our members believe this bill discriminates against a group of farmers simply because they have chosen to use a particular business structure.

You will have several farmstead exemption bills before you this Session. We appreciate Senator Cook's efforts to tighten up the law, so that only bonafide farmers receive the exemption. This bill is directed at families who **are** bonafide farmers.

The language on page 1, beginning on line 22, addresses business structures that own the residence and take the exemption as part of the farm plant. We can appreciate that if the corporation owns the residence and is taking business expenses on the home, maybe they shouldn't receive the exemption. That could be double dipping. We understand, that under this bill, a residence owned by a sole proprietor farmer or a corporation and occupied by farm laborers would still be exempt as part of the farm plant and we agree. The Attorney General has issued an opinion on residences as part of a farm plant.

However, we have a great deal of difficulty with the language on page 2, beginning on line 13. This language is very confusing and convoluted. Sometimes a bill compounds the problem, rather than solves a problem. In this case, we do not believe there is a problem. If a farmer owns their home and is a farmer participating in a different business structure, they are a farmer and should be eligible for the farm residence exemption.

We believe the language in this bill discriminates against farmers who own their homes and participate in a different farm business structure. Again, these people **are** bonafide farmers.

If the intent on these farmstead exemption bills is to assure that only true farmers are receiving the exemption, this bill does not accomplish that.

We believe the current law is just fine as it is. You will always have people who will devise some justification in their mind that they think qualifies them for the farmstead exemption. However, when the county tax directors are well trained on the law and local township and county boards of equalization enforce the law, people who are not eligible for the exemption **will be** denied. They have been in the past and will continue to be in the future.

In conclusion, we think the new language in SB 2242 is difficult to interpret and discriminates against one group of bonafide farmers.

Therefore, NDFB would respectfully request a "do not pass" recommendation on SB 2242. Thank you for your consideration.

HOUSE FINANCE AND TAXATION COMMITTEE

March 1, 2005

Testimony of Marcy Dickerson, State Supervisor of Assessments

SENATE BILL 2242

Mr. Chairman, Members of the Committee, for the record my name is Marcy Dickerson and I am employed as State Supervisor of Assessments and Director of the Property Tax Division by the Tax Commissioner.

Senate Bill 2242 provides that a structure or improvement owned by a corporation, limited liability company, limited liability partnership, or limited partnership and occupied as a residence by any individual is not exempt as a farm building or farm residence.

The Attorney General has ruled that, under existing law, a structure or improvement occupied by a wage earner is not eligible for the farm residence exemption because it is not occupied by an individual who qualifies as a farmer under N.D.C.C. § 57-02-08(15)(b)(2). An individual who receives wages is a wage earner, not a farmer. However, the structure or improvement is eligible for exemption as a farm building because it is used as part of a farm plant to house a farm worker.

A farmer has to meet an income test to be eligible for a farm residence exemption. There is no income test for exemption as a farm building. For that reason, the home of an individual who could not meet the farm residence income test can be exempt as a farm building at this time.

The fiscal effect of Senate Bill 2242 is unknown because the number and value of properties that will be affected is not known. Affected political subdivisions will see an increase in taxable value, which may or may not result in an increase in taxes levied, depending on the method they use to calculate mill rates.

This concludes my prepared testimony. I will be glad to try to answer any questions.



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North Dakota Farm Bureau

www.ndfb.org

House Finance & Taxation Committee

March 1, 2005

SB 2242 Testimony by North Dakota Farm Bureau

presented by Sandy Clark, public policy team

Good morning, Mr. Chairman and members of the committee. For the record, my name is Sandy Clark and I represent the 27,500 family members of the North Dakota Farm Bureau.

NDFB supports SB 2242. We had some concerns with the original bill in the Senate, but with the amendments to the bill we can support Engrossed SB 2242. Senator Cook invited North Dakota Farm Bureau to be part of his deliberation in crafting these farmstead exemption bills this past fall and we appreciated the opportunity to participate.

We can acknowledge that if the corporation, limited liability company, limited liability partnership or limited partnership owns the residence and is taking business expenses on the home, maybe they shouldn't receive the farm residence exemption. The same is true of a farm residence that is occupied by hired farm labor and owned by the business entity. That business entity is still utilizing the business expense structure. The business entity gains more tax advantages by utilizing the business structure than the property tax on the residence.

NDFB is still concerned that local assessors and county tax directors will have difficulty placing a realistic value on these homes. They can have very little value depending upon location, distance from town or distance from a main road. A farmer or rancher can build a new home and the day the family moves in, it is worth less than half of what it cost to build, just because it has very little resale value.

However, at an Interim Tax Committee meeting, county tax directors appeared to want clarification of homes owned by these types of business entities. Under this bill, farm residences owned by a corporation, LLP, LLC or limited partnership will no longer be exempt as part of the farm plant. NDFB does not have a problem with this bill.

Therefore, NDFB supports SB 2242 and encourages a "do pass" recommendation. Thank you and I would answer any questions.

One future. One voice.