MICROFILM DIVIDER

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

ROLL NUMBER

DESCRIPTION

2032

2007 SENATE EDUCATION

SE 2032

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2032

Senate Education Committee

☐ Check here for Conference Committee

Hearing Date: January 10, 2007

Recorder Job Number: 837

Committee Clerk Signature

Minutes:

Doug Johnson, North Dakota Council of Educational Leaders, appeared before the Senate Education Committee to provide information on SB 2032. (Written materials attached) Senate Bill 2032 was originally assigned to the Senate Education Committee but was then moved to the Senate Finance and Taxation Committee. Because the bill concerns educational funding, the Senate Education Committee wanted to learn more about it.

Mr. Johnson said the materials he distributed came from Anita Thomas' presentation to the interim Finance and Tax Committee.

Senator Flakoll asked what affect the bill, in its current form, would have on equity. (meter 21:27)

Mr. Johnson said there will be some impact on equity; he is not sure how much. His biggest concern is it does not provide any additional dollars, it just moves the dollars from property tax to the state to be paid by the surplus at this time and there is no way to recapture that.

Senator Flakoll asked if the bill contains any provision for the consolidation of schools, particularly if a consolidation crosses some borders. Is there a provision for blending? (meter 23:32)

Mr. Johnson said there is not a provision as he reads the bill.

Senator Flakoll said current law has a six year provision for a blending of districts.

Senator Flakoll asked what the plan is if adequate funds are not available. What is the procedure that would have to be enacted in a worst case scenario?

Mr. Johnson said there is no provision; it is taking $75 million from the surplus. Should there be a decrease in the surplus, there would have to be an increase in the next biennium to cover that loss because the districts are capped at 165 mills.

Senator Gary Lee asked if this proposal is based on other states' methods.

Mr. Johnson said in watching the interim committee's work, they looked at other states but he doesn't think this is based on another state. They also looked at how to handle property tax of non residents, property tax exemptions.

Senator Gary Lee asked if this changes the relationship between the school districts and the counties and the state. (meter 26:27)

Mr. Johnson said the bill only impacts school districts, not counties.

Chairman Freborg said in order for this bill to work, it with the commissions report, we are obligated now for another $155 million per session to education.

Mr. Johnson said that would be his assumption. This is only obligating the budget surplus dollars; there is no provision for the next biennium. The bill does not provide a sunset clause.

Chairman Freborg asked what is considered surplus dollars.

Mr. Johnson said he thinks it is the dollar amounts they were discussing in July of 2006, about $450 million.

Chairman Freborg asked in a worst case scenario, if we came back with no budget surplus, what would happen.

Mr. Johnson said if there were no surplus dollars, for districts that were already at 165 mills, they would have no way of raising additional funds. They would have to make cuts.

Senator Flakoll asked if the school districts frozen at 165 under this bill?

Mr. Johnson said that is correct.

Senator Flakoll asked what would be the effect on districts with unlimited mills.

Mr. Johnson said it is his understanding that they would be frozen at that level.

Senator Flakoll asked if a district is dropped from 185 to 165 mills and frozen at this level and their property values increase 12%, what is the effect.

Mr. Johnson said in that case the school district would maintain. He is concerned about what would happen if property values decline. If you go back to the 80's, when oil went bust, and property values fell, under this bill, those districts would have no where to go.

Senator Flakoll asked if a district is at 165 and property values drop, what is the solution besides a special session.

Mr. Johnson said the only recourse would be a special session or, as he experienced in the 80's, a 10% cut in staff for three years in a row.

Chairman Freborg asked if anyone has considered putting something in the bill that would automatically kick in if property values declined?

Mr. Johnson said the interim committee discussed it and, as he recalls, decided if it was needed, it could be added during the session.

Chairman Freborg thanked Mr. Johnson for the information.

moved to Senate Finance & Tax

2007 SENATE FINANCE AND TAXATION

SB 2032

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032**

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Hearing Date: January 17, 2007

Recorder Job Number: # 1284

Committee Clerk Signature Shara Rayfield

Minutes:

Sen. Urlacher called the committee to order and opened the hearing on SB 2032.

John Walstad: from Legislative Council appeared to explain the bill and handed out a 13 page handout on Adjusted Mill Levy Cap and a handout on Property tax relief bill draft examples. At the time the committee was gathering information about property taxes, school taxes and school funding, the committee looked into a lot of issues. While doing this, a couple of significant things happened. One was there began to be reports of a growing surplus in the state general revenue, as those reports continued to be fore greater and greater surplus amounts, the committee gave up on looking state level tax increases to property tax relief because it appeared there was adequate money already available at the state level. The other significant thing that happened during this was that the Governor appointed a commission on education funding. That commission was looking at ways to enhance equity of funding for schools. The committee determined that the appropriate course of action would be to provide property tax relief not interfere if possible in recommendations that might come from the governor's commission about school equity funding issues and to provide property tax relief by reducing school district property tax revenues.

Measure 6 in 1980 the voters approved a part of measure 6 that was a statement of intent that the state should provide 70% of the cost of elementary and secondary education funding. Much of what was in measure 6 is no longer in the law but that statement of intent is still in the law that the intent of the legislature and the people that the legislature fund 70% of elementary and secondary education. The legislature has never done that and has never been close to that but the legislature used to be closer to 70% level than the state is now.

Sen. Cook: what are the school districts now that they have another mill levy, can you tell me?

Answer: I believe Bismarck is unlimited, Williston and Grand Forks, 3 districts, those districts would continue to use that unlimited authority, it would not end that.

Sen. Cook: the effective date is taxable year beginning after Dec 31, 2006 is that workable?

Answer; it should be workable.

Sen. Cook: the actual mill levies would be going down in some school districts if this would pass and curious about how the pool of money goes from the state and school districts. When does the school district get the money that they deem to offset that mill levy?

Answer: these dollars replace property tax dollars. Property tax dollars will begin to flow in, in February of 2008 and this payment, the first allocation I believe was set for April 15th, so I don't think there will be too much of a delay, the school districts will still be getting a substantial influx of property tax revenue beginning in February or even January. I don't think it will throw us a cash flow problem, I think it will arrive timely so it is useable.

Sen. Oehlke: Page 3, talks about mill levies, what would a school district typically have an excess mill levy for? Building or something like that?

Answer: There can be a number of things that voters can approve extended levy authority for but what is referred to is excess levy authority is that thing I was pointing out about voter

approval on page 8. The amount that can be taxed onto a general fund levy upon voter approval. So if the voters do approve a 5% increase, that's 5% increase will not be counted in the fill rate for that district that goes into the formula for determining property taxes.

Sen. Anderson: going back to being able to increase the levy by vote up to 5%. I'm just curious why does it take a higher percentage of schools that are under 4000 than over 4000? Answer: I wish I knew the answer to this, that provision is in current law within regard to approving in our limited levy (?) and for smaller population districts we need a higher percentage voter approval for an unlimited levy than you do in higher population districts.

Sen. Urlacher: It was accepted as existing law.

Sen. Horne: It's to provide monies to school districts so they can in turn to levy less and than that would reduce property taxes in the district, is that the process?

Sen. Urlacher: it's a switch from obligations away from the local to the state on an equal basis.

Sen. Horne: is there insurances built in?

Mr. Walstad: the bill does not deal with that.

Rep. Haas: I served on the Interim Tax Committee and I speak in favor of this bill. The share of the cost of k-12 education has been increasing at the local level and the burden goes directly to property taxes and the share of the profit k-12 education at the state level has been decreasing. The philosophical question directly related to the constitution of the state of ND which clearly states that education k-12 education is a state responsibility. Why is the state's share decreasing and the burden on property taxes increasing? Handed out amendments. This bill takes the DPI reference out and puts the flat 5% in and the final change is on the back of the amendment with concern about how are we going to know what kind of affect this has on our tax bill when we get it in December. So the section on the back page says that

the county auditor or the county treasurer of the tax payer must include the statement that says state paid school district property taxes will be. An itemized statement on the tax bill that shows the actual dollar amount of tax relief that resulted on your tax bill as a result of this part of a million dollars.

Sen. Cook: When you say about the equity with these amendments, you're talking about the adjustment factor? Yes Do you believe the constitutional responsibility of the state of ND is to provide funding to bus students to school? That issue has been adjudicated and no it is not.

Rep. Herbel: appeared in support stating this attacks the property tax issue. Property tax has been an enormous issue from the pulpit and it think we need to address it now.

Sen. Cook: If we take the equity issue out of this bill because it's being addressed in the commissions bill, then why do we still have a situation where some people depend upon school district relief, could they get more relief than someone else?

Rep. Herbel: it probably had something to do with what effort they were levying to begin with. If you look at the print out, you will see that not every school has to drop their mill levy the same amount.

Sen. Horne: Does SB 2032 provide property tax relief and SB 2200 is designed more to provide a more plunging and more equitable funding for school districts around the state, so one provides tax relief and the other one is more equitable school funding, is that what we're doing here?

ANSWER; yes

Sandy Clark: NDFB appeared on their behalf stating they support property tax relief but are not prepared to support this bill in its entirety

Kayla Pulvermacher: ND Farmers Union appeared in support with written testimony. (See attached)

Don Moore: a former senator on behalf of himself appeared in support of the bill and the amendment.

Adjourned.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032**

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Hearing Date: January 17, 2007

Recorder Job Number: # 1323

Committee Clerk Signature Sharon Renfrow

Minutes: Afternoon

Sen. Urlacher called the committee to order and opened the hearing for opposition on SB 2032 because of scheduling conflicts.

Bev Nielsen: ND School Board Association appeared in opposition with written testimony. (See attached)

Sen. Urlacher: You're saying the statistics aren't available to move forward until we go through that procedure if opposing?

Answer: our position is that if during the next interim of commission can establish what we think is an adequate program of education for the state, determine what that costs then decide how much of that what the state will pay then we will know how much the locals will be expected to pay and I think we can better look at how much a limitation on their capping authority is appropriate. We just think it's a little premature.

Doug Johnson: ND Council of Educations Leaders appeared in opposition with written testimony. (See attached)

Sen. Cook: what's your position on the state mandated school consolidation, school district consolidation?

Answer: we have not taken a position one way or the other.

Sen. Cook: if the state is going to take on more responsibility to define an adequate education, I agree that having every high school child have access to classes like physics and chemistry and foreign language would certainly constitute an adequate education. At what point do we understand that maybe we have to have more than 10 kids in a class out there in some of our rural high schools in order to efficiently deliver that adequate education. And if we're going to deliver more, we have a right to start insisting on some school district consolidation.

Answer: I think that is one of the issues that as SB 2200 goes through and is discussed and the future as we look at adequacy some of the things we are going to have to look at is not necessarily consolidation but how do we take care of these smaller school populations.

Sen. Tollefson: equity seems to be and is a problem for many of the smaller schools. Several of our rural districts surrounding Minot could be consolidated into the Minot school districts and would take care of their equity problem. That probably is true around the state to various degrees. Do you think that's a possibility?

Answer: I have found that the current effort that has been made with joint power agreements in developing education associations is going to help solve that problem will probably laid that to happen on a voluntary basis by those school districts. It's a tough call on what that process is going to be. What's best for the kids in that district.

Sen. Horne: under your proposal we would look at equity formulas this session, deal with adequacy in 2009 and then do some tax studies in 2011 so it would be in the year 2013 before we get tax relief?

Answer: it may mean looking at new ways of developing dollars to generate getting us to adequate education. Where those dollars come from is going to be the work of your

committee and the House Finance & Tax Committee and ultimately the whole State Legislature. Will that be property tax relief? We hope so.

Closed the hearing.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032**

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Hearing Date: January 31, 2007

Recorder Job Number: # 2474 & # 2477

Committee Clerk Signature Sharon Renfrow

Minutes:

Sen. Urlacher called the committee to order for action on SB 2032.

Sen. Urlacher: explained what the bill does and what it intends to do stating this is an interim bill and deferred to Sen. Cook for amendments.

Sen. Cook: explained the amendments stating they do 4 things. First they raise the appropriation from 74 million to 100 million plus, second they remove the part of this bill that had a modifier in there for equity, school funding equity, third they reference they growth that school districts are allowed to reference CPI, it takes it out and makes it a 5% growth and lastly they get a statement on everybody's tax statement that makes reference to the deduction in the tax statement because of the state paid school district property tax relief tax and with that I would move the amendments.

Sen. Cook: I move the amendments 0402 except the part that deals with the caps on page 8 and 9, seconded by Sen. Triplett.

Voice Vote; 7-0-0 amendments pass

Sen. Cook: I move the amendments on page 8 and 9 which deals with the caps and puts at a flat 5%, seconded by Sen. Oehlke.

Sen. Triplett: don't feel we need caps.

Roll call Vote: 4-3-0, amendment passes.

Sen. Cook: what we are doing here is basically using school districts funding formulas as a means of offering property tax relief and it will the way it is written unless your school district is below 111 mils. My only concern with this is that the amount of relief varies by school district.

Sen. Horne: what do the school people think about this bill?

Sen. Urlacher: it was in interim committee and it had very thorough research, whatever it took to make it functional bill. There was a tremendous amount of input.

Sen. Cook: is there anything we can do as to determining how much money a school district gets to try to reduce some of the to bring it closer together so that everybody is a little bit closer rather than certain districts getting the help.

John Walstad: Legislative Council stating the first step in the process is to make a list of what everybody's mil rate was, their general fund mil rate and then subtract 111 mils from that and any levy under 111 mils, that school district is out of the relief allocation and for those just over 111 mils marginally, they are only going to get relief for the number of mils above 111. So if you're at 141 you're only going to have 30 mils of your taxes going into the pot to determine how the allocation is made. In interim committee took the position that the allocation relief should be targeted to those areas where property taxes have been above average and that's what it does. That means the allocations are unequal, it's built into the way the bill is structured.

Sen. Triplett: the unequal allocation is virtually required in order to address the perception that there is already inequity in the system, right?

John: yes, that was the interim committee's premise in structuring this thing this way that some people in the State are paying a pretty light property tax burden and the relief should be targeted to the people who are getting hammered.

Sen. Triplett: I think your right, there is too much of a difference, you can't get to a point of equality without ____, its got to be unequal to some degree, but the question is what the degree is, right?

Sen. Cook: yes, one of the problems we always have is the little thing called the school funding bill. There's winners and losers and everybody looks at a print out. Now we've got 3 bills that deal with education funding, we're gonna have our normal education bill, we're going to have a Governor's bill on commission which is to deal with the equity issue and we're going to have this one. Someone is going to say, what if we took all the money and ran it through the education bill and run another one of those print-outs and we are right back to where we were with winners and losers. We're going to have to be able to fight that if we want property tax relief.

Sen. Cook: made a Motion for **DO PASS as Amended and Refer to Appropriations**, seconded by Sen. Tollefson.

Sen. Triplett: I think in the end I will vote for this bill although I still have issues with the caps so will vote no on this bill now.

Roll call vote: 5-2-0 Sen. Cook will carry the bill.

2477

Sen. Cook: I Move we Reconsider our Action in which we passed SB 2032, seconded by Sen. Tollefson.

Voce vote: 7-0-0

Consideration of amendments from John Walstad

Sen. Cook: made a Motion to Move the Amendments, seconded by Sen. Horne

Voice vote: 7-0-0 Amendments passed

Sen. Cook: made a **Motion for DO PASS as Amended and Refer to Appropriations**, seconded by Sen. Tollefson.

Roll call vote: 5-2-0 Sen. Cook will carry the bill.

FISCAL NOTE

Requested by Legislative Council
04/26/2007

Amendment to: Reengrossed SB 2032

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			($120,850,000)			
Expenditures			$3,604,000			
Appropriations			$3,604,000	$1,100,000		

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

SB 2032 Second Engrossment with Conference Committee Amendments creates two new income tax credits for property taxes paid. The bill also reduces the "marriage penalty" and expands the Homestead credit program for the elderly and disabled.

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.*

Section 1 expands the homestead credit program for the elderly and disabled. Section 5 creates a targeted tax credit of up to $300 to offset the marriage penalty for married-filing-joint taxpayers. Sectons 6 and 7 create two new income tax credits equal to ten percent of property tax liabilities, up to $1000. Unused credits may be carried forward for 5 years or, in certain cases, rebated to the taxpayer for use in paying the ensuing year's property tax liability.

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 tax credit to offset the marriage penalty provided in Section 5 of the bill is expected to reduce state general fund revenues by an estimated -$8.85 million during the 2007-09 biennium. The new Homestead and Commercial Property Income tax credits equal to ten percent of qualifying property taxes paid is expected to reduce state general fund revenues by an estimated -$112 million during the 2007-09 biennium.

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.*

Meeting the expanded provisions of the elderly and disabled Homestead Credit program will increase state general fund expenditures by an estimated $3.604 million during the 2007-09 biennium.

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 is also included in the executive budget or relates to a continuing appropriation.*

There is an appropriation of $3.604 million from the general fund for funding the expanded homestead tax credit

program for elderly and disabled. Additionally there is an appropriation of $1.1 million to the tax department for implementing this Act.

Name:	Kathryn L. Strombeck	**Agency:**	Office of Tax Commissioner
Phone Number:	328-3402	**Date Prepared:**	04/26/2007

FISCAL NOTE

Requested by Legislative Council
04/24/2007

Amendment to: Reengrossed SB 2032

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			($100,850,000)			
Expenditures			$3,604,000			
Appropriations			$3,604,000			

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

SB 2032 Second Engrossment with Conference Committee Amendments creates an income tax credit for property taxes paid. The bill also reduces the "marriage penalty" and expands the Homestead credit program.

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.*

Section 1 expands the homestead credit program for the elderly and disabled. Section 5 creates a targeted tax credit of up to $300 to offset the marriage penalty for married-filing-joint taxpayers. Secton 6 creates a new Homestead Income tax credit of up to $1000 equal to ten percent of the residential and agricultural property taxes paid.

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 tax credit to offset the marriage penalty provided in Section 5 of the bill is expected to reduce state general fund revenues by an estimated -$8.85 million during the 2007-09 biennium. The new Homestead Income tax credit equal to ten percent of qualifying property taxes paid is expected to reduce state general fund revenues by an estimated -$92 million during the 2007-09 biennium.

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.*

Expenditures on the expanded provisions of the existing Homestead Credit program will increase state general fund expenditures by an estimated $3.604 million during the 2007-09 biennium.

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 is also included in the executive budget or relates to a continuing appropriation.*

There is an appropriation of $3.604 million from the general fund for funding the expanded homestead tax credit program for elderly and disabled.

Name:	Kathryn L. Strombeck	**Agency:**	Office of Tax Commissioner
Phone Number:	328-3402	**Date Prepared:**	04/24/2007

FISCAL NOTE

Requested by Legislative Council
04/19/2007

Amendment to: Reengrossed SB 2032

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			($16,188,000)			
Expenditures				$83,604,000		
Appropriations				$83,604,000		

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
					$0			

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

SB 2032 Second Engrossment with House Amendments - Majroity Report allocates $80 million in property tax relief funds - based on 2006 actual levies, reduces the "marriage penalty" and expands the Homestead credit program.

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.*

Section 1 of SB 2032 Second Engrossment with House Amendments - Majority Report will allocate $80 million to property taxing districts in the 2007-09 biennium, a reduction of 5.9% based on 2006 levies. Section 2 expands the existing Homestead Credit program for low income elderly and disabled homeowners and renters. Section 11 removes a portion of the marriage penalty.

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.*

Section 11 of the bill updates all of the Form ND-1 tax brackets to the 2007 level. Additionally the section broadens the lowest "married filing separate" bracket to equal the lowest "single" bracket and broadens the lowest "married filing joint" bracket to equal twice the lowest "single" bracket.

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.*

Expenditures from the permanent oil tax trust fund are estimated to increase by $80 million for payments to counties for property tax reduction, and $3.604 million for payments to counties and renters for the expanded homestead credit provisions.

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 is also included in the executive budget or relates to a continuing appropriation.*

There are two approporiations from the permanent oil tax trust fund contained in Sections 13 and 14 of the bill.

Name:	Kathryn L. Strombeck	**Agency:**	Office of Tax Commissioner
Phone Number:	328-3402	**Date Prepared:**	04/19/2007

FISCAL NOTE

Requested by Legislative Council
03/30/2007

Amendment to: Reengrossed SB 2032

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				$94,205,000		
Appropriations				$94,205,000		

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
					$0			

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

SB 2032 Second Engrossment with House Amendments allocates school district property tax relief funds with a continuing appropriation from the permanent oil tax trust fund.

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.*

Based on the most recent available information from Department of Public Instruction, SB 2032 Second Engrossment with House Amendments will reduce school district property taxes by $94,205,000 in the 2007-09 biennium, and the permanent oil tax trust fund will reimburse the school districts for that amount.

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 is also included in the executive budget or relates to a continuing appropriation.*

There is a continuing approporiation from the permanent oil tax trust fund contained in Section 9 of the bill.

Name:	Kathryn L. Strombeck	**Agency:**	Office of Tax Commissioner
Phone Number:	328-3402	**Date Prepared:**	04/02/2007

FISCAL NOTE

Requested by Legislative Council
03/21/2007

Amendment to: Reengrossed SB 2032

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			$94,205,358			
Appropriations			$94,205,358			

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
					$0			

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

SB 2032 Second Engrossment with House Amendments allocates school district property tax relief funds with a continuing appropriation from the permanent oil tax trust fund.

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.*

Based on the most recent available information from Department of Public Instruction, SB 2032 Second Engrossment with House Amendments will reduce school district property taxes by $94,205,358 in the 2007-09 biennium, and the permanent oil tax trust fund will reimburse the school districts for that amount.

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 is also included in the executive budget or relates to a continuing appropriation.*

There is a continuing approporiation from the permanent oil tax trust fund contained in Section 7 of the bill.

Name:	Kathryn L. Strombeck	**Agency:**	Office of Tax Commissioner
Phone Number:	328-3402	**Date Prepared:**	03/26/2007

FISCAL NOTE

Requested by Legislative Council
02/05/2007

Amendment to: SB 2032

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			$100,177,634			
Appropriations			$100,177,634			

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
					$0			

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

Eng. SB 2032 provides an appropriation of $100,177,634 to the tax commissioner for school district property tax relief, provides an allocation calculation and school district levy limitations.

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.*

Based on the most recent available information, Eng. SB 2032 will reduce school district property taxes by $100,177,634 in the 2007-09 biennium, and the state general fund will reimburse the school districts for that amount. Eng. SB 2032 limits the optional annual increase in school district general fund tax dollars; Unlimited mill levies are no longer allowed. It is not possible to estimate how much school dstricts will levy within the new limitations. A school district will not lose any revenue due to this legislation, but future increases are limited.

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 is also included in the executive budget or relates to a continuing appropriation.*

Name:	Kathryn L. Strombeck	**Agency:**	Office of Tax Commissioner
Phone Number:	328-3402	**Date Prepared:**	02/07/2007

FISCAL NOTE

Requested by Legislative Council
12/26/2006

Bill/Resolution No.: SB 2032

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			$74,054,859			
Appropriations			$74,054,859			

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
					$0			

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

SB 2032 provides an appropriation of $74,054,859 to the tax commissioner for school district property tax relief, provides an allocation calculation and school district levy limitations.

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.*

Based on the most recent available information, SB 2032 will reduce school district property taxes by $74,054,859 in the 2007-09 biennium, and the state general fund will reimburse the school districts for that amount. Generally, SB 2032 limits the optional annual increase in school district general fund tax dollars to 2% more than the annual increase in the Consumer Price Index, to a maximum of 165 mills. Unlimited mill levies are no longer. It is not possible to estimate how much school dstricts will levy within the new limitations. A school district will not lose any revenue due to this legislation, but future increases are limited.

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 is also included in the executive budget or relates to a continuing appropriation.*

Name:	Kathryn L. Strombeck	**Agency:**	Office of Tax Commissioner
Phone Number:	701.328.3402	**Date Prepared:**	01/09/2007

70102.0402
Title.

Voice vote carries

Prepared by the Legislative Council staff for
Representatives Haas and Herbel and
Senators Urlacher and Wardner
December 2006

PROPOSED AMENDMENTS TO SENATE BILL NO. 2032

Page 1, line 4, remove the second "and" and after "57-15-31" insert ", 57-20-07.1, and 57-32-03"

Page 1, line 5, after "limitations" insert "and contents of property tax statements"

Page 1, line 10, replace "$74,054,859" with "$100,177,634"

Page 1, line 14, replace "$35,897,132" with "$48,771,743"

Page 1, line 15, replace "$38,157,727" with "$51,405,891"

Page 2, line 18, remove "The school district property tax relief allocation for each school district must"

Page 2, remove lines 19 through 24

Page 2, line 25, remove "b."

Page 2, line 26, remove "after applying the"

Page 2, line 27, remove "adjustment factor under subdivision a"

Page 2, line 30, replace "c." with "b."

Page 8, line 8, after "~~eighteen~~" insert "five", remove the overstrike over "~~percent~~", and remove "two percentage points more than the percentage increase in"

Page 8, remove line 9

Page 8, line 10, remove "States department of labor, bureau of labor statistics, for the most recent full calendar year,"

Page 9, line 10, after "~~eighteen~~" insert "five", remove the overstrike over "~~percent~~", and remove "of two"

Page 9, remove lines 11 through 13

Page 9, line 14, remove "year" and after "permitted" insert "without voter approval"

Page 10, after line 24, insert:

"**SECTION 7. AMENDMENT.** Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include the statement "State-paid school district property tax relief" and the dollar amount of the property tax reduction for the parcel under section 57-01-20. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 8. AMENDMENT. Section 57-32-03 of the North Dakota Century Code is amended and reenacted as follows:

57-32-03. Tax statements prepared by state tax commissioner - When due and delinquent. On or before the thirty-first day of March in each year, the tax commissioner shall provide each company assessed under the provisions of this chapter a statement of its taxes due for the preceding year, with the valuations and taxes assessed in each case. The tax statement must include the statement "State-paid school district property tax relief" and the dollar amount of the property tax reduction under section 57-01-20 which applies against the taxes due for the preceding year. Such taxes are due upon the fifteenth day of April next following the date of the statement of taxes due. The taxes become delinquent on the first day of May next following the due date and, if not paid on or before said date, are subject to a penalty of two percent and, on June first following delinquency, an additional penalty of two percent and, on July first following delinquency, an additional penalty of two percent and, an additional penalty of two percent on October fifteenth following delinquency. From and after January first of the year following the year in which the taxes became due and payable, simple interest at the rate of twelve percent per annum upon the principal of the unpaid taxes must be charged until such taxes and penalties are paid, with such interest charges to be prorated to the nearest full month for a fractional year of delinquency. All the provisions of the law respecting delinquency of personal property assessments generally so far as may be consistent with the provisions of this chapter are applicable equally to the assessments and taxes provided for in this chapter."

Renumber accordingly

70102.0403
Title.

Prepared by the Legislative Council staff for
Senate Finance and Taxation
January 31, 2007

PROPOSED AMENDMENTS TO SENATE BILL NO. 2032

Page 1, line 24, replace "2005" with "2006"

Page 2, line 9, replace "2005" with "2006"

Page 2, line 14, replace "adjusted combined education levy in" with "total amount available for allocation for the budget year"

Page 2, line 15, remove "dollars for each school district"

Renumber accordingly

Date: 1-31-07

Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance & Tax Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken p8&9 amendments

Motion Made By Sen Cook Seconded By Sen Oehlke

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Anderson		✓
Sen. Tollefson	✓		Sen. Horne		✓
Sen. Cook	✓		Sen. Triplett		✓
Sen. Oehlke	✓				

Total (Yes) 4 No 3

Absent 0

Floor Assignment Dead

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

Date: 1-31-07

Roll Call Vote #: 2

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2032

Senate Finance & Tax Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass as amended & Refu to Approps

Motion Made By Sen Cook Seconded By Sen Tollefson

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Anderson	✓	
Sen. Tollefson	✓		Sen. Horne		✓
Sen. Cook	✓		Sen. Triplett		✓
Sen. Oehlke	✓				

Total (Yes) 5 No 2

Absent 0

Floor Assignment Sen Cook

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

REPORT OF STANDING COMMITTEE

SB 2032: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2032 was placed on the Sixth order on the calendar.

Page 1, line 4, remove the second "and" and after "57-15-31" insert ", 57-20-07.1, and 57-32-03"

Page 1, line 5, after "limitations" insert "and contents of property tax statements"

Page 1, line 10, replace "$74,054,859" with "$100,177,634"

Page 1, line 14, replace "$35,897,132" with "$48,771,743"

Page 1, line 15, replace "$38,157,727" with "$51,405,891"

Page 1, line 24, replace "2005" with "2006"

Page 2, line 9, replace "2005" with "2006"

Page 2, line 14, replace "adjusted combined education levy in" with "total amount available for allocation for the budget year"

Page 2, line 15, remove "dollars for each school district"

Page 2, line 18, remove "The school district property tax relief allocation for each school district must"

Page 2, remove lines 19 through 24

Page 2, line 25, remove "b."

Page 2, line 26, remove "after applying the"

Page 2, line 27, remove "adjustment factor under subdivision a"

Page 2, line 30, replace "c." with "b."

Page 8, line 8, after "~~eighteen~~" insert "five", remove the overstrike over "~~percent~~", and remove "two percentage points more than the percentage increase in"

Page 8, remove line 9

Page 8, line 10, remove "States department of labor, bureau of labor statistics, for the most recent full calendar year,"

Page 9, line 10, after "~~eighteen~~" insert "five", remove the overstrike over "~~percent~~", and remove "of two"

Page 9, remove lines 11 through 13

Page 9, line 14, remove "year" and after "permitted" insert "without voter approval"

Page 10, after line 24, insert:

"**SECTION 7. AMENDMENT.** Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include the statement "State-paid school district property tax relief" and the dollar amount of the property tax reduction for the parcel under section 57-01-20. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 8. AMENDMENT. Section 57-32-03 of the North Dakota Century Code is amended and reenacted as follows:

57-32-03. Tax statements prepared by state tax commissioner - When due and delinquent. On or before the thirty-first day of March in each year, the tax commissioner shall provide each company assessed under the provisions of this chapter a statement of its taxes due for the preceding year, with the valuations and taxes assessed in each case. The tax statement must include the statement "State-paid school district property tax relief" and the dollar amount of the property tax reduction under section 57-01-20 which applies against the taxes due for the preceding year. Such taxes are due upon the fifteenth day of April next following the date of the statement of taxes due. The taxes become delinquent on the first day of May next following the due date and, if not paid on or before said date, are subject to a penalty of two percent and, on June first following delinquency, an additional penalty of two percent and, on July first following delinquency, an additional penalty of two percent and, an additional penalty of two percent on October fifteenth following delinquency. From and after January first of the year following the year in which the taxes became due and payable, simple interest at the rate of twelve percent per annum upon the principal of the unpaid taxes must be charged until such taxes and penalties are paid, with such interest charges to be prorated to the nearest full month for a fractional year of delinquency. All the provisions of the law respecting delinquency of personal property assessments generally so far as may be consistent with the provisions of this chapter are applicable equally to the assessments and taxes provided for in this chapter."

Renumber accordingly

2007 SENATE APPROPRIATIONS

SB 2032

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2032

Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 02-06-07

Recorder Job Number: 2948

Committee Clerk Signature Janet Pinks

Minutes:

Chairman Holmberg opened the hearing on SB 2032.

Senator Rich Wardner, District 37, Dickinson, testified supporting SB 2032 discussing the money from the permanent oil trust fund being used for implementing SB 2032. The purpose of the bill is by way of formula payments, the money goes back to the school and replaces property tax dollars – dollar for dollar. The school district must lower dollar for dollar what the state does. It reduces the mill cap.

Senator Tallackson asked if this would continue on and the response was yes and sustained.

Senator Bowman asked if anyone had thought of putting this money into the school land trust and dedicating 100 percent of the proceeds of that directly back on a per student basis so every school benefits from this exactly the same. That then would be money that we would never have to raise again. The response was we did not discuss that, but in doing that we are not asking anyone to lower their mills.

Senator Grindberg asked if the mill levy is reduced does the school board have the ability to come back in another year and increase that mill levy. Was there any discussion in the interim about school districts sitting on significant reserves and whether that should be applied to local tax relief rather then the state stepping in and is it truly our constitutional responsiblity to bail out local school districts with the discussion around high taxes. The response was when the

mill cap comes down we will keep it so there is permanent property tax relief. As far as surpluses that didn't come into play. There is legislation that a school cannot retain big reserves. This bill changes the percentages the state puts in.

Chairman Holmberg asked if he agreed with the statement, sustainability is entirely a function of political will, if it is a high enough priority with the legislature it will be sustainable and if it isn't it won't. The response was I agree with you.

Senator Robinson asked to clarify a recent bill which targeted taking dollars away from a bill in the house regarding property tax reduction. The response was that was on child support.

Senator Mathern questioned the ability of school districts being able to increase mill levy under unforeseen circumstances.

Senator Bowman asked about the districts that have a low mill levy now if they would qualify and the response was they don't qualify.

John Walstad, Legislative Council, responded to questions on the workings of the bill and the amendment attached to it. He discussed page 8 of the engrossed bill where the mills are reduced from 187 to 165 mils and when the appropriation was increased that mil should have dropped 157 mils.

Chairman Holmberg asked that the printed amendment be submitted for the committee approval.

Chairman Holmberg closed the hearing on SB 2019.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2032

Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 02-08-07

Recorder Job Number: 3173

Committee Clerk Signature

Minutes:

Chairman Holmberg opened the hearing on SB 2032 indicating this related to property tax.

Senator Wardner distributed amendments to be added to this bill (.0501).

Senator Wardner moved a do pass on the amendment .0501, Senator Christmann seconded. Discussion followed. An oral vote was taken resulting in DO PASS on the amendment .0501.

Senator Wardner moved a DO PASS as amended. Senator Tallackson seconded. A roll call vote was taken resulting in a DO PASS.

Chairman Holmberg closed the hearing on SB 2070.

70102.0501
Title.0600

Prepared by the Legislative Council staff for
Senator Wardner
February 6, 2007

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2032

Page 8, line 2, replace "sixty-five" with "fifty-seven"

Page 8, line 26, replace "sixty-five" with "fifty-seven"

Renumber accordingly

Date: 2/8/07
Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2032

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number .0501

Action Taken Do Pass as amend

Motion Made By Wardner Seconded By Tallackson

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm	✓		Senator Aaron Krauter	✓	
Senator Bill Bowman, V Chrm	.	✓	Senator Elroy N. Lindaas	✓	
Senator Tony Grindberg, V Chrm		✓	Senator Tim Mathern	✓	
Senator Randel Christmann	:	✓	Senator Larry J. Robinson	✓	
Senator Tom Fischer	✓		Senator Tom Seymour	✓	
Senator Ralph L. Kilzer	✓		Senator Harvey Tallackson	✓	
Senator Karen K. Krebsbach	✓				
Senator Rich Wardner	✓				

Total (Yes) 11 No 3

Absent 0

Floor Assignment Cook ~~Ed~~ Fintax

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

REPORT OF STANDING COMMITTEE

SB 2032, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (11 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2032 was placed on the Sixth order on the calendar.

Page 8, line 2, replace "sixty-five" with "fifty-seven"

Page 8, line 26, replace "sixty-five" with "fifty-seven"

Renumber accordingly

2007 HOUSE FINANCE AND TAXATION

SB 2032

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2032 A

House Finance and Taxation Committee

☐ Check here for Conference Committee

Hearing Date: March 7, 2007

Recorder Job Number: 4539

Committee Clerk Signature Micki Schmidt

Minutes:

Chairman Belter opened the hearing on SB 2032 and called the committee together and had the clerk read the roll. Everyone was present.

John Walstad, Court Advisor Legislative Counsel: (See attachment #1) I served on the Interim Finance and Tax Committee and that is where the Bill before you originated. The committee undertook its work after the 2005 Leg. Session if you recall there was legislation introduced and considered and debated extensively that would have substantially increased the State taxes and provided the money to school districts in the form of education funding enhancements and property tax relief. The committee undertook its job to try to continue that work and see if there was a way that the State could take some of the funding burden for education off property tax payers. A couple of significant things happened during the committee's study. The committee started out gathering all kinds of information on State taxes, looking at fiscal affect of various possible changes in sales tax exemption, sales tax rates, income tax exemptions, income tax rates, all of those State level funding sources but, before the Interim had gotten too far along, it began to be apparent that the State was going to have a revenue surplus coming into this session. The committee decided that, wisely I think; this would not be an appropriate time to look at rates and the State taxes to provide enhanced

funding for property tax relief, but to use that surplus funding. So the committee dropped it's pursuit of tax increases at the State level and began to focus it's attention on providing some funding to school districts for property tax relief purposes. The other very significant development was the establishment by the Governor of the commission on education improvement during the Interim and that commission's mission as that commission began to develop it's objectives, it appeared to the committee to look at education funding equity and adequacy issues and the committee then decided that it's role in this process to avoid interfering with the recommendations from the Governor's commission should be limited to the issue of property tax relief and that could be done by allocating money to school districts that would basically dollar for dollar be property tax relief reduction for tax payers but would not provide any enhanced funding for school districts for education. The objective of the committee was simply to buy down the property taxes paid by tax payers to school districts. Ok, with that as background, the committee recommended a Bill that had about $75 million dollars in it. The reason for the $75 million dollar recommendation was, at the outside the committee looked at the 70% State funding that State law says that the State should strive to attain. The State has never done that but in 1980, the voters of the State approved an initiated measure #6 and that contained a statement that State funding should cover 70% of cost of elementary and secondary education. The State is actually funding less than 50% now. The estimate the committee received to get the State to a 70% funding level was an additional $300 million dollars of funding from the State. The committee decided that's too much to do in one shot. The $75 million dollars recommended by the committee was intended as an initiation of an effort over 4 biennium's to enhance State funding, $75 million dollars at a time until $300 million dollars of additional funding is achieved to get the State at that 70% mark. The Bill in the Senate was amended. The Bill now has about $100 million dollars of additional State

funding appropriated. One of the things I distributed is a break down for each year of the biennium for each school district in the State of what the Bill in its current form would do. I know everybody likes to look at what happens to the school districts and their Legislative district so; I thought this would be used for information. I'm certainly not going to go through it in detail. The other thing that I have distributed is a pamphlet that will walk us through how the Bill works in practice. **(See Attachment #2)** It picks 6 school districts out of that file of information that you have in the other document. It walks through how the calculations are made. (He walks the committee through the pamphlet)

Chairman Belter: With the cap that affects Fargo, what was the rational for giving that savings back over to the other districts?

John Walstad: The rational was as I understood it; did I say I'm not for or against any of this? If it's not too late I'd like the record to reflect that. Well the rational from the committee's discussion it appears to me that if a school district is levying so much in excess and a percentage of funding for it's share of students, that is a local decision that the voter's of the school district have allowed that to happen by voter approval in some cases, unlimited mill levies, that kind of thing and that's a local decision that should not be a Statewide funding problem and so the limitation based on students Statewide is more appropriated in those situations as to equitable allocation of funds for property tax relief.

Chairman Belter: Is there any other questions?

Rep. C.B. Haas: I would prefer to simply talk about this Bill from the standpoint of consensual bases and philosophical bases rather than from the standpoint of what it does. We all know that the States share of the cost of K-12 education has been decreasing and this shift has resulted in local school districts assuming that every share of the cost. This increasing cost at the local level has been the direct and primary cause of escalating property taxes. We also

know that due to the over reliance of property taxes to fund education and the inherit in equity that it creates; the State has been faced with two lawsuits. The earliest discussion in the Legislature on property tax relief did not begin as property tax relief simply for the sake of property tax relief. Property tax relief became an issue when we began serious discussions on K-12 funding reform. If we're going to address K-12 funding reform in a comprehensive way we must combine a new funding formula with significant property tax relief as it relates specifically to education tax levies. To do one without the other is to do only half of the job. And I would like to add at this point that the other half of this component is the SB 2200, and I'm not going to go into detail of that which is a commendable effort on the part of the commission on education. And what they have come up with, with regard to a new funding formula. What I'm saying is when we combine that Bill, that effort at a revised funding formula and this Bill, property tax relief as it's related to school districts, we have a significant and important improvement and beginning on comprehensive K-12 funding reform. SB 2032 begins to restore a proper balance between the States share and the school districts share. That is of course the tax payers at the local level, their share of the cost of K-12 education. The Bill begins that process by directing property tax relief specifically at school district property taxes. We have been in endless discussions about this Bill since it came out of the Interim Finance & Tax Committee last October. And there are great number of ideas that will be considered as you deliberate on this Bill that will improve this Bill. Both discussions need to take place. The limiting factor that the Interim Finance and Tax Committee put in which we commonly refer to as the Rep. Headland Amendment, which stated that no school can receive more than the percentage of students that they have as compared to the total number of students in the State. There's another way to do that. Instead of using the 111 mills and the mill rate for the school district is at, we could say for example that the 4 is 130 mills and the maximum is 200

mills. So therefore in that scenario we take any mills above 200 mills off of the table, it would not be considered for tax relief. If you recalculate the whole system based on that, it actually distributes about 48 million dollars without any recalculation or reapportionate. So my point in mentioning that is not to present that amendment at this point, but to say that there are alternative methods that can be used that would distribute the same amount of money and remove that necessity of that limit. With that I'm going to stand for questions.

Representative Weiler: You made a statement earlier in your testimony and you said that the State share of funding education has decreased throughout the years and I would like to clarify that.

Rep. C.B. Haas: What I'm talking about is if you take, let me give you an example; the numbers that I'm going to give you are from the school finance facts from February 2007, which covers last school year. If we look at those numbers and I'm going to include Federal revenue at this point. The local County share of the cost of education for the 05-06 school year, with regard to revenue inputs was 342 million dollars. The State sources were 390 million dollars. The Federal and other miscellaneous sources were 129 million dollars. If you convert that to a percentage of the total revenues that was about a 39% local chair, a 45% State sources and a 15% Federal sources. If I leave the Federal out, the numbers are different. If I take only the money that's put in at the local level and the money that comes from the State, then we're talking about the same number of dollars for local and County sources and the numbers changed significantly it would be 53% for local County share and 46% for the State's share. When I say that the share of the cost of the revenue inputs has decreased, it simply means that if you take the percentage of money that the State is putting into K-12 education as compared to the total, since I don't what year, but for a considerable number of years and it's

been gradually declining and the percentage of that revenue input at the local level has been increasing.

Representative Weiler: I don understand the percentages and how you play with the numbers but this is my fourth session and the comment that you made that the State has been decreasing it's share of paying for education is false because again this is my fourth session and I remember that every biennium that I've been here, we've increased K-12 funding by 20 million, 30 million, so I just want to make sure that that's clear, that we're not paying less money, we're paying substantially more money for funding although maybe the percentages is decreasing but I do want to make that clear that the Legislature is not paying less in dollars. They're paying a lot more in dollars than they have and that's a comment.

Rep. C.B. Haas: you're absolutely right Rep. Weiler and I'm not trying to present any information here that is deceptive. I'm strictly talking about percentages. And I know that the State has put in anywhere from 25-38 million dollars every biennium, however, even though the State has done that, if you look at the percentage of the cost, the percentage of inputs, the States share has continued to drop a little bit and the difference has been picked out by property taxes.

Representative Froelich: We've heard 2200 in the House...

Rep. C.B. Haas: Yes we have.

Representative Froelich: My question is then I know we have these 110 and 111 mills that we've got with this Bill. Is that going to conflict with 2200 because in 2200, isn't there a deal that if you drop below a certain mill that the deduction will change?

Rep. C.B. Haas: The two Bills would have to be reconciled in that regard. But I've had some conversations with Rep. and the Dept of Public Instruction, and that's not an impossible task.

Representative Headland: I think everybody understands why the amendment was put on but I was wondering if you could further explain in detail what your alternative would be and how it would work? I'm not completely clear on this.

Rep. C.B. Haas: I have a printout of what that would do. I will make copies and bring them back and if there are questions about it I would be happy to explain. **(Didn't receive attachment #3)**

Rep. Gil Herbal: I am here to testify in favor of 2032. I think this is a very important Bill. I want you to think about a couple of things that I think are significant. The real property tax relief in this Bill is 100 million dollars and I think that's the key. The way in which it's distributed is extremely important because the distribution of this belongs to the schools and the schools are the 800 gorilla that are taking the property tax from people. The State averages between 55 and 56%. And I believe that this takes the Bill then, addresses where the problem is and that are where the property tax is going. There are a couple of items on the Bill that I think are very significant to keep in mind that make it attractive. I think there's accountability in the Bill. I think if you're going to have true property tax relief, there has to be accountability. And there are going to be those that will oppose these caps that you're going to get out of this and I think that we need to understand that if we're going to have true property tax relief that that has to be a portion of the Bill. Another item that I think is significant is the fact that the Bill itself says that there has to be a statement showing what kind of property tax relief is coming from the State. I think that's an added attraction to the Bill because a lot of times when our property taxes are relieved, we don't really understand and know what that amount was because you didn't take a look at what our statement was from the previous year. This will show that. Why do we need this Bill? Property tax is a real issue of the citizens of North Dakota. We rank fairly high nation wide in terms of property tax depending on the statistics. If you look at it, I've seen it all the

way from 18 -23 in terms of ranking for our property taxes compared to other States. We do have a low sales and income tax rate compared to other States so I think the property tax is the correct place to give the relief. Property tax from1994 and these are the statistics that I got from the Tax Dept. From 1994 to 2004, the State appropriation for education has gone up 34.6% which is fairly significant. However the local share and I think that's what Rep. Weiler was referring to here on his comments to Rep. Haas in terms of percentages. The percentage of local property tax went up 60.1% and I think that's where the problem is coming from. If we believe that property tax is a problem and if it is tied in with the education system, then I think we need to give this property tax Bill serious consideration and I would hope that this committee would then give a recommendation of a Do Pass.

Jack Dalrymple, Lieutenant Governor of North Dakota: The Governor's office has been supportive as you know of HB1051 which is also a property tax relief Bill, now amended to include other forms of tax relief. I know that a lot of work has been done on that bill by this committee and we continue to work on that Bill and try to bring that Bill to a point where it will receive the support of the entire Legislature. My being here today does not by any means mean that we are stepping aside or in any way changing our support for HB1051. However, SB 2032 is the result of the Interim Committee work is a very worthy piece of legislation. We have studied this and think the Interim Committee has gone forward to a very interesting and very viable alternative means of approaching property tax relief. And much of what the committee has done, I think has merit. You who have served on the Interim Committee along with Sen. Cook and I'm sure that you know quite well the good features in this Bill. I think what I'm going to do is bring out a few things that we feel would make 2032 a much stronger Bill. I have a small handout here that might help you follow along. **(See attachment #4)**

2032 has a lot of potential but I think there are some things that would make it a much stronger Bill. Again, not to say anything is wrong with it.

First of all, we think that the Bill can be substantially simplified. There is quite a bit of formula in the statute that is really unnecessary and it would be good if people understood it a little bit easier. You can simply take the number of mills that are being levied by a school between 130 and simply require that the State pay 50% of the cost of those mills directly back to the tax ?? Now Rep. Haas I think mentioned 140 mills. 130 mills according to our analysis would cost about 47 million dollars for the first year. One of the benefits of doing this is that the printout in comparison to your printout of the Interim Committee is extremely similar, very little difference even on an individual school basis. The other benefit that was mentioned by Rep. Haas is that you don't need a special limiter on certain school districts. By ending the relief at 200 mills, you hold back in essence you're not providing any tax relief to some of the higher levying districts in the State. You don't need a special provision to cap Fargo, Bismarck, or whatever, which I think is in the long run better policy that to have a uniform formula that will work for all school districts. This is an example; if your mills for 180, and a general fund combines, you're eligible mills would be 50 and the amount that the State would pick up for the tax payer would be 25 out of the 50 mills. You're levying 230 mills and those extra 30 mills you're not going to get any participation.

The second point is that it would be a much better Bill if the tax relief was delivered the same way the 1051 delivers to relieve which is directly to the tax payer. The main reason for this is that as we divide tax relief to property owners, it's going to be very important that they understand that they did receive tax relief. One of the problems we have as a State Government is over the last 10 years we have increased our fear of City and County funding some 200 million schools, we've increased a couple hundred million, just the taxed as local tax

payer understands the relief we have provided to local taxes by increasing all over State funds. I think if you talk to the person on the street, they have very little awareness of what we have done to cost share in local government. So one of the main things regardless of whether you're a member of the majority party or the minority party, the constituents out there understands exactly what you have done for them. We think the only way to do this effectively is to show on each individual tax statement the exact amount of state paid school district property tax relief. We would have the Superintendent of Public Instruction certify every year to the Tax Commissioner on the number of school mills of tax relief that are provided to the school district, that would go right on the tax statement and times their taxable valuation and those figures would be right at the bottom of the tax statement. The tax payer would be able to see exactly how many school mills the State paid on their behalf.

Now third, the thing I think is that if you do it that way under #2, which is the same way you've done it on 1051, there is no need to dictate mill levies to school boards. You can arrive with exactly the same amount of tax relief to the dollar and do not need to interfere in the school boards certification and levy. You also avoid the need to amend a number of statutory references to the general fund levy. You're going to have, if you do it the way the Bill is introduced you actually have 2 general fund levies. You have the original general fund levy and then you have an adjusted general fund levy. That creates a lot of issues in our existing code and that also would avoid any incompatibility with other Bills, such as SB 2200, where formula provisions are always brought back to the original general fund in the levy. Rep. Froelich brought that up if you have an adjustment or offset for a district that is levying very low. You have to do quite a bit of work in order to clarify which levy that is you're dealing with.

And fourth on the subject of caps; the debate is really on about caps in HB1051. But in the case of school districts, I would submit to you that school districts are already subject to

statutory caps. The general fund mill cap is 185 mills, unless the school districts go to the optional method. If they go to the optional method or have in the past they're also capped under that system by the amount of revenue that they have raised in prior years. So you're capped twice in that sense. Under the provisions of SB 2200, in the next 2 years, some of the schools that have been identified as property rich school districts will receive a minimum guaranteed increase and in a situation in declining enrollment, some of these districts may need to raise some local additional revenue. That is the way the ultimate end result of better equity. We will see districts that are receiving equity payments and hopefully bring their mill levies down substantially. But at the same time, those districts that are now going to be receiving less State support may have to come up from extremely low mill levels and get back more in line with the typical State range. This would not be a good time to put a cap on those types of districts. At the very least I would strongly encourage you to postpone any caps of that type for at least two years until we have an opportunity to see what some of these districts have done with their mill levies. If you felt very strongly that you have to put on some sort of a cap, one area that you could look at would be possibly a mill levy freeze on schools that are operating under the optional method. Those schools will tend to be a group of schools that have relatively less property wealth that has been demonstrated in the past by the fact that they had to increase their mills over the State cap. That group should be large beneficiaries of SB 2200. I would suggest that possibly, that it should be analyzed carefully, but possibly you could put a mill levy freeze on that particular group.

Fifth, another provision that we did provide was in Bill 1051 which we think is very good. It is a permanent, reliable, long term, funding source for property tax relief. People talk to you about the sustainability, we do we think need to be able to show the public that we can sustain was relief, virtually and indefinitely. If the public believes that disbelief is only going to last for 2

years, is probably not a good policy. We probably should not go there because if we reach a point where these funds, this property tax relief needs to be withdrawn, I think the public would probably wish that nobody had ever thought of it.

And finally I put this at the bottom not as number 6, but as a special note that 1051 does give a preference to residential property over Agricultural and commercial. I put it as a special note because I know you're not in favor of that but it certainly can be accomplished in this Bill as well. And perhaps the majority of the Legislature would prefer that. And that's very easily done on that type of property instead of picking up half of the cost it would be one fourth of the cost.

Representative Headland: You're number one in simplification; it appears to me on the surface without seeing a run, that by saying the top at 200 mills, you're still in essence rewarding the school district to have locally voted to exceed their cap of 185 mills. And when you do that it appears to me that you penalize the prudent school districts who have chosen and are right up against the cap, to manage without exceeding the cap.

Jack Dalrymple: That is of course the ultimate policy question. As we look at it, we saw that the average State combined general fund levy average of all school districts is 200. So we feel that that upper end belongs pretty much at the State average and we're comfortable that virtually all districts in North Dakota are going to be levying substantial mills in that range between 130 and 200 mills even those who have worked to keep it down an extra 5 mills.

Representative Headland: Did you do a run that would start at that 185 mills and I don't know what the bottom number would have been...

Jack Dalrymple: Take the whole range lower, you mean?

Representative Headland: Yes.

Jack Dalrymple: I don't have a fiscal note on that. It can easily be attained. It would be at some point you can maintain equilibrium if you set those parameters in the right places. I think

it would be good to do some more study on that and finding the correct range is definitely what you want to do.

Representative Weiler: On your handout, number one, the last few words of that says "the cost of those mills directly back to the taxpayer", am I to read in that that we might be getting a check or is that still not an option? We've tried this before and I recall the Federal government gave everybody a check back 4 or 5 years ago.

Jack Dalrymple: No, this refers to number 2 which is where the DA takes a deduction off of their local tax statement. What I meant by directly back to the taxpayer versus directing back to the school district.

Representative Weiler: And that was the answer that I was afraid of. On number 5, you mentioned long range sustainability. Certainly the projections of the Governor's Office or OMB have for the price of oil over the next 3-5 biennium's remaining remains around that $50.00 level or in there somewhere and the projections are that there would be enough money in the permanent oil trust fund to cover the cost of this property tax relief, however there is a possibility that in 2-4 years that may dip down. I remember 2 or 3 biennium's ago the total dollar amount of oil revenue in the State didn't exceed $43 million dollars, so when we talk about long range sustainability it would be wonderful if we could count on the price of oil to remain high and the production in the State to remain high, but I guess I question the long range sustainability with the trust fund and I would prefer to see the money come out of the general fund.

Jack Dalrymple: Thank you for giving me the opportunity to comment on permanent oil trust fund. This is a topic that's going to keep coming up to the last day of the session, I'm sure. As we analyze the revenue inflow in the projected or proposed outflow from that fund, we would say that fund can support property tax relief at a 100 million dollar level. We can continue to

withdraw the 71 million the Legislature has been giving us for other general fund purposes from that fund. And at the same time we can allow that fund to grow to a higher level. That is a very hard thing for a lot of Legislatures to accept and we have funds to generate that kind of revenue and maybe Pam Sharp from OMB will comment on the status of that fund. Will oil go back to where it was? That is the important question. As we talk to our forecasters and our PhD's in economics as we study it ourselves and we feel that we are in new era in the petroleum industry. Last year when crude oil went over $70 a barrel, you look at the world supply demand situation and new oil supplies which traditionally would come flowing on to the world market at a place level that high, did not appear as it had in the past. We have also discovered some new geologic formations in North Dakota and where we used to think in terms of our production declining in ND over time. We have a new picture now. We find wells coming in at very high success rates and the capacities and volumes of oil production that we have never seen in any of our formations before. So whether you look at the production side or the price side, we are comfortable and we are looking at an extended period of very promising results from the oil and gas industry. You're correct; we do need to believe that. We believe that the funding is available.

Representative Weiler: I would certainly hope that that would be the case because that would be wonderful for everybody involved, however they probably felt back in the late 70's or 80's that we were in a new era as well and that oil was going to be here. Since oil was discovered in ND in 1952, there have always been peaks and valleys in oil revenue in the State of ND and as much as we'd love to believe, my concern is that in the event that that wouldn't happen, and oil would go back down we would not be able to sustain it. I do like the plan of 1051 and 2032 and I think that we can look into melding the two into one very good Bill that suits everybody.

Vice Chairman Drovdal: In your testimony you referred to 1051 which we had our fingerprints all over and some of them were smeared but part of that Bill also included an income tax exemption that took care of the income tax problem we had called the marriage penalty, which is about a 16 million dollar price tag. We can amend any Bill any way we want it. What is the position of the Governors office on the marriage penalty exemption?

Jack Dalrymple: We feel that the amendment regarding the HTC is a very good one. We have proposed and supported every session since we were elected. Enhancements to the HTC, we feel that is a very good policy and a good tool. In regard to the marriage penalty relief, we think it's good, we haven't studied it perhaps to the extent that you have and we should look at it and consider a couple of adjustments in terms of the way it works. Overall, we also think it's a good policy. I would encourage you to consider in keeping 2032 on somewhat pure as a measure for school property tax relief.

Representative Pinkerton: Schools are increasing their costs because of uncontrollable costs; teachers salaries, BC/BS, and unfunded federal mandates. You approach your cap in your larger districts almost no matter what. What does this Bill exactly do for schools as they have escalated costs?

Jack Dalrymple: Many school districts feel that they are struggling with their caps. They feel pressured by them; they feel limited by their caps already. So what I'm suggesting is that to add still more caps are even more stringent than that would be bad timing. We are putting in as of today $82.5 million dollars in new State funds. And I would like to think that that would carry school districts generally through the next two years very nicely. And they'll be able to function under the caps under the caps. These caps are not comfortable for all the districts.

Representative Pinkerton: Just looking in the future we see the Bill sustainable both in equity and in the future?

Jack Dalrymple: We certainly do. This is a big part of the reasons why the Governor's budget has proposed that we carry over $400 million dollars. That's a very large amount of money. And we look ahead 2 years from now at the budget that we'll be proposed for 09', we also see tremendous needs and not only in K-12 education where we know we will have a need for an adequacy funding, possibly the same kind of increase that we are providing this session. We will have also huge increases in demands for doing services funds. We know we are in our system of higher education is not going to be any less. The needs are going to be there. We hope that this Legislature will reserve substantial funds.

Representative Froseth: I've always believed that true property tax relief should be a combination of property refund of some surplus dollars and some type control of spending. 2032 as it comes to us does control spending in a 157 mill cap. And 1051 this committee put a spending limit or increase limit to 3-1/2% for Counties and Cities, which in fact will help control spending but under your proposal here for 2032, the spending cap would still be at 185 and it doesn't really do anything further than that to kind of control spending in the school systems, could we address that?

Jack Dalrymple: The movement of the mill levy cap from 185 to 157 is really enough to ?? If you take that same amount of money and combine that with relief directly to the tax payer, it will come out the same dollar for dollar, parcel for parcel. If you send money to the schools, yes, they will be able to serve by the fewer mills. But it will not be any more of a limiter than it is today at 185. So yes it does have the appearance perhaps initially the first impression is, oh that's a good thing.

Representative Headland: In relationship to the caps, do you believe that the tax paying citizen would use either Bill, 1051 or 2032, as a form of property tax relief if the Political Subdivisions whether it be the Counties, Cities, or the School Districts, are allowed to increase

their levies for what ever reasons or if just through evaluation property taxes will go up? And they eat up all of these State funded property tax relief. Do you believe the citizen would believe in any way that he's getting it?

Jack Dalrymple: I think there definitely is a difference between the situation for Cities and Counties and the situation for School Districts. As I said School Districts are subject to 185 mill cap. If they elect to go above that in the national method, they are limited also by prior revenue collections. It's true; we do allow that the schools are below the cap, we allow them to bring that revenue up 18% a year. But, you have to keep in mind then, it has been the case for many years, they are below the cap which means they haven't violated any caps that you established. And in the coming two years, as I said, as the effects of 2200 take place, it would be very bad timing to have a stringent cap during that period. The one area where you could look and I'd be glad to help you with that, is for schools that are on the optional method, do they need more mills? They will probably be beneficiaries of State funding this time. Their property values hopefully are rising. I think you could make a case that they will not need more mills for the next 2 years.

Bill Shalhoob, ND Chamber of Commerce: (See Attachment #5)

Sandy Clark, ND Farm Bureau: Our policy is very clear. In previous speakers, we believe property taxes are too high for all classifications of property; residential, commercial and agricultural property. We would throughout this session sit in support of Bills that provide property tax relief and certainly 2032 does that. A major culprit of that with the increasing property taxes is K-12 education funding. On a State level you've heard it several times that 50.8% of your property taxes is going to School Districts. Therefore we are not opposed to property tax relief being directed specifically towards education, which is not the case in HB 1051. There are a couple provisions in SB 2032 that we particularly like. We understand on

page 6, lines 1 and 2; mean that school districts would be capped on the dollars generated by property taxes in the base years. We believe any mechanism or any property tax relief Bill must include a mechanism to cap the dollars generated by property taxes. Without caps, school districts can receive property tax relief dollars from the State and still have increased property taxes simply because valuations have been escalating. So we stand very firmly that the only way that we'd have real property tax relief was to cap the dollars generated. We also endorse the section on page 8, line 1 and 2; regarding these tax levy limitations. We support lowering the 18% increase that's to 5% that's currently allowed for those school districts that are not currently at their mill levy cap and we support the elimination of unlimited mill levies for school districts that provided in that same section. Having said all of that we do have some concerns with this Bill; we think that the formula's very complicated. I guess we would prefer that the money that's coming from property tax relief is coming from the permanent oil trust fund rather than from general funds, but at the same time I guess maybe we're not quite as optimistic that the oil business is going to be good forever so we're a little bit more conservative on that. On that respect we don't think that property tax relief is sustainable over a period of time. We believe in looking at this Bill that it may be difficult to back track if in fact it cannot sustain the property tax relief because you've heard before this Bill caps mill levies and does some other things that we think is difficult to back track. We also believe that 2032 and 2200, the mechanism we think that there's going to be a great deal of reconciling that's going to be needed and we would concur that that is certainly possible and can be done. When you start messing with the mill levy caps and that sort of thing in that particular and having to reconcile them and then the property tax relief goes away, then it becomes even more difficult in the future to deal with to make those changes. It is difficult to testify on this 2032 without referring to 1051. So the Farm Bureau actually prefers HB 1051 as a vehicle for property tax

relief, however our members want property tax relief in whatever form that is available so we support 2032 but with less enthusiasm. If the committee is interested in directing property tax relief strictly to school districts, we think it's possible to do that through HB 1051 and then limit the property tax relief through that mechanism strictly to schools. We think 1051 is less cumbersome and easier for the tax payer to understand and most importantly the property tax relief cannot be sustained within HB 1051. It's easier to abandon and it might create less budgeting problems for school districts or any of the subdivisions that might have to transition back.

Representative Pinkerton: I truly don't believe that the School Districts are the culprit here; I think they're the victim.

Chairman Belter: Is there further testimony in 2032? Is there any opposition?

Mark Lemer, Business Manager of West Fargo Schools: testified in opposition. **(See Attachment #6)**

Representative Headland: In looking at the run provided and then the numbers that you provided in your testimony and they don't jive. How much additional money will we receive out of the proposed 80 million?

Mark Lemer: That's the 1.1 million.

Representative Pinkerton: Could you address the proposed amendments?

Mark Lemer: Well just so you know that the issue of the property tax relief portions of the Bill, I'm not here to speak in opposition to them. I do agree with testimony that's occurred up until this point. The current method that's in 2032 does appear to be fairly complicated. As I have read that and tried to calculate the numbers, it is difficult for me. The proposal that the Lt. Governor placed in front of you, on the surface it appears to be fairly simple. You pick a range of mills that are going to qualify for property tax relief and you fund a percentage of them back

to schools. That's a fairly simple calculation. 2032 has a fairly complicated calculation and I relied on Jerry Coleman and the information that he has generated in order to actually make the estimates for us because it's not something that's intuitive when you read the Bill.

Representative Weiler: This is really not a fair question to ask you but because I just thought of it, I'm going to ask the question and maybe somebody from the Tax Dept. can answer it. The State average is 50.8% or 54% of property taxes that belongs to the school districts. My question is and somebody used the term culprit and victim earlier, my point is I'd like to know going back 10 -15 years what the average percentages those school districts, has it always been 50.8% or has it been less than it's grant, then we'd be able to find out whether they are the culprits or the victims.

Mark Lemer: My guess would be that that percentage over time has been increasing. I don't have any data to support that.

Representative Weiler: If that's accurate then it would be leaning more for the culprit. The problem that we have is that the tax payers are the ones that are paying the high property taxes. They're the ones who are the victims in this whole deal. We cannot send $116 million dollars back to the people of ND and not have some assurances that their property taxes are going to go down because if we send that back to the property tax payers, and the school districts or the Counties and Cities have the ability to arbitrarily raise those taxes back up then that percentage that the State is paying of K-12 education is going to go right back up with it and then in 8 years they're going to be back here saying your percentage is going down. The State portion is going down. We have to have some assurances, there's just no other way around it.

Mark Lemer: I understand the thought process behind that. I would say this; when 80% of the people in our district voted to build two new schools, they did not assume that in a year they

would open, they would sit empty. They assumed that they would pay whatever the cost were associated with staffing, lighting and heating those buildings. What you're talking about today and maybe we're unique because we're growing and building schools, I would suggest that the costs that I'm talking about, the fix of cost, things that we don't control that are in place are enticing every school district. But for our tax payers to have thought two years ago when they voted that they would be able to pay for that with the exact same dollars next year that we spent this year. The Farm Bureau for example is suggesting that that should happen. I don't believe that it can happen. In our district, I don't see that being a reality, for the same amount of money we would fund those two schools.

Representative Weiler: Your community is growing so you do need more schools, so you are getting more people moving into West Fargo. You're getting more houses, new houses, new businesses, so the money from that alone, plus the valuation increases that you're experiencing should be enough to offset the cost.

Mark Lemer: And I would agree with you if the Bill didn't include a limitation that didn't allow us that. Because we would exceed our caps, the only portion of that property tax and that's the number that I calculated in here, would come from new property. If property was reassessed, it would drive our mill levy down; we wouldn't actually be able to access the dollars. Under the current provisions of the law with the 185 mill cap and no additional restrictions, that is what we're doing. We're managing our budget based on that mill rate. But again as Sandy Clark pointed out, if your mill levy stays the same and your valuation goes up it does need a tax increase, dollar wise it certainly does, mill wise, it may not.

Vice Chairman Drovdal: Does West Fargo allow new construction to be tax exempt for a period of years?

Mark Lemer: On homes? Yes, there's a two year tax exemption on the first $75,000 in property. If you want to change that for schools, we'd be right up there with you.

Dan Huffman, Assistant Superintendent of Fargo Public Schools: (See Attachment #7)

Representative Grande: When we get into the ELS and Special Ed. Needs, going to the two forms of the special ed. Needs, how are we addressing these as far as Fargo school district, this is a massive amount of dollars that we're having to put forth. We're picking it up at a local level, how is it being addressed with our federal congressional leaders, are they making any head ways now that they're leaders?

Dan Huffman: We've not yet had opportunity to experience the fruits of that leadership. There have been some minimal gains in the federal funding of Special Education (SE). In our school district the cost of SE is funded by State dollars and is up from 7% to about 14% right now. That's still a far cry from the 40% suggested in 94142 when it was originally drafted. These are just 3 very quick examples of the kinds of things that our school district faces.

Representative Grande: That ELS, now we've been trying to get more funding for that at State level and I understand that issue a great deal. How is Lutheran Social Services going to help out?

Dan Huffman: Without sounding sarcastic, making sure that they arrive in Fargo.

Bev Neilson, North Dakota School Boards Association: (See Attachment #8)

Representative Pinkerton: Can you address that more specifically?

Bev Neilson: Is that the one, 200 mill to the 130 to the 200?

Representative Pinkerton: yes

Bev Neilson: We had conversation with the Governor's office and that particular part of it which doesn't address the numbers, made a lot of sense to me because I understood it when they first explained it. 2032, I've read it 50 times and the verbiage in it is so confusing.

Representative Froseth: I don't know if your testimony really is related to 2032, but I think you brought up some good points and I have long thought that the 70% support from the State funding always comes up and I've always thought that the State should probably fund a core curriculum like you mentioned here and fund that probably at the 70% level and anything below or above that is the local school districts responsibility. So why is it so difficult to determine what the core curriculum is and how much that core curriculum would cost in the school district? Is it impossible? I've never talked to anyone who has made an attempt to do that. We know how many credits you have to have to graduate, and you should be able to equate that down to your elementary classes now too.

Bev Neilson: It actually has been done. Five years ago, they did an adequacy funding study in the State of ND and they are the firm and partners in that firm who have done the funding advocacy studies for all of the State except maybe two that have been lawsuits. And they have been the ones that have been accepted by the courts. And that adequacy study said for what you're requiring in ND and then putting in if you took the regional average salaries and whatever all else takes into account and that study was very clear. It would take 400 million dollars over a biennium to adequately fund what schools are being expected to do for the State. We were laughed out of the place because we said we'd never have $400 million dollars that we could appropriate for education and now of course we do have funds available and I'm certainly not suggesting that we go to the $400 million dollars, but I do think that we should establish the Legislature should accept what it is they're going to require schools to do and to put a cost to that and the State is then going to pay their 65%-70% and then you allow the districts the latitude that they need to raise their local share and we believe that's the order it needs to be done in, and this is where it starts relating to 2032. Before we start making

permanent changes in the school districts ability to raise funds because we're still required to??? (Can't hear)

Representative Froseth: Then why wasn't that one of the priorities that the education commission should have studied and made a recommendation rather than ??

Bev Neilson: The agreement with the plaintiff states in the law of schools that this Interim was supposed to adjust the equity question first. And the reason for that is that nobody wanted to throw huge amounts of money into a formula that was not equitable and that needed to be set, because it would exacerbate the inequity problem. So the Commission was clear in what they were going to do and their agreement and that was they were going to address the equity formula in this Interim and we're going to adjust the adequacy half in the next Interim. We settle the equity formula questions first, then the adequacy questions second and then we look at reforming our property tax to allow what level is necessary to contribute their share.

Doug Johnson, Executive Director of ND Council of Educational Leaders: (See Attachment #9) I will address a question from Rep. Weiler; you asked about changes that have happened from the difference between the State vs. the School Districts funding. ECL has done research on that and I have documentation back in the office and I'll give you close to those numbers. The highest the State ever had in their share of percentage of paying of the State was in 1982, it was about 61.8% and it has been on a slow decline ever since that point and time.

Representative Weiler: I would just like to clarify that. I never asked that question. My question was; if the figure has been thrown out and it's 50.8% of the total of my property tax bill, 50.8% or 54% is from the school districts. Has it always been that percentage or has it been in the past 40% or 30%. My question was never about if the percentage of State paid education versus locally paid education.

Representative Headland: You said a couple of dirty words... in front of this committee... Beyond that, is there any area in education process where there is duplication? I just can't believe that there is not duplication in some of these school districts that are eating up property tax dollars. And if we're not allowed to somewhat address that by putting a limit on what they can do, how are we ever going to get a handle on that?

Doug Johnson: I don't know if there're any places where they're eating them up. We do know that smaller school districts are not as efficient as the larger school districts and that's the consequence of the current SB 2200 and previous formulas that we've had.

Representative Headland: What about larger school districts, who seem to have unlimited number of Administrators, Principals, and this is just one area that I'm thinking of. I can't believe there aren't other areas where there are duplications.

Doug Johnson: Most of the school districts that I have worked with and know very well use their Administrators very wisely. I don't think that they're over staffed. The teachers have decreased significantly in the last 4-6 years particularly with "no child left behind" requirements that they have to fulfill, paper requirements for reports for the State and Federal level which are very onerous to be honest with you.

Representive Vig: I haven't heard this talked about yet; what is the administrative cost for implementing this for the school districts? It references the County Treasurer, or the County, is there a hidden administrative cost?

Doug Johnson: I don't think there is, at least in the school district level. It's going to be at the County level to my understanding.

Chairman Belter: Is there any more opposition to SB 2032? Is there any neutral testimony?

Harlan Fuglesten, with the ND Association of Rural Electric Cooperatives: (See Attachment #10)

Representative Froseth: You bring out a very good point. But I guess to apply this you got to treat all of the people at all of them that are paying their taxes the same way. Why did you figure 7-1/2%? Because the 1051 returns, or is it 5% that the commercial and agricultural, so why did you use the 7-1/2%?

Harlan Fuglesten: I'd be happy to answer both questions. First with respect to whether or not you would have to provide tax relief to any other entities, I don't think that's true. I've looked through the tax laws, I've looked at the in lieu property taxes that are paid in ND and so far as I can tell, electric coops are the only one that pays the gross receipts taxes as part of an industry rather than the entire industry. Everybody who pays the in lieu gross production tax on oil, for example, pays that. Some don't pay on ad valorem property tax system and some pay a coal production tax, likewise with telecommunications companies. The coop's pay exactly the same tax as do the investor owned telephone companies. That's the system we have always supported, where we would put the investor owned utilities and the coops under exactly the property tax system with the same formulas, tax burdens, and the same distribution mechanism back to the political subdivision, that would be fair. If we were under that system, we wouldn't be here today suggesting that we need to have an adjustment. We operate two different systems; it's very easy to get out of wack. And what we discovered almost a decade ago when we started looking at the tax issue before the electric industry competition committee. At that time electric coops were paying 50% more than the investor owned utilities in property based taxes when compared on a an equivalent basis such as revenue or kilowatt in sales. Our tax burden was getting way out of hand and we've had some adjustments that have been made to our gross receipts tax to bring that closer into balance, but we're still paying more in our estimation in property taxes that may be fair. But if we see this change occur and we don't make any adjustments, then we will move further behind on the equity

pyramid. The second question related to where did we come up with the 7-1/2% because HB 1051 has 5% on commercial. This Bill doesn't distinguish between the residential and commercial, so everyone would see that tax adjustment in the same way based upon their mill levy reductions. What we did was we looked up the latest information of what's available from the Tax Dept. that show that all ad valorem property tax payers are paying around $659 million dollars a year or about 1.3 billion dollars per biennium. You're reporting property tax relief of just over 100 million dollars and if you do the computation, take the 1.3 billion into the 100 million you get 7.59%, and we rounded that down to 7-1/2%. As I understand HB 1051, that 5% reduction on the commercial does not apply to the investor owned centrally assessed utilities, the way that Bill is written. You could check with John Walstad to ensure that, but that's my understanding the way that Bill is written.

Representative Headland: Have you done any runs on Lt. Governor's numbers?

Jerry Coleman, Department of Public Instruction: Yes.

Vice Chairman Drovdal: Could you provide us a copy of that?

Jerry Coleman: Yes.

Vice Chairman Drovdal: Is there any other questions? Seeing none, we'll close the hearing on SB2032.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2032B

House Finance & Taxation Committee

☐ Check here for Conference Committee

Hearing Date: 3/12/07

Recorder Job Number: 4924

Committee Clerk Signature DPenrose

Minutes:

Rep. Belter: We will take a look at the proposed amendments (see attached #1).

John Walstad, LC: This amendment is a restructuring and a different approach from what you've seen in 2032 as it got here. This amendment is a hog house so I don't have to refer to line numbers, we'll just kind of walk through what the amendment does. The first section relates to property tax relief allocation, the allocation here is entirely to school districts, counties, cities and townships, etc. are unaffected. The bill as you got it targeted relief the same way, school districts only. But that bill, as you remember, required the initial subtraction of 111 mills from every school district's mill raise and then that reduced mill rate was used to determine property tax relief, to which school districts were entitled. There is a slightly different approach here, subsections 1 and 2 of this first section, also provides relief based on mill rates, but it is mills levied by a school district above 130 and not exceeding 200. So it is only a 70 mill range of levies by school districts where property tax relief is going to apply. There are a lot of school districts that cover that range, if you levy over 200 then you would have 70 mills that goes into the pot for consideration. If you're levying 140 mills, then only 10 mills of your levy goes into this consideration for property tax relief. The bill provides that the Superintendent of Public Instruction figures out these mill rates in that range, sends the results

to the Tax Commissioner, and the Tax Commissioner looks at residential, agricultural, commercial, railroad, and air carrier transportation property and mobile homes within the school district and puts those kinds of property only, the Tax Commissioner multiplies the mills for that district by .5. What that means is if the school district is levying 200 mills, the number that comes to the Tax Commissioner is 70 and that 70 mills, just because it's been levied, applies to everybody in the school district but for these listed kinds of property, the Tax Commissioner is going to let that school district know and the county auditor know that 1/2 of that 70 mills, or 35 mills is all that is going to apply or that's how much actually gets deducted from the mill rate applied against those properties.

Rep. Belter: You're taking 1/2 of that.

John Walstad: You take 1/2 of the mills in that range of 130-200, however many mills the district levied in that range, 1/2 of that number is the property tax relief that will be applied to those kinds of properties listed there. If that list looks familiar, that property list is the 1051 property tax list of who is entitled to property tax relief and who is not.

Rep. Headland: The way I figured this, if you're taking that 70 mill range, 200 to 130, would you not still be in that sense rewarding school districts that have, by the vote of their people, exceeded the 185 cap.

John Walstad: To some extent that is true. But a school district can't be above 185 mills without ever having gone to the voters to get the okay to creep up there. In fact, some school districts in the 1981 property tax restructuring, some school districts were there already and they've been there ever since. I don't know if there is a uniform rule that you can say, if you're over 185, the voters put you there. I don't think that's always the case.

Rep. Drovdal: This property tax relief bill, but isn't this actually formulated more off the equity, probably help schools not have as much to do with property tax relief.

John Walstad: I guess it could be looked at in that fashion. The vast majority of school districts in the state are probably going to get a substantial amount of this relief. Most all school districts cover almost that entire range with their mills. It's pretty much uniform allocation when you drop off those real high mill rates, like coming down to 200, you get rid of a lot of the ones way up on the high end like 290 mills. By using 130 as the floor, not many school districts are below that number, where they would get no relief. But we'd have to look at the chart to kind of figure out exactly how the break goes.

Rep. Drovdal: We don't have the mills that the school put on in front of us, but I believe that not too many of them are over 200 mills, or right at that area, and that would bring them down to 130 mills, which would make just about everybody equal, and how is this going to mess up 2200 in their equalization. You're not, because you're basing it all on everybody being at different mills.

John Walstad: This wasn't something that we looked at during the interim, so I haven't seen a printout of exactly how this affects school districts. I do know the statewide average mill rate is about 199, but that's not the midpoint of where everybody is. It's 199 because the districts that are above 199 are the gorillas, the ones that are levying tons of property tax and have tons of value.

Rep. Headland: While we're on this area before we move on, I need to have something clarified. If we were to lower that top 200 mills down to 185, the cap, instead of having a 70 mill range, you would only have 55, would it change any of the other factors or would it just change the numbers around a little bit. Well, if you're going to divide it in half and that's the amount of mill relief that you get.

John Walstad: That's all you would have to do, is change that number. There is nothing else in here that would have to be adjusted because of that.

Rep. Headland: I do have that run available if anyone would like to see how it changes the numbers.

Rep. Kelsch: So how would subsection 1 reduce by 70 (can't hear).

John Walstad: Let's say a school district is levying the 185, instead of 200, then you would take the 185 and subtract 130, and you have 55 mills, the Tax Commissioner then splits that in half and you've got 27.5 mills as property tax relief for that school district for these identified kinds of property.

Rep. Kelsch: How would that affect, for instance, the Fargo public school district which levies 288 mills, how would this apply.

John Walstad: In the Fargo school district, being over 200, 200 would be the default number, 130 is the subtract number so Fargo would have 70 mills eligible for relief, which would be split in half, so you would have a 35 mill write down that would apply to any of these kinds of properties that are in the Fargo school district.

Rep. Kelsch: Get 70.

John Walstad: Yes, anybody over 200 gets 70 and then that's split in half, it's 35 mills of relief. Then down at the bottom we have the mechanical parts about certifying the reduction and getting it actually subtracted from people's tax bills, then in the second section of the bill draft, the amendment address property tax levy limitation in school districts. Under current law, a school district levying fewer than 185 mills has authority to increase its mill rate, or its dollars levied by 18% in dollars, until it hits 185 mills.

Rep. Weiler: Why is the Fargo school district left out of this particular section.

John Walstad: Oh that language there, about except Fargo school district. That is because for as long as I can remember, Fargo had a statutory unlimited levy for schools, that was built into state law and the voters in Fargo just put an end to that last summer.

Rep. Weiler: So they would not be held to the 3.5%, is that correct.

John Walstad: No, Fargo would still be subject to the 3.5%, when I was writing this I was thinking about striking that out of there, but I thought that might be more confusing than leaving it there, but it is not an exemption for Fargo, from the limitations of this section.

Rep. Weiler: What are they limited to.

John Walstad: Are you talking about Fargo, specifically. Fargo is levying 288 mills. This section has no application to the City of Fargo, the Fargo school district. Fargo is limited by 57-15-01.1, which allows them to levy the same amount in dollars that they have in their highest of their last three years and that section will allow the Fargo school district to stay at the same number of dollars that they had under unlimited authority, now that they no longer have unlimited authority. So this section really does not apply to Fargo anymore. Current law, there is an 18% increase allowable under the cap. This amendment would reduce that to 3.5% annual increase under the cap. In addition, this amendment reinstates something that was eliminated in SB 2032 as it came over. SB 2032 eliminated unlimited levy authority for school districts. This amendment reinstates unlimited levy authority for school districts by voter approval. And it is in subsection 1 there, subdivision b and in subsection 2 and the vote requirement is 50% in 4000 or more population district and it's 55% in districts with less than that population and that's current law, current vote requirements, so it's just simply reinstating voter approval of possible unlimited mill levy authority and then subsection 3 is being added here, that if any school district puts on a ballot measure in front of the voters, asking for unlimited levy authority, or asking for a specific percentage increase allowance, for a specific number of mills allowance, that the ballot has to specify the number of mills, the % in dollars, or that unlimited authority is being proposed and the number of years for which that authority

would be approved by the voters if they say yes. None of those things are required by current law.

Rep. Belter: If a school now has an unlimited mill levy, this language is required that you have a new vote.

John Walstad: No. This would not affect districts with existing unlimited levy authority because it says after June 30, 2007.

Rep. Belter: They would not be subject to the 3.5% cap in a year.

John Walstad: They would not.

Rep. Belter: So they would go on just as they are.

John Walstad: This would not disturb those with existing unlimited authority and that was also the case with SB 2032 as it came over; that they would have been grandfathered in. Then there is another sentence here at the bottom, in subsection 3, beginning in 2007, electors approving unlimited or increase authority for a school district can't approve it for any more than 10 years. So you can't get voter approval for a permanent unlimited levy authority for a school district. Heretofore, it has been possible to do that, to get permanent authority until the voters do something to take it away. That covers most of what's important there. Section 3 talks about the real estate tax statement and it requires the statement to be included so that the taxpayer will know how much the property tax relief is for that parcel. On page 4 of the amendments, this is the section that we have seen in other bills about discounts for early payment. The first thing that happens to your tax bill is the deduction of property tax relief and then the 5% discount for early payment is applied after that. The next section is one that we have also seen before. It is about delinquent taxes. It provides that if property tax relief is allowed for a parcel of property it gets applied to the current year's tax liability and it does not get applied to any delinquency that might exist on that property. But that's all it does. It can't

go against the delinquency. It does not prohibit property with delinquent taxes from getting the property tax relief. I think there has been some confusion about that, some people thought that this provision said you don't get any relief if you have delinquent taxes. That's not what it does. In section 6 in the amendments, once again something we've seen before. This is the property tax relief statement that goes on the tax statement for centrally assessed property when the statement comes out from the Tax Commissioner's office. Section 7 provides a continuing appropriation from the permanent oil tax trust fund. Something I want to point out about this that the appropriation here is a standing appropriation and there is no dollar amount cap on how much that can be. That means that there was $100 million dollars in 2032, this says that whatever the bill is, it's coming out of the permanent oil tax trust fund, and if it's less than $100 million or more than $100 million, it doesn't matter, it's going to be paid from the permanent oil tax trust fund. So, I think the committee is probably going to want to see a fiscal note on what it does, so that a number can be filled in for that continuing appropriation. There is no limit on it. Once again, the legislative intent statement and legislative council study requirement and effective date, those are the same as what you've seen in a couple of other bills. Hopefully that is an explanation of what the amendment does and I can try to answer questions.

Rep. Belter: The old language did have the $100 million in it, correct.

John Walstad: The old version had the $100 million in it and I don't know if I talked to you about taking that number out. I believe I may have been talking to another individual about this amount and they said I should take this number out, I'm not sure that it was ever mentioned to you that it's gone. But that's what's here.

Rep. Belter: If we go back to section 2, if we wanted to leave unlimited mill levy, and basically wanted it to require a new vote, we can just strike section b there, would that take the authority away from them.

John Walstad: No, that wouldn't do it. We would have to add some language saying specifically that unlimited authority approved prior to the effective date of this act, expires as of (and put in a date) and if they want to extend it, they've got to re-present that to the voters.

Rep. Froseth: I didn't see it in here, if our school district is between the 130 and 200 range, we would get a property tax relief of 35 mills back to our school district from the state.

John Walstad: That's true if you are at 200 or more. Less than 200, it goes down.

Rep. Froseth: To be an effective tax relief to the taxpayers it has to come off our mill rate, that 35 mills, that's to bring our mill rate back to the taxpayers. Where does it show that in here, I don't see it.

John Walstad: It is not specified in here, it was specified in 2032. I don't think it's necessary to spell it out in statute, it makes me more comfortable to do that, but there is a provision of current law that says when you complete your budget and submit that for levy as a tax, the county auditor is going to subtract out cash on hand, carryover funds, stuff like that, plus any revenues that are by law going to be coming to the school district. Those all get subtracted before the budget is converted into a mill rate, so that 35 mills of property tax relief will get subtracted out before it actually gets rolled out against property in the district and that will happen at the county level.

Rep. Froseth: Is that in statute now.

John Walstad: It is in statute now, but I can't remember the number right off-hand, that is part of the process for turning budgets into property taxes, subtractions have to be made for

revenues coming from whatever source, that are coming to the school district before the budget gets converted into a tax that goes out against property.

Rep. Weiler: You made some reference to leaving that number out. What number are we looking at.

John Walstad: The continuing appropriation number?

Rep. Weiler: I mean we understand that is going to change in the next biennium, but to start out, what number are we looking at.

John Walstad: I wish I knew, but I don't.

Rep. Weiler: Is it over 100.

John Walstad: The person who is giving me instructions on the amendments said do this, do this, do this....I assume based on some pretty good knowledge of what that does money wise.

Rep. Weiler: So the chairman knows...the amendments were in his name.

John Walstad: In the chairman's defense, he was being a good guy.

Rep. Belter: Maybe our Lt. Governor would like to come forward.

Lt. Governor Dalrymple: The fiscal note on this configuration, $96.5 million dollars, so of course, you can cap it anywhere you want. The idea is to not short the taxpayer at the end of the deal. The idea is to make sure that you have $96.5 million dollars to handle this.

Rep. Belter: Why isn't $96.5 million spelled out.

Lt. Governor Dalrymple: Because if it turned out to be $97 million, the assumption was that we didn't want to factor it back.

Rep. Belter: What if it turned out to be 130 mills.

Lt. Governor Dalrymple: I think that before everything is said and done, we should be able to get a very accurate fiscal note on what this will do, that will even allow a little cushion if you

like. But coming up with less money than it takes to provide relief is probably the worst option. Then you would have to have some kind of pro-rata of deduction to allow for complications.

Rep. Weiler: So if we start out at $96.5 million dollars, then the following biennium we could be looking at 3.5% to 5% increase in this bill, so we would be looking at about 100 and that would just continue to grow every biennium.

Lt. Governor Dalrymple: Yes, we believe that is absolutely correct. Property tax relief, if you keep the same formula is going to cost more every year. Year 1 forecast is $47.1 million and Year 2 forecast is $49.5, so you can see right there, that $2.4 million dollar difference.

Rep. Weiler: So I guess what I was trying to clarify, the dollar amount for relief continues to grow, not the percent given back to the individual taxpayers.

Lt. Governor Dalrymple: Correct.

Rep. Froseth: Who prepared this handout.

Rep. Belter: I think Rep. Haas, but I'm not sure.

Rep. Froseth: Here's our school district, if you follow this on the back page, the quote is 51028, we have 183.18 mill levy and this column here says 50% of 130-200 as a combined levy; 50.318 according to the amendment that should be half of that, 50% of that right. That shouldn't be 50318, it should be half of that to equate the funding.

John Walstad: I think you're right. That is the district's rate minus 130, then the next step is to split that in half to get your actual relief number.

Lt. Dalrymple: You may have an earlier run there.

Rep. Froseth: This says a total of $50,100 million dollars for all the school districts for one year, so that you would be half of that.

Lt. Governor Dalrymple: They arrived at a higher percentage and then they factored it back initially in SB 2032. So it worked out to a .6, then it was factored to bring that back down to the

spending level. That's one of the reasons why the set point 5 works a lot better, it's a lot cleaner, and you wind up in the same place.

Rep. Headland: Just to clarify on the notes, it says on the bottom, the initial allocation equals the adjusted combined levy that you're talking about x 50% factor. So they are factoring it in.

Rep. Weiler: Section 10 of this, I am wondering, that's the sunset clause.

Rep. Belter: That was removed.

Rep. Pinkerton: As an example, let's say a district has levied about 190 mills, which is fairly average for the state, so that would represent about approximately 60 mills and say your district is at $20 per thousand, which is pretty average, then you've got 60% of the property tax for schools, so $12 per $1,000, then if you reduce this by 1/3, that would be about $4 per $1,000 for a reduction in property taxes, you will still have 1/3 of the school taxes, so it is going to average on a $120,000 house, you would be looking at $480 reduction, does that number sound correct.

Lt. Governor Dalrymple: That would be approximately correct for the biennium.

Rep. Pinkerton: For the biennium, so $240/year.

Lt. Governor Dalrymple: Yes, in that neighborhood.

Rep. Weiler: Is this go to residential and ag and commercial?

Rep. Belter: Yes.

Rep. Pinkerton: Is it possible for us to see those numbers, say for the four largest cities in the state, to see what the reduction could be.

Rep. Belter: Those numbers could be put together, I'm sure by the Tax Dept. This bill needs to be out by tomorrow.

John Walstad: I think it would be useful to get a run from Jerry Coleman at Public Instruction on what this does for every school district in the state, I don't think it would be too hard to do

that. It won't show how much of a tax break that is on a $120,000 house or whatever, but it would give you the mill rate for every district and then I think it will also give you a dollar amount bottom line number statewide total.

Rep. Belter: I guess there are a couple of issues that I have, is on the original bill, it did do away with the unlimited mill levy and I guess my question is now, this bill allows any school district who has an unlimited mill levy to continue on with it, and I'm not so sure that we shouldn't have them renew their vows again, if that's what they want to do, to give them that authority.

Rep. Weiler: I keep comparing this to HB 1051, but that is the one that the committee is most familiar with. Is there a provision in here somewhere that attempts to keep some money for residential owners in-state only, versus an out-of-state resident that owns.

Rep. Belter: No. Well we're not going to act on this, but do you want to leave that like it is, for the home rule or do we want to have amendments drafted. We are allowing home rule this year, but should we require them to have it.

Rep. Grande: No.

Rep. Belter: I think we do want amendments drafted that if an existing home rule school district would have to re-vote to have unlimited mill levies, school districts would have to have a new vote, that the current one would expire and then they would have to get a vote of their people.

Rep. Froseth: This is treading on new water, I guess. I think I could probably support this if it had a sunset on it, I don't think we should put something like this into the Code, in the school funding plan unless I know it can be amended two years from now. I would like to see a sunset on it, to see how this works for the next biennium and if it works fine, it can be renewed two years from now, or it can be thrown away. Maybe the money in the oil/gas trust fund won't

be there two years from now. I just don't like the idea of putting this in permanently, and to have to sustain this each biennium, whether we like it or not.

John Walstad: Interesting, something just occurred to me. The bill bases relief on a range of 130-200 mills. After the first year of relief is allocated, everybody in that range is going to have their mill rate declined by the amount of relief they get, so there would be a substantial change in, of who's in the mill that gets relief or not unless the mill range is adjusted. Sorry I didn't think of that sooner.

Rep. Froelich: I guess that was my question in 2200, how is that going to coincide with 2200, if they're doing a mill levy reduction process too.

Rep. Belter: I'm not sure.

Rep. Froelich: You're giving this mill levy reduction. The original bill said (can't hear), how is that going to coincide with SB 2200, because if we reduce the mills on this one, and you also reduce the mills on that one, how is that going to work.

Lt. Governor Dalrymple: The way this bill is structured right now, the relief would go directly to the county auditor. The county auditor would show it as a reduced money owed by the taxpayer and the state will supply those dollars. The school, technically has a gross levy that will be the same as they had before. Now the net, of course, is lower if you took off the amount that is given back to the taxpayer, but it will not show up as a reduction in the actual school levy. I think that is an advantage in the sense that you are not interfering with school, you are not requiring them to change their mills. Even though you wind up in the same place, we are in essence paying the tax on behalf of the taxpayer. Rep. Froelich has referred to this, as you change this range, you have quite a bit of effect, depending on what type of school district you are. There are obviously school districts that are right at 200 combined mills, would get the optimum, if you are over 200, some of your mills that you put on are not going to be

kosher, if you're well below 200, your relief is declining, but at 130 mills, I think the feeling was and I know Rep. Haas agrees with me on this, below 130 mills we have to ask if the people in that district need any additional tax relief.

Rep. Froelich: The problem I have with the amendments, schools that have held their mills at 185 by law, because if they drop below that they get penalized. Under the current deal, if they drop below 185, they get penalized. So the other ones are at 185, because that's the law. Now they are going to get penalized again because they are under 200. The school's have held their mills down. Under the old formula, if they kept them below 185, they got penalized, now they're actually going to get penalized again because they are under 200. Am I not correct.

Lt. Governor Dalrymple: You are, as far as you go. This bill defines the levy as a combination of the general fund levy which is 185, together with the transportation you have, and tuition levy program, and not all schools have that. If you take all of the combined levies in the state, average them out, it comes out to just about exactly 200. That's kind of the basis for this determination. But you are right, there are the 185 mills, and they have no other levies, they miss out on part of it. On the other hand, if you look at Fargo that is levying close to 300 everything above 200 all the way up to 300, they're getting no cost share on that at all. In essence, who is worse off. I would just caution you, and Rep. Headland is looking at some options here, there is a balance we need.

Rep. Froelich: I understand that. Most of my schools in my district are pretty conservative, so in essence they get penalized if they are under 185 in the education fund. Now in this program, they get from 185 to 200, they get penalized again. (can't hear) I can't support your amendments. I represent a real ag community, they've been saying the same thing to me that I'm sure the rest of you have heard as well.

Rep. Belter: In theory, these amendments aren't really any different than the original bill formula. The formula in the original bill was saying that high school districts, say Fargo, aren't going to get as much in property tax relief.

Lt. Governor Dalrymple: Yes, there was a special cap on Fargo and Bismarck and a couple of other districts. The printout is very similar to the bill as it was.

Rep. Belter: Over the years, the taxpayers in your district have had the benefit of having the lower taxes.

Rep. Froelich: Personally, being rural people, we did not drive up the taxes in Bismarck, Fargo and elsewhere. Fargo has 270 mills and an unlimited mill levy. My constituents have lived within their means. Some of the other districts haven't. Now we're going to penalize them under this scenario. That's where I have a problem; whether it's a 10-5-5 or 50 cent formula, I don't think you're treating them right.

Rep. Belter: I certainly understand what you're saying. But that's probably true with 1051 too. The higher your taxes, the more relief you get. So any taxing entity, whether it was through management or whether it was through having real good property values that their taxes are lower, they're going to get some relief. The ones with the highest taxes, whether it be property values or likely to spend are going to get the most relief.

Rep. Froelich: My school districts are going to come out better under the original bill than they are under this.

Rep. Grande: When you make a comparison to your school compared to the Fargo school district, I think one of the big things that is forgotten when you get to some of the bigger cities, in Bismarck, Fargo and Minot, we have a tremendous amount of ELL learners and we don't get much reimbursement for that at all, anywhere federal, state, so that we do have the increased mills due to that. The same thing happens with special needs kids, medical needs kids, they're

not going to be living in your areas where you are, but they are going to come to Bismarck and Fargo because that's where they get their medical attention and that's why they have to go to school there; through no fault of Fargo, but we have to pick up all the costs for it. So how does that get done, it gets done on our property taxes. So do I like any of these bills, we get cut off at the knees when you say 200.

Rep. Grande: I also have one other point, I really question one section here, it is different from the other bill, the delinquent tax portion, sections 5 and 6, so if I'm delinquent in my taxes, I'm still going to get tax relief or is it the county that is going to get credit for the taxes I haven't paid.

John Walstad: If you've got delinquent taxes on your parcel of property, and your parcel of property is entitled to some of the property tax relief under this bill that really will be deducted from your current year's tax obligation. It can't go against your delinquency. But you will get relief, because you have a delinquency, it won't cut off your relief under the bill.

Rep. Belter: The sunset clause, can you draft a sunset clause as a separate amendment.

John Walstad: Well it's a hog house amendment, I would have to put it in here. Because it is a hog house there are no line numbers in here to put another amendment in. I'll just draft this with a sunset in it, and you've got two different versions of this bill.

Rep. Belter: Make an identical one, one with a sunset and one without.

Rep. Froelich: We will get some runs before we finalize this bill.

Rep. Belter: Yes. We will have Jerry Coleman from DPI do a print out.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2032 C

House Finance & Taxation Committee

☐ Check here for Conference Committee

Hearing Date: 3/13/07

Recorder Job Number: 4965

Committee Clerk Signature

Minutes:

Rep. Belter: Clerk called attendance. We will take a look at SB 2032.

John Walstad: Amendment 70102.0612 (attached #1) is what we talked about earlier and 70102.0613 (attached #2) has the sunset clause in it, but otherwise they are identical.

Rep. Belter: Briefly tell us the difference between the .0612 and .0613.

John Walstad: Both sets of amendments are identical except .613 has a two year sunset clause. This is pretty similar to what the committee has seen already. It focuses property tax relief in that range from 130 mills for school districts to 200 mills. The property taxes in that range are the basis for determining property tax relief. The number of mills in that range in each school district, is divided in half and whatever that resulting mill rate is, that 1/2 of that number is the number of mills of property tax relief that will be allowed on residential, agricultural, commercial, railroad, air carrier and mobile home. The notable absentee on that list is centrally assessed property, no relief would be provided. That number of mills of relief will be different, of course, for most every taxing district. That number of mills goes on your tax statement. We only made a couple of small changes in this from the previous version.

Rep. Belter: You put in that those that have the unlimited mill levy need to re-vote, correct.

John Walstad: At the bottom of page 2 on these amendments, on section 3 there, if unlimited levy authority was approved for a school district prior to July 1, 2007, that authority ends after the 2007 tax year and the school district electors have to revote if the school district wants to continue unlimited authority. Then in subsection 4, any election on the question of unlimited or increased authority for school districts after June 30, 2007, has to specify the number of mills, the percentage increase in dollars levied, or that this is an election for unlimited levy authority and the number of years for which that approval would apply, and then the last sentence says, regardless of what the ballot says, any increased levy authority approved by the voters is only good for ten years, and then the voters have to consider that issue again, if it's going to continue.

Rep. Belter: Including the unlimited mill levy.

John Walstad: Unlimited, increased, whatever the voters have given would only be good for 10 years maximum, or it could be less if the ballot says we're only asking for 5 years, then it's only 5, but 10 is the maximum.

Rep. Froseth: In 1051, the way it looks here, it would not return or include out-of-state property owners on commercial property, this doesn't include them. What is the constitutionality of this. Can you speak to that again.

John Walstad: Trying to segregate out non-resident owned commercial property is really, really on thin ice constitutionally for a number of reasons; but the primary one I think is the commerce law of the US constitution. That has been reviewed by the US Supreme Court and other courts, and the conclusion is, if, any state tries to provide tax treatment for residents of that state that is more favorable than tax treatment given to non-residents of that state, it will not be upheld unless there is a valid reason for a higher rate of tax on non-residents, that they

would be compensating the state for some benefit they are getting. That circumstance probably doesn't exist, in trying to segregate out commercial property, at least I can't think of a valid reason for doing that, that would pass muster. On agricultural property, when 1051 left here, that tied the agricultural property tax relief to ownership of a homestead in the state. That's dicey also. It's not quite as big a slam dunk as the commercial property treatment. On residential property where only homestead residential property would be given the relief, that's on fairly solid ground. A lot of states do provide favorable treatment for homestead residential.

Rep. Froseth: I move the amendments .0613.

Rep. Grande: Second.

Rep. Froelich: You know my feelings, I won't repeat them. I would ask that we take a recorded roll call vote.

Rep. Schmidt: I think John mentioned that simply assessing property is not inherent, it's not in this amendment (hard to hear). We were talking about the constitutionality of in-state and out-of-state, but this is simply assessed property, do they have a constitutional problem.

Rep. Belter: No, I guess my answer would be no.

Rep. Grande: Anything we do is constitutional until someone challenges it (?).

Rep. Pinkerton: Is this 1/3, and 1/3 and 1/3, is it equal.

Rep. Belter: Yes.

Rep. Pinkerton: Is there some ability to put percentages in there?

Rep. Belter: For a different tax refund based on categories of taxation.

Rep. Pinkerton: Yes sir.

Rep. Belter: I'm not saying I'm for or against, this treats all classes of residential, agricultural and commercial at the same rate.

Rep. Weiler: I don't know if this is out of order or not, I would like to make an attempt to further amend .0613 to section 7 to have money come out of general fund, not the oil/gas trust fund for obvious reasons that I stated before in this committee, since the money from the oil/gas tax trust fund goes straight to the general fund anyway. If we want to talk about sustainability, if there's enough oil revenue, the money's going to be there, and if there isn't, the money is going to be in the general fund anyway.

Rep. Belter: We will take a vote on the amendment on the floor. Then we could take up your suggestion. Clerk call roll.

MOTION PASSED 10 YES 4 NO 0 ABSENT

Rep. Belter: We now have the bill before us as amended.

Rep. Weiler: I move that we further amend .0613, section 7 to have the money come from the general fund not the permanent oil/gas trust fund.

Rep. Froseth: If you wanted to make that specific, it would be the underlined language on page 5, to the extent monies are available and strike permanent oil tax trust and replace with general fund. Second the motion.

Rep. Pinkerton: Explain why.

Rep. Weiler: The money in the not-so-permanent oil trust fund goes into the general fund anyway, so if there's going to be money in the oil trust fund, there's going to be money to sustain this bill in the future. If there's not money in the permanent oil trust fund, then this bill is not sustainable. If we want this to be sustainable in the future, the money has to come from the general fund.

Rep. Pinkerton: That's why the Lt. Governor wanted it this way?

Rep. Weiler: You'll have to ask him that, I have no idea.

Rep. Belter: I am going to vote against your further amendment. We can take a voice vote. 1051 was passed out of here (can't hear). Voice vote. Motion defeated. We have the amended bill before us.

Rep. Froelich: I requested some runs yesterday, I haven't seen them yet.

Rep. Belter: (Attachment #3, run of numbers).

Rep. Froelich: I am trying to compare it with 2032 and 1051.

Rep. Grande: On some of these runs, we have Fargo at 288.19 and now all of a sudden on the last two runs I've seen, it's down to 278.62, did something happen.

Rep. Belter: I don't know.

Rep. Froseth: It may be that any building or special improvements that added on, building fund levy?

(Committee discussed the run of numbers).

Rep. Belter: What are the committee's wishes.

Rep. Pinkerton: I move a Do Pass as amended and rerefer to Appropriations.

Rep. Owens: Second.

9 YES 5 NO 0 ABSENT DO PASS AS AMENDED AND REREFER TO APPROP.

CARRIER: Rep. Pinkerton

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

Page 1, line 4, remove the second "and"

Page 1, line 5, after "57-32-03" insert ", subsection 1 of section 57-33-04, and subsection 1 of section 57-33.1-02"

Page 1, line 6, replace "and" with a comma and after "statements" insert ", and rural electric cooperatives' gross receipts tax relief"

Page 11, after line 16, insert:

"**SECTION 9. AMENDMENT.** Subsection 1 of section 57-33-04 of the North Dakota Century Code is amended and reenacted as follows:

1. The tax commissioner shall levy on each cooperative a tax upon its gross receipts for the preceding calendar year. Gross receipts derived from the sale of a capital asset are not subject to the tax imposed by this section. Each year for the first five years during which such cooperative is engaged in business the tax must be one percent and thereafter the tax must be ~~two~~ one and eighty-five hundredths percent of its gross receipts. For the purpose of determining when the ~~two~~ one and eighty-five hundredths percent rate must be applied, the first year the cooperative is engaged in business must be the first year in which the cooperative was engaged in business prior to April first of that year. The tax hereby imposed is in lieu of any other taxes levied on the personal property of such cooperatives.

SECTION 10. AMENDMENT. Subsection 1 of section 57-33.1-02 of the North Dakota Century Code is amended and reenacted as follows:

1. Each year for the first two years during which a cooperative operates an electrical energy generating plant the commissioner, on or before April fifteenth, shall levy a tax of one percent upon the gross receipts derived from the operation of such electrical energy generating plant or plants for the preceding calendar year and thereafter the tax imposed must be levied upon the gross receipts derived from the operation of such plant or plants at the rate of ~~two~~ one and eighty-five hundredths percent of the gross receipts. The taxes levied by this subsection are in lieu of any ad valorem taxes upon personal property, except transmission lines, of an electrical energy generating plant the gross receipts of which have been subjected to such tax, and the procedures relating to the ad valorem method of levying property taxes are not applicable to the taxation of such electrical energy generating plants. For the purpose of determining when the ~~two~~ one and eighty-five hundredths percent rate shall be applied, the first calendar year in which a cooperative is operating an electrical energy generating plant shall be the first year in which such plant earns gross receipts."

Renumber accordingly

3-12-07
SB 2032

#1

70102.0611
Title.

Prepared by the Legislative Council staff for
Representative Belter
March 12, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20 of the North Dakota Century Code, relating to allocation of school district property tax relief funds; to amend and reenact sections 57-15-14, 57-20-07.1, 57-20-09, 57-20-21.1, 57-32-03, and 57-51.1-07.2 of the North Dakota Century Code, relating to school district levy limitations, contents of property tax statements, payment of real estate taxes, and continuing appropriation of funds from the permanent oil tax trust fund for school district property tax relief; to provide a statement of legislative intent; to provide for a legislative council study; to provide a continuing appropriation; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. State-paid property tax relief allocation. The state tax commissioner shall allocate funds appropriated under section 57-51.1-07.2 for property tax relief as provided in this section.

1. The superintendent of public instruction shall determine an adjusted combined education mill rate for each school district by September first of each year. For purposes of this section, "combined education mill rate" means the combined number of mills levied by a school district for the general fund and for high school tuition and high school transportation. The combined education mill rate for a school district may not exceed two hundred mills. Any excess levy authority approved by the qualified electors of a school district after December 31, 2006, must be excluded from the combined education mill rate.

2. To determine the number of mills eligible for state-paid property tax relief, the superintendent of public instruction shall subtract one hundred thirty mills from each school district's combined education mill rate. The eligible mills may not be reduced to less than zero mills.

3. The superintendent of public instruction shall forward to the state tax commissioner by September fifteenth of each year the number of school district mills eligible for state-paid property tax relief in each school district as determined under subsections 1 and 2.

4. For residential, agricultural, commercial, railroad, and air carrier transportation property and mobile homes, the state tax commissioner shall multiply the eligible mills in subsection 2 by a factor of .50.

5. The state tax commissioner shall certify to each county auditor by October first of each year the number of mills of state-paid property tax relief determined for each school district in the county for residential, agricultural, commercial, railroad, and air carrier transportation property and mobile homes according to this section.

6. On each property tax statement mailed to a taxpayer, the county treasurer or tax commissioner shall show the number of mills of property tax relief to be paid by the state. The number of mills of property tax relief, multiplied

times the final equalized taxable valuation of the property, constitutes the state-paid property tax relief. This amount must be labeled and be on the tax statement in accordance with sections 57-20-07.1 and 57-32-03.

7. The state tax commissioner shall accept claims from county auditors for the state's share of school district property taxes that are deducted from taxpayer statements each year and shall certify to the state treasurer for payment to county treasurers of amounts claimed to provide for payment of ninety percent of the amount claimed on March first and the balance of the amount claimed on June fifteenth following the taxable year for which the claims are made.

8. After payments to counties under subsection 7 have been made, the tax commissioner shall settle any amounts payable to or received from counties due to errors, abatements, compromises, or court-ordered tax adjustments.

9. The county treasurer shall allocate the amounts received among the school districts entitled to the funds in the same manner as school district property taxes are distributed.

SECTION 2. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. Tax levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus ~~eighteen~~ three and one-half percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the ~~eighteen~~ three and one-half percent increase which is otherwise permitted without voter approval by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

5. The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to twenty percent of the number of persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 3. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, immediately prior to the final line item showing net tax due, the statement "State-paid school district property tax relief (_____ school mills x _____)" with the appropriate mills and taxable valuation filled in and the dollar amount of the property tax reduction for the parcel under section 57-01-20. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 4. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, after deduction of any credit allowed under section 57-01-20, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 5. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of state-paid property tax relief credit made by the state must be applied to taxes for the year for which the state-paid property tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 6. AMENDMENT. Section 57-32-03 of the North Dakota Century Code is amended and reenacted as follows:

57-32-03. Tax statements prepared by state tax commissioner - When due and delinquent. On or before the thirty-first day of March in each year, the tax commissioner shall provide each company assessed under the provisions of this chapter a statement of its taxes due for the preceding year, with the valuations and taxes assessed in each case. The tax statement must include, immediately prior to the final line item showing net tax due, the statement "State-paid school district property tax relief (_____ school mills x _____)" with the mills and taxable valuation filled in and the dollar amount of the property tax reduction under section 57-01-20 which applies against the taxes due for the preceding year. Such taxes are due upon the fifteenth day of April next following the date of the statement of taxes due. The taxes become delinquent on the first day of May next following the due date and, if not paid on or before said date, are subject to a penalty of two percent and, on June first following delinquency, an additional penalty of two percent and, on July first following delinquency, an additional penalty of two percent and, an additional penalty of two percent on October fifteenth following delinquency. From and after January first of the year following the year in which the taxes became due and payable, simple interest at the rate of twelve percent per annum upon the principal of the unpaid taxes must be charged until such taxes and penalties are paid, with such interest charges to be prorated to the nearest full month for a fractional year of delinquency. All the provisions of the law respecting delinquency of personal property assessments generally so far as may be consistent with the provisions of this chapter are applicable equally to the assessments and taxes provided for in this chapter.

SECTION 7. AMENDMENT. Section 57-51.1-07.2 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of distribution formula - Continuing appropriation for property tax relief. All revenue deposited in the general fund during a biennium derived from taxes imposed on oil and gas under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars must be transferred by the state treasurer to a special fund in the state treasury known as the permanent oil tax trust fund. The state treasurer shall transfer

interest earnings of the permanent oil tax trust fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the members elected to each house of the legislative assembly.

If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in this section by the same percentage increase or decrease in the amount of revenue allocable to the general fund after the change in the allocation formula, and transfers to the permanent oil tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the transfers to the permanent oil tax trust fund is not increased or decreased merely because of changes in the distribution formulas.

To the extent moneys are available in the permanent oil tax trust fund, the amount necessary to provide property tax relief payments to county treasurers under section 57-01-20 is appropriated each biennium to the state treasurer as a standing and continuing appropriation.

SECTION 8. LEGISLATIVE INTENT - LEGISLATIVE COUNCIL STUDY. It is the intent of the sixtieth legislative assembly that enactment of this Act will initiate an increase in the state's share of elementary and secondary education funding to secure immediate and future benefits to the citizens of the state. These benefits include relief from the expanded property tax burden that has created disparity within the tax structure of the state, enhanced equity of funding to support elementary and secondary education students, enduring property tax reductions, and returning to taxpayers a substantial measure of revenue collections augmented by a robust state economy. It is the further intent of the sixtieth legislative assembly that enactment of this Act will produce a reduction in property tax burdens which, with continued efforts of future legislative assemblies, will result in reduction of each annual property tax bill to not more than one and one-half percent of the true and full value for any parcel of property.

The legislative council shall assign a study in each legislative interim through 2012 by the interim committee for taxation issues, for consideration by that committee of compliance with, and future funding sources for, the shift in education funding and taxation policy initiated by enactment of this Act.

SECTION 9. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2006."

Renumber accordingly

3-13-07
SB 2032 am
#1
70102.0612
Title.

Prepared by the Legislative Council staff for
House Finance and Taxation
March 13, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20 of the North Dakota Century Code, relating to allocation of school district property tax relief funds; to amend and reenact sections 57-15-14, 57-20-07.1, 57-20-09, 57-20-21.1, 57-32-03, and 57-51.1-07.2 of the North Dakota Century Code, relating to school district levy limitations, contents of property tax statements, payment of real estate taxes, and continuing appropriation of funds from the permanent oil tax trust fund for school district property tax relief; to provide a statement of legislative intent; to provide for a legislative council study; to provide a continuing appropriation; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. State-paid property tax relief allocation. The state tax commissioner shall allocate funds appropriated under section 57-51.1-07.2 for property tax relief as provided in this section.

1. The superintendent of public instruction shall determine an adjusted combined education mill rate for each school district by September first of each year. For purposes of this section, "combined education mill rate" means the combined number of mills levied by a school district, before deduction of any property tax relief allocation under this section, for the general fund and for high school tuition and high school transportation. The combined education mill rate for a school district may not exceed two hundred mills. Any excess levy authority approved by the qualified electors of a school district after December 31, 2006, must be excluded from the combined education mill rate.

2. To determine the number of mills eligible for state-paid property tax relief, the superintendent of public instruction shall subtract one hundred thirty mills from each school district's combined education mill rate. The eligible mills may not be reduced to less than zero mills.

3. The superintendent of public instruction shall forward to the state tax commissioner by September fifteenth of each year the number of school district mills eligible for state-paid property tax relief in each school district as determined under subsections 1 and 2.

4. For residential, agricultural, commercial, railroad, and air carrier transportation property and mobile homes, the state tax commissioner shall multiply the eligible mills in subsection 2 by a factor of .50.

5. The state tax commissioner shall certify to each county auditor by October first of each year the number of mills of state-paid property tax relief determined for each school district in the county for residential, agricultural, commercial, railroad, and air carrier transportation property and mobile homes according to this section.

6. On each property tax statement mailed to a taxpayer, the county treasurer or tax commissioner shall show the number of mills of property tax relief to

be paid by the state. The number of mills of property tax relief, multiplied times the final equalized taxable valuation of the property, constitutes the state-paid property tax relief. This amount must be labeled and be on the tax statement in accordance with sections 57-20-07.1 and 57-32-03.

7. The state tax commissioner shall accept claims from county auditors for the state's share of school district property taxes that are deducted from taxpayer statements each year and shall certify to the state treasurer for payment to county treasurers of amounts claimed to provide for payment of ninety percent of the amount claimed on March first and the balance of the amount claimed on June fifteenth following the taxable year for which the claims are made.

8. After payments to counties under subsection 7 have been made, the tax commissioner shall settle any amounts payable to or received from counties due to errors, abatements, compromises, or court-ordered tax adjustments.

9. The county treasurer shall allocate the amounts received among the school districts entitled to the funds in the same manner as school district property taxes are distributed.

SECTION 2. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. Tax levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus ~~eighteen~~ three and one-half percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. Unlimited levy authority approved by the electors of a school district before July 1, 2007, is not effective after the 2007 taxable year and any further unlimited or increased levy authority after the 2007 taxable year must be approved by the electors of the school district as provided in this section.

4. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied,

or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

5. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the ~~eighteen~~ three and one-half percent increase which is otherwise permitted without voter approval by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

6. The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to twenty percent of the number of persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 3. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, immediately prior to the final line item showing net tax due, the statement "State-paid school district property tax relief (school mills x)" with the appropriate mills and taxable valuation filled in and the dollar amount of the property tax reduction for the parcel under section 57-01-20. Failure of

an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 4. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, after deduction of any credit allowed under section 57-01-20, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 5. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of state-paid property tax relief credit made by the state must be applied to taxes for the year for which the state-paid property tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 6. AMENDMENT. Section 57-32-03 of the North Dakota Century Code is amended and reenacted as follows:

57-32-03. Tax statements prepared by state tax commissioner - When due and delinquent. On or before the thirty-first day of March in each year, the tax commissioner shall provide each company assessed under the provisions of this chapter a statement of its taxes due for the preceding year, with the valuations and taxes assessed in each case. The tax statement must include, immediately prior to the final line item showing net tax due, the statement "State-paid school district property tax relief (_____ school mills x _____)" with the mills and taxable valuation filled in and the dollar amount of the property tax reduction under section 57-01-20 which applies against the taxes due for the preceding year. Such taxes are due upon the fifteenth day of April next following the date of the statement of taxes due. The taxes become delinquent on the first day of May next following the due date and, if not paid on or before said date, are subject to a penalty of two percent and, on June first following delinquency, an additional penalty of two percent and, on July first following delinquency, an additional penalty of two percent and, an additional penalty of two percent on October fifteenth following delinquency. From and after January first of the year following the year in which the taxes became due and payable, simple interest at the rate of twelve percent per annum upon the principal of the unpaid taxes must be charged until such taxes and penalties are paid, with such interest charges to be prorated to the nearest full month for a fractional year of delinquency. All the provisions of the law respecting delinquency of personal property assessments generally so far as may be consistent with the provisions of this chapter are applicable equally to the assessments and taxes provided for in this chapter.

SECTION 7. AMENDMENT. Section 57-51.1-07.2 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of distribution formula - Continuing appropriation for property tax relief. All revenue deposited in the general fund during a biennium derived from taxes imposed on oil and gas under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars must be transferred by the state treasurer to a special fund in the state treasury known as the permanent oil tax trust fund. The state treasurer shall transfer interest earnings of the permanent oil tax trust fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the members elected to each house of the legislative assembly.

If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in this section by the same percentage increase or decrease in the amount of revenue allocable to the general fund after the change in the allocation formula, and transfers to the permanent oil tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the transfers to the permanent oil tax trust fund is not increased or decreased merely because of changes in the distribution formulas.

To the extent moneys are available in the permanent oil tax trust fund, the amount necessary to provide property tax relief payments to county treasurers under section 57-01-20 is appropriated each biennium to the state treasurer as a standing and continuing appropriation.

SECTION 8. LEGISLATIVE INTENT - LEGISLATIVE COUNCIL STUDY. It is the intent of the sixtieth legislative assembly that enactment of this Act will initiate an increase in the state's share of elementary and secondary education funding to secure immediate and future benefits to the citizens of the state. These benefits include relief from the expanded property tax burden that has created disparity within the tax structure of the state, enhanced equity of funding to support elementary and secondary education students, enduring property tax reductions, and returning to taxpayers a substantial measure of revenue collections augmented by a robust state economy. It is the further intent of the sixtieth legislative assembly that enactment of this Act will produce a reduction in property tax burdens which, with continued efforts of future legislative assemblies, will result in reduction of each annual property tax bill to not more than one and one-half percent of the true and full value for any parcel of property.

The legislative council shall assign a study in each legislative interim through 2012 by the interim committee for taxation issues, for consideration by that committee of compliance with, and future funding sources for, the shift in education funding and taxation policy initiated by enactment of this Act.

SECTION 9. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2006."

Renumber accordingly

Date: 3-13-07
Roll Call Vote #: 2032

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House Finance & Tax Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Move Do Pass on Amendments 0613

Motion Made By Rep. Froseth Seconded By Rep. Grande

Representatives	Yes	No	Representatives	Yes	No
Chairman Belter	✓		Rep. Froelich		✓
Vice Chairman Drovdal	✓		Rep. Kelsh		✓
Rep. Brandenburg	✓		Rep. Pinkerton	✓	
Rep. Froseth	✓		Rep. Schmidt		✓
Rep. Grande	✓		Rep. Vig		✓
Rep. Headland	✓				
Rep. Owens	✓				
Rep. Weiler	✓				
Rep. Wrangham	✓				

Total (Yes) 10 No 4

Absent 0

Floor Assignment Motion passes

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

Date: 3-13-07
Roll Call Vote #: 2032

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House Finance & Tax Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass as Amended + Rereferred to Approp.'s

Motion Made By Seconded By

Representatives	Yes	No	Representatives	Yes	No
Chairman Belter	✓		Rep. Froelich		✓
Vice Chairman Drovdal	✓		Rep. Kelsh		✓
Rep. Brandenburg	✓		Rep. Pinkerton	✓	
Rep. Froseth	✓		Rep. Schmidt		✓
Rep. Grande		✓	Rep. Vig		✓
Rep. Headland	✓				
Rep. Owens	✓				
Rep. Weiler	✓				
Rep. Wrangham	✓				

Total (Yes) 9 No 5

Absent 0

Floor Assignment Rep. Owens Rep. Pinkerton

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

REPORT OF STANDING COMMITTEE

SB 2032, as reengrossed: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (9 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed SB 2032 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 create and enact section 57-01-20 of the North Dakota Century Code, relating to allocation of school district property tax relief funds; to amend and reenact sections 57-15-14, 57-20-07.1, 57-20-09, 57-20-21.1, 57-32-03, and 57-51.1-07.2 of the North Dakota Century Code, relating to school district levy limitations, contents of property tax statements, payment of real estate taxes, and continuing appropriation of funds from the permanent oil tax trust fund for school district property tax relief; to provide a statement of legislative intent; to provide for a legislative council study; to provide a continuing appropriation; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. State-paid property tax relief allocation. The state tax commissioner shall allocate funds appropriated under section 57-51.1-07.2 for property tax relief as provided in this section.

1. The superintendent of public instruction shall determine an adjusted combined education mill rate for each school district by September first of each year. For purposes of this section, "combined education mill rate" means the combined number of mills levied by a school district, before deduction of any property tax relief allocation under this section, for the general fund and for high school tuition and high school transportation. The combined education mill rate for a school district may not exceed two hundred mills. Any excess levy authority approved by the qualified electors of a school district after December 31, 2006, must be excluded from the combined education mill rate.

2. To determine the number of mills eligible for state-paid property tax relief, the superintendent of public instruction shall subtract one hundred thirty mills from each school district's combined education mill rate. The eligible mills may not be reduced to less than zero mills.

3. The superintendent of public instruction shall forward to the state tax commissioner by September fifteenth of each year the number of school district mills eligible for state-paid property tax relief in each school district as determined under subsections 1 and 2.

4. For residential, agricultural, commercial, railroad, and air carrier transportation property and mobile homes, the state tax commissioner shall multiply the eligible mills in subsection 2 by a factor of .50.

5. The state tax commissioner shall certify to each county auditor by October first of each year the number of mills of state-paid property tax relief determined for each school district in the county for residential, agricultural, commercial, railroad, and air carrier transportation property and mobile homes according to this section.

6. On each property tax statement mailed to a taxpayer, the county treasurer or tax commissioner shall show the number of mills of property tax relief to be paid by the state. The number of mills of property tax relief, multiplied times the final equalized taxable valuation of the property, constitutes the state-paid property tax relief. This amount must be labeled and be on the tax statement in accordance with sections 57-20-07.1 and 57-32-03.

7. The state tax commissioner shall accept claims from county auditors for the state's share of school district property taxes that are deducted from taxpayer statements each year and shall certify to the state treasurer for payment to county treasurers of amounts claimed to provide for payment of ninety percent of the amount claimed on March first and the balance of the amount claimed on June fifteenth following the taxable year for which the claims are made.

8. After payments to counties under subsection 7 have been made, the tax commissioner shall settle any amounts payable to or received from counties due to errors, abatements, compromises, or court-ordered tax adjustments.

9. The county treasurer shall allocate the amounts received among the school districts entitled to the funds in the same manner as school district property taxes are distributed.

SECTION 2. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. Tax levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus ~~eighteen~~ three and one-half percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. Unlimited levy authority approved by the electors of a school district before July 1, 2007, is not effective after the 2007 taxable year and any further

unlimited or increased levy authority after the 2007 taxable year must be approved by the electors of the school district as provided in this section.

4. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

5. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the ~~eighteen~~ three and one-half percent increase which is otherwise permitted without voter approval by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

6. The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to twenty percent of the number of persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 3. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by

more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, immediately prior to the final line item showing net tax due, the statement "State-paid school district property tax relief (_____ school mills x _____)" with the appropriate mills and taxable valuation filled in and the dollar amount of the property tax reduction for the parcel under section 57-01-20. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 4. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, after deduction of any credit allowed under section 57-01-20, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 5. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of state-paid property tax relief credit made by the state must be applied to taxes for the year for which the state-paid property tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 6. AMENDMENT. Section 57-32-03 of the North Dakota Century Code is amended and reenacted as follows:

57-32-03. Tax statements prepared by state tax commissioner - When due and delinquent. On or before the thirty-first day of March in each year, the tax commissioner shall provide each company assessed under the provisions of this chapter a statement of its taxes due for the preceding year, with the valuations and taxes assessed in each case. The tax statement must include, immediately prior to the final line item showing net tax due, the statement "State-paid school district property tax relief (_____ school mills x _____)" with the mills and taxable valuation filled in and the dollar amount of the property tax reduction under section 57-01-20 which applies against the taxes due for the preceding year. Such taxes are due upon the fifteenth day of April next following the date of the statement of taxes due. The taxes become delinquent on the first day of May next following the due date and, if not paid on or before said date, are subject to a penalty of two percent and, on June first following delinquency, an additional penalty of two percent and, on July first following delinquency, an additional penalty of two percent and, an additional penalty of

two percent on October fifteenth following delinquency. From and after January first of the year following the year in which the taxes became due and payable, simple interest at the rate of twelve percent per annum upon the principal of the unpaid taxes must be charged until such taxes and penalties are paid, with such interest charges to be prorated to the nearest full month for a fractional year of delinquency. All the provisions of the law respecting delinquency of personal property assessments generally so far as may be consistent with the provisions of this chapter are applicable equally to the assessments and taxes provided for in this chapter.

SECTION 7. AMENDMENT. Section 57-51.1-07.2 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of distribution formula - Continuing appropriation for property tax relief. All revenue deposited in the general fund during a biennium derived from taxes imposed on oil and gas under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars must be transferred by the state treasurer to a special fund in the state treasury known as the permanent oil tax trust fund. The state treasurer shall transfer interest earnings of the permanent oil tax trust fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the members elected to each house of the legislative assembly.

If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in this section by the same percentage increase or decrease in the amount of revenue allocable to the general fund after the change in the allocation formula, and transfers to the permanent oil tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the transfers to the permanent oil tax trust fund is not increased or decreased merely because of changes in the distribution formulas.

To the extent moneys are available in the permanent oil tax trust fund, the amount necessary to provide property tax relief payments to county treasurers under section 57-01-20 is appropriated each biennium to the state treasurer as a standing and continuing appropriation.

SECTION 8. LEGISLATIVE INTENT - LEGISLATIVE COUNCIL STUDY. It is the intent of the sixtieth legislative assembly that enactment of this Act will initiate an increase in the state's share of elementary and secondary education funding to secure immediate and future benefits to the citizens of the state. These benefits include relief from the expanded property tax burden that has created disparity within the tax structure of the state, enhanced equity of funding to support elementary and secondary education students, enduring property tax reductions, and returning to taxpayers a substantial measure of revenue collections augmented by a robust state economy. It is the further intent of the sixtieth legislative assembly that enactment of this Act will produce a reduction in property tax burdens which, with continued efforts of future legislative assemblies, will result in reduction of each annual property tax bill to not more than one and one-half percent of the true and full value for any parcel of property.

The legislative council shall assign a study in each legislative interim through 2012 by the interim committee for taxation issues, for consideration by that committee of compliance with, and future funding sources for, the shift in education funding and taxation policy initiated by enactment of this Act.

SECTION 9. EFFECTIVE DATE - EXPIRATION DATE. This Act is effective for the first two taxable years beginning after December 31, 2006, and is thereafter ineffective."

Renumber accordingly

2007 HOUSE APPROPRIATIONS

SB 2032

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2032

House Appropriations Committee
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 3/22/07

Recorder Job Number: 5498

Committee Clerk Signature Tonya J. Vaagle

Minutes:

Chairman Carlson opened discussion on Senate Bill 2032

Representative Belter explained the bill.

Chairman Carlson: Fargo has 294 general mills levies for education so we would get nothing?

Representative Belter: You will get 35 mills of relief.

Glassheim: Based of what the localities rail rate is right it is different from each place.

Chairman Carlson: The formula is supposed to be a balancing factor?

Representative Belter: That is the case. In a sense there is almost a penalty if you have a high tax you don't get as much relief. The counter is also though true if you are a 160 mill district. You are only going to get 15 mills of relief.

Representative Williams: How did you come up with the 135 mills?

Representative Belter: Those were the numbers that Representative Haas came up with.

Glassheim: You are at 185 mill cap now, you get 25 or 35 back in the same. Do you have to do down to 150? Do you subtract the 35 from 185?

Representative Belter: The school district will continue to tax just the way it already does. They don't change their mill levy or anything they just leave it the same but the state goes back in and will reimburse and that will show up on the property tax owner's tax statement.

Representative Williams: What have you done as far as sustaining it for future use?

Representative Belter: It will come out of the Oil & Gas Trust fund.

Representative Kroeber: Didn't the Senate just pass a Constitutional Measure that will be put on the ballot that increases the cap on the Oil & Gas Trust fund? How could that sustain in the future?

Representative Belter: This bill does have a sunset on it.

Representative Kroeber: So it is 3.5% cap per year. That is on the total dollars not the mills correct?

Representative Belter: Yes, it does not include new growth

Representative Kempenich: What happens with this bill and 1051 if they both pass?

Representative Belter: I think it will make for some interesting conference committees. That's why I encourage you to pass this bill. I do not think that the legislature at this point, I believe that there is a feeling that we do need to do property tax relief but I am not sure that there is agreement on whether it should be more the concept of 1051 or whether it should be tied more to education like in 2032. From my prospective I would hope that you would pass both.

Representative Kroeber: A long time ago if I remember right, the fiscal note on this was $75million, is that correct?

Representative Belter: This one is right at $100million.

Chairman Carlson: So there is not one more dollar for education in this bill it just ties to the educational mill levy.

Representative Belter: There is no new money for education in this bill.

Representative Haas spoke on mill levies.

Representative Williams: Why cap it at 200 mills?

Representative Haas: That is the average general fund mill in the state.

Carlisle: The unlimited mill levy, in or out?

Representative Haas: If you look on page three line 25 of the bill, it says unlimited authority approved by electors of the school district before July 1st is not effective after 2007 taxable year. Any further unlimited levy increase after must be approved by electors.

Chairman Carlson: So they have to vote again.

Representative Haas: Every ten years. Once a district votes on the unlimited levy, the unlimited levy is in place until the citizens take it away.

Chairman Carlson: Should they vote it out or should that be up to us?

Representative Haas: I think that should be up to the people.

Representative Belter: The way the language reads is that unlimited mill levy is taken away and would require a vote to reinstate it.

Chairman Carlson: How many towns are affected here?

Representative Haas: Bismarck, Fargo and Grand Forks.

Representative Kroeber: When you talk about the mill cap, there are about ten additional mills for specific reasons that can be levied in addition to the 185 mills?

Representative Haas: Not in the General fund.

Representative Williams: Under this bill in order for them to get to 3.5% in dollars they would have to get a 60% vote of the people correct?

Representative Haas: Yes.

Representative Williams: Here is the problem I have. I do not know what is going to happen with foundation aid so to speak. I don't think any of us do. Some of the smaller schools like Wyndmere they are basically property rich, they have seven students in a particular class. Did you give any thought to this scenario? They do not have the student numbers to drive an increase in foundation aid. Yet they are going to be tracked to an extent by the 3.5% cap. They are at 151 mills. I realize that 3.5 mills are in dollars. If they do not have the students to guide the foundation aid to get enough money for needs to educate those students. Did you ever give any consideration to go up if they were down that low? My fear is that they are going to be 450 that simply are not going to make it they are going to get squeezed out.

Representative Haas: Representative Belter, Representative Herbel and I met yesterday and in fact we are having some amendments drawn up. There is one major flaw with this bill compared to the bill that came out of the interim Finance and Tax Committee. If we want structural change in property tax reform for school districts is that it leaves the mill cap at 185 mills. In our conversation we are saying that we need to go back to what we had in the bill that came out of the interim Finance and Tax Committee and reduce the statutory cap to 157 mills.

Chairman Carlson: Is it going to pass out of committee?

Representative Haas: I think if people understand it, it will.

Chairman Carlson: I am just telling you my perception of what you just said of how you are adjusting these caps downward requires the state to have a continued presence in supplying property tax relief. Does it not?

Representative Haas: Yes it does. One other thing that we are adding to the bill is a trigger mechanism that says for example let's say the state puts in $100million this biennium. In '09 they can only put in $50million. The trigger mechanism says OK school boards, now

regardless of where you are in your mill levy we will allow you to increase your levy in dollars by the same amount of dollars that you don't get from the state.

Chairman Carlson: I am a show me the numbers guy. If I paid $400.00 on my house this year and I got $100.00 relief, the relief shrunk from the state because they didn't continue funding. Now my tax went back up to $350.00 or $400.00. I am saying what was the property tax relief? Now I have allowed them to again expand the growth that they can have in their budget.

Representative Haas: In this scenario they are not expanding their growth they are simply recouping the dollars that the state didn't provide.

Chairman Carlson: Yes but they are also going to say that I can't live on less I need more. I am just concerned that if we sell this to our tax payers as permanent property tax relief we better make sure, we just passed a bill in the Senate that puts a constitutional measure on that says that we are going to cap the amount of money that permanent oil and gas tax trust fund sends to the general fund and the rest of it we cant get. Are we hanging ourselves out to dry here making a promise on property tax?

Representative Haas: If I knew the answer to that question I would be head of the feds.

Chairman Carlson: To me we are making a promise on a funding source that is a little shaky.

Representative Haas: We have been saying all through this session that when that bill came out of the interim Finance and Tax Committee it had general fund money in it and it was at a $75million level. When the session started and it was first heard in the Senate Finance and Tax Committee, they increased that to the $100million. I would have no problem what so ever if we go back to the level of funding that it had when it came out of the interim Finance and Tax Committee.

Chairman Carlson: I am concerned about the long term promise.

Representative Williams: With your amendments, the other part I am concerned about is for Fargo Bismarck and Grand Forks, will your amendments do anything to increase the property tax relief in those three districts?

Representative Haas: Right now this bill, we would not change the way the property tax relief is structured. We are not putting any amendments in to change that. It would calculate the same way it is in this bill.

Representative Kempenich: 2200 and this are philosophically in conflict with each other for the simple fact that one wants to raise mills to get to an equity part of it and the other is trying to lower it.

Discussion closed

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2032

House Appropriations Committee
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 3/23/07

Recorder Job Number: 5531

Committee Clerk Signature Nancy L Vogel

Minutes:

2032 discussion

Representative Haas handed out Amendment 70102.0616

Representative Haas explained the amendment.

Representative Kempenich: How many districts would reach the nine percent?

Representative Haas: Not very many but it is up to nine percent.

Representative Williams: That is nine percent annually?

Representative Haas: That is right.

Representative Glassheim: How many school districts are below 150 mills?

Representative Haas: I would have to count them up.

Representative Williams: The 157 mills that you are talking about, the question was asked yesterday, is that General Fund?

Representative Haas: That is General fund money it does not include Education or transportation.

Chairman Carlson: Is this going back to the way your original concept was out of your interim?

Representative Haas: Yes.

Representative Williams: Why are we going back to the original?

Representative Haas: As it relates to school districts, since 1981, there has been a 418% increase in property taxes. The philosophy of the interim Finance and Tax Committee was that we need to provide permanent structural change in how we fund____?

Chairman Carlson: The only one that is going to significantly change is the school one because your bill only applies to the school.

Representative Haas: That is right.

(A lot of background noise)

Chairman Carlson: Why was it taken out?

Representative Haas: It was never in. It is new language.

Representative Williams: Do you have any apprehension as far as the next biennium we are going to have to sustain this?

Representative Haas: The goal if we couple this bill, the goal of this bill coupled with 2200, we are trying to shift the burden of the cost of public education from the local to the state.

Chairman Carlson: So this will not affect Bismarck, Grand Forks and Fargo.

Representative Haas: That is correct.

Representative Belter spoke in support of these amendments.

Lt Governor Dalrymple spoke in support of the bill.

Chairman Carlson: I am just a little bit confused because it is a completely different concept than the bill that was introduced by Representative Belter and the Governor's Office, where it affected commercial property and Ag different than it affected residential. You have been very supportive of that bill and we are certainly not going to pass two bills. Where are we at as we reconcile these two property tax bills?

Representative Williams: The biggest benefactor of property taxes is school districts. Both political parties have bought in to property tax relief. The general public, if you put up $3million more into K-12, hypothetically, they would not perceive that that was property tax relief. The only way sneak passed the perception of the public that we have given property tax relief is to do it in either 1051 or this bill.

Cory Fong, Tax Commissioner, spoke on the bill.

Discussion closed.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2032

House Appropriations Committee
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 3/26/07

Recorder Job Number: 5570

Committee Clerk Signature Tonya J Vaagsdal

Minutes:

Representative Haas distributed amendment 70102.0618.

John Walstad, Legislative Council, explained the amendment.

Chairman Carlson: Where does it talk about the $50million?

John Walstad: Still on page one

Chairman Carlson: Where does it say where the money originates?

John Walstad: I will get to that.

Representative Haas: I would like to make a comment on why the $50million each year. It is important to note that we are providing not $100million worth of property tax reduction; we are providing $50million worth of property tax reduction. We calculated the first year of the biennium to come up with exactly $50million in relief and we are simply sustaining that same $50million the second year of the biennium.

Representative Thoreson: Rep. Haas, was that always your intent with this?

Representative Haas: That was the intent of the interim Finance and Tax Committee.

Representative Skarphol: Was it $100million total?

Representative Haas: It was $75million then.

Vice Chairman Carlisle: You did not change the top of page three from the amendment from the other day?

John Walstad: That is the same.

Representative Kempenich: You stated that if a school district is unlimited now it grandfathers in, but for ten years. How long are you doing that?

John Walstad: No there is no limit on a grandfathered school district.

Representative Haas: People have been asking all week, how we came up with 157 mills for a new statutory cap? It works this way. If you apply the formula in here and calculate the property tax relief for every school district in the state and add it up to $50million then divide that by the total taxable value of the state for each school district based on the 06 data it comes to exactly 28.16 mills. So that means we are going to reduce from 185 by 28.16. We just took the 28 and that gets you down to 157.

Representative Glassheim: It does create a problem for those that have less than the 28 mills a year.

Representative Haas: It depends on what they have for a mill levy.

Chairman Carlson: Let's talk about the 9% per year. What is my tax reduction the second year if they are allowed to grow 9%?

Representative Haas: The school district will receive the exact same amount of money the second year for their total property tax relief package that they got the first year. The 9% is half of what they are allowed to do now. If they are below the statutory mill cap, they can increase in dollars by 9% from one year to the next. If they take that maximum allowable growth and if they are below the statutory mill cap it is going to increase their tax revenue, it is going to increase their tax bill, and it is going to reduce the amount of tax relief that some tax payers get the second year of the biennium.

Representative Williams: When you say statutory cap what are you referring to?

Representative Haas: 157 mills.

Cory Fong, Tax Commissioner, proposed an amendment.

Chairman Carlson: Is the language at the bottom of page five and top of six in conflict with section 12?

John Walstad: The language that you pointed out is a continuing appropriation if you wisely observe we have a sunset clause at the end which makes the continuing appropriation only good for two years. Its not a problem it is just kind of odd.

Chairman Carlson: How many tax payers in ND are going to be affected by this bill?

Representative Haas: I don't know.

Chairman Carlson: I am talking about the individual taxpayers.

Representative Haas: If you are talking about school districts, there would be 12 districts that would be affected.

Representative Skarphol: Does Billings County get any oil money?

Representative Haas: Yes.

Chairman Carlson: What does the taxpayer expect to see in terms of real dollars?

Representative Haas: Hettinger for example would be a 23 mill reduction so if the true and full value of a house in Hettinger is $150,000 the assessed value is half of that and the taxable value is 9% of that and you take times 23 mills and you have their property tax relief.

Representative Williams: Two school districts, Bowman and Wyndmere, both have a general fund levy of 151 mills. Does this still include the tuition and transportation of over and above that?

Representative Haas: Yes.

Representative Williams: The cap is still 200 mills?

Representative Haas: There is nothing in this bill that would be eligible for property tax relief of those 200 mills.

Chairman Carlson: Are they going to get a greater than 9% reduction in their real estate taxes?

Representative Haas: I would have to calculate that out.

Chairman Carlson: If you were a taxpayer and didn't know anything about the system, would you be able to understand this?

Representative Haas: When I get my tax statement according to what is required in here, it would be very easy for me to understand it. It is going to have a statement that will say city taxes 05 $300.00, 06 $325.00, then it will say school district taxes 05- $400.00, 06- $300.00 and below that it will say ND state paid property taxes $100.00.

Chairman Carlson: My contention has always been that the tax payer is assuming that it is going to be this great big change in his real estate taxes when in reality it is not going to be a great big change. Especially when they are allowed to continue to go up and we are not making a promise to continue.

Representative Haas: Then take the sunset off.

Chairman Carlson: Did it come with the sunset clause out of the interim committee?

Representative Haas: No.

Representative Glassheim distributed amendment 70102.0617 and explained the amendment.

Lt. Governor Dalrymple: Section one looks perfectly fine of the amendment. Using section five instead of a sunset is fine.

A motion was made to adopt amendment 70102.0618 to Senate Bill 2032. Motion carried by voice vote.

A motion was made to adopt the amendment replacing section 12 in .0618 with section 5 in .0617. Committee vote was 3 Yeas, 5 Nays, 0 Absent and not voting. Motion failed.

Chairman Carlson: Why am I not finding the section that deals with how it comes on the form in the other bill?

Representative Kempenich: Section five on page four.

Chairman Carlson: What are you going to gain by doing this?

Representative Glassheim: Public knowledge of the five years and the next year. What it is intended to do is to act like a cap. It is intended to let voters know if there is any significant increase. If the mills change, those changes will show up here.

Representative Thoreson: In reading this section I understand the intent, now looking at it closer it does not state anyplace in the section that it would need to be published in a newspaper of record or any other type of publication.

Representative Glassheim: Will it confuse anything if we change it?

Representative Thoreson: My idea is that if we are going to publish this perhaps it could be done in the format which would not incur costs to school districts such as an electronic format via email or the internet or upon request of the school district.

A motion was made to adopt the amendment adding section one from .0617. Committee vote was 3 Yeas, 5 Nays, and 0 Absent and not voting. Motion failed.

A motion was made by Representative Glassheim, seconded by Representative Thoreson for a DO PASS AS AMENDED recommendation to the full committee. The committee vote was 5 Yeas, 3 Nays and 0 Absent and Not Voting. The bill will be carried by Vice Chairman Carlisle.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2032

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: March 27, 2007

Recorder Job Number: 5576

Committee Clerk Signature Shelly N. Arnold

Minutes:

Chm. Svedjan opened the hearing on SB 2032 which was heard by the Government Operations section.

Rep. Carlisle distributed amendment .0618 (Attachment A) and explained that he had invited Rep. C. B. Haas to discuss the amendment.

Rep. Carlisle motioned to adopt amendment .0618. Rep. Hawken seconded the motion.

Chm. Svedjan: Rep. Haas, walk us through the amendment and give us a basic understanding of it.

Rep. Haas: This amendment is the bill at this point. The first thing this bill does is determine the combined mill rate for each school district. The combined mill rate is the general fund levy plus the high school transportation levy (if they have it) plus the high school tuition levy (if they have it). The parameters used when determining property tax relief was the difference between a floor of 130 mills and the combined mill rate for a given school district up to a maximum of 200 mills. That means any millage above 200 mills is not considered for any property tax relief and if a school district is levying below 130 mills they are not eligible for any property tax relief.

To determine property tax relief, take the combined mill rate subtracted from 130 mills divided by 2. Take that millage times the taxable value of the school district (Ref. 2:40). We are using 2006 school financial data in these calculations (Section 1, subsections 1-4 of Attachment A). The overall concept of the bill is to appropriate $100 million for property tax relief for the biennium. That means there is $50 million of property tax relief which will be sustained in the second year of the biennium. There will not be any recalculation in the second year of the biennium.

Rep. Haas explained that in Section 1, subsection 3 of the amendment, the amounts must be prorated (Ref. 4:10). When we use the 130/200 concept, the initial calculation comes out to $47,100,000. We prorate that up on a percentage basis in order to spend $50 million.

Rep. Haas explains Section 2 of amendment .0618. Regarding the first part of Section 2, school districts may increase their certificate of levy by an amount equal to the amount of shortfall from the state. It's a trigger mechanism to keep the same amount of dollar resources in the school district (Ref. 5:18).

Rep. Gulleson: The school board can make that determination without any vote?

Rep. Haas: Yes. That would be by board action.

Rep. Haas: Section 3 of amendment .0618 does two things: 1. Reducing by 50 percent the amount of money that a school district can raise from one year to the next if they're below the statutory cap, and 2. We're reducing the statutory cap to 157 mills (Ref. 7:13). Re: Section 3, subsection 3, "...unlimited or increased levy authority..." An increased levy authority would be a situation where the school is at the statutory cap and wants to increase its levy beyond that, but it can only be done with a vote of the people. This says that when that election takes place, the ballot must specify the number of mills, the percentage increase in dollars levied, the number of taxable years for which that approval is to apply and that it is good for ten years.

Rep. Martinson: Why do we have to have that in here? Isn't that really up to the local school districts?

Rep. Haas: This provision was added as this session progressed. It may have been added as a safeguard. The capability to put unlimited or increased levy authority on and take it off already exists. So whether or not this needs to remain is a policy question (Ref. 11:27).

Rep. Skarphol: Is a simply majority all that is required?

Rep. Haas: If your school district has less than 5,000 people, it requires a 55 percent vote. If it's a larger district, it requires a simple majority. That's been the statute for a long time.

Rep. Skarphol: Is it the same to take it off?

Rep. Haas: Yes, I believe so.

Rep. Hawken asked about her school district scenario (Ref. 12:31).

Rep. Haas: Any district that has a levy beyond 185 mills now this bill does not force them to reduce their levy any more millage beyond the millage that's equivalent to their property tax relief. Those districts are grandfathered in. It's only on levy votes that occur after July 30, 2007.

Chm. Svedjan: About a week ago, there was some real concern that I think related to that language that is now gone. Is that the language that would have dealt a serious blow to Fargo, Bismarck, Grand Forks and Williston?

Rep. Haas: I believe the language you are referring to was a misunderstanding about the combined mill rate because there were some people who expressed a concern that the combined mill rate of a maximum $200 was a target figure that every school district would have to come down to immediately and that is not the case. The combined mill rate is used only for the purpose of determining property tax relief.

Rep. Nelson: Are those existing school districts still under the 10 year limit for revotes if they are grandfathered in? (Ref. 15:03)

Rep. Haas: They are grandfathered in. This affects only those votes that would occur after June 30, 2007.

Rep. Nelson: Without a vote?

Rep. Haas: Without a vote.

Rep. Kempenich: What would the average reduction be?

Rep. Haas: The state average is 28 mills but that will vary depending on every school district. It could range from 5 mills to 35 mills.

Rep. Kempenich: What about in dollars?

Rep. Haas: I don't have the average in dollars. Remember we are using data from 2006.

Rep. Glassheim: FYI, a mill in Grand Forks is about $4 - $5.

Rep. Haas continued with discussion on Section 4 of the amendment. This is not new language, but pointed out the word "deduct" in the Determination of Levy.

Chm. Svedjan: We were just handed a new set of amendments .0622 (Attachment B).

Rep. Carlisle: The Tax Commissioner came in yesterday and on p. 1 where it said "Tax Commission" he wanted that to read "Superintendent of Public Instruction" (Section 1, subsection 1).

The motion to adopt amendment .0618 was withdrawn by Rep. Carlisle. Rep. Hawken withdrew her second.

Rep. Carlisle motioned to adopt amendment .0622. Rep. Hawken seconded the motion.

Rep. Skarphol: There is one other change in Section 11, it says, "County Treasurer" instead of "Director of Tax Equalization."

Rep. Haas reviewed the underlined portion of Section 8 of amendment .0622. Taxpayers will be able to see what has happened as a result of this action. It only relates to reducing school property taxes. Rep. Haas pointed out the underlined portion of Section 9 and also explained that there is a sunset to this bill in Section 13.

Rep. Bellew: Re: Section 8 "Tax statements prepared by state tax commissioner. . . " our tax statements are prepared by our county auditors.

Rep. Haas: That's existing language, so there must be a need for it to be that way.

John Walstad, Legislative Council: That language is for tax statements for centrally assessed property. It doesn't happen to everybody. In the case of this bill, it's only going to make a difference for railroad and air carrier transportation property.

Rep. Gulleson: I received a Funding Scenario chart the other day. Is this still good with the latest set of amendments?

Rep. Haas: No. That is not current. It has the 130/200 concept on it, but it is not prorated to **distribute exactly $50 million. I can get you a new one.**

Rep. Klein: Mr. Walstad, what other areas are centrally assessed?

Mr. Walstad: The primary ones you would think of are industrial and utilities, transmission lines, pipelines and things like that where the property extends over many taxing districts.

Rep. Klein: So the railroads and airlines are included in this bill, but not the others?

Mr. Walstad: Yes they are included. The only centrally assessed properties that were included in the property tax relief as the bill was introduced were the railroads and the airlines. The reason they were included is that federal law requires states to provide the same treatment for them as for any commercial property. Mr. Walstad pointed out all four changes from amendment .0618 to amendment .0622 (Ref. 28:38).

Rep. Carlson: Re: 9 percent part of bill – who can and who can't take it? (Ref. 31:03)

Rep. Haas: If you're at the statutory mill cap, you can go beyond the 9 percent. The 9 percent pertains primarily to school districts that are below the statutory cap. By board action, right now, if a school is below 185 mills, the board with a majority vote of the school board can increase their levy in dollars by 18 percent of the previous year's levy. This changes that to 9 percent. Once you reach the new statutory cap (157) the vote of the people kicks in.

Rep. Carlson: If my school district is at 136 mills, could they raise it 9 percent?

Rep. Haas: Yes. The school board by board action can raise their levy in dollars by 9 percent of the previous year's levy.

Rep. Carlson: So in that situation, that taxpayer's relief is basically one year?

Rep. Haas: That's correct.

Rep. Carlson: So we're going to fund the $50 million the second biennium, but in reality we're going to be holding them even the second biennium.

Rep. Haas: That's accurate, but in the second year of the biennium, their tax statement will still show $x of their taxes paid by the state.

Rep. Carlson: I think the taxpayer expects that he's going to have for time to come less property taxes because the state is in the property tax reduction business. In reality, . . . this bill has a sunset. Unless we make a commitment to go forward, the taxpayer's going to say "there's a line on my taxes that says I got a reduction, but my taxes in the third year are going to be higher than when I started getting the money."

Rep. Haas: I don't think we can make that statement conclusively. The only way to make it absolute is to put a freeze on it and that's not how we work. Property taxes have increased 418 percent since 1981 and at the same time, the state's share of the cost of K-12 has increased 65 percent in that same time. This bill addresses that problem. We want the state to pay a larger share of K-12 and local property taxes a smaller share.

Rep. Carlson asked for explanation of another scenario (Ref. 37:38).

Rep. Haas distributed the "Funding Scenario for SB 2032" handout (Attachment C).

Rep. Kempenich: I know it sounds good to bring in more state money, but the problem we are having is the problem with education in general regarding adequacy and equity.

Rep. Haas: I agree with you totally. If we combine this approach with the Commission report on the equity issue, I am convinced we have the beginning of comprehensive school funding reform. If we are truly going to develop an adequacy based formula it's going to take another significant infusion of cash from the state.

Rep. Skarphol: Is the ultimate goal to push everyone down to that 157 cap and after that the state takes over? (Ref. 41:03)

Rep. Haas: If we never put more into school property tax relief than $100 million, we could continue to do that indefinitely and not add any more to it, and that would reduce the statutory cap to 157 mills. Letting the schools keep the same statutory cap does not provide any long-term structural change in how we fund K-12 education.

Rep. Skarphol: Do you envision this mechanism staying in place for more than one biennium?

Rep. Haas: We did not this being a one-time shot.

Rep. Skarphol: The unlimited mill levy schools are unaffected by the formula?

Rep. Haas: Yes.

Rep. Skarphol: Could you give me an example?

Rep. Haas: Bismarck's combined levy is 229.17 mills (See Attachment C). They are going to have to reduce that by 37.15 mills. They are still going to be above the statutory cap. We are not going to substitute our judgment for the vote of the people in going to an unlimited levy (Ref. 42:57).

Rep. Nelson: What is the difference in the $94 million and $100 million on the fiscal notes? (Ref. 44:10)

Rep. Haas: The fiscal note is lagging behind the bill.

Rep. Nelson: Given the fact that we have passed SB 2205 through House Appropriations, was there any consideration to leaving the $94 million in this bill and adding $5.5 million and packaging those two together?

Rep. Haas: Yes. There's always room for adjustment in the funding levels.

Rep. Gulleson: Would you please explain Attachment C?

Rep. Haas: The "TAXVAL" column is '06 tax year. "GF Levy 3" minus 130 (Min. Levy) equals "Adj. Combined Levy." Fifty percent (factor) of "Adj. Combined Levy" multiplied by "TAXVAL" equals "Initial Allocation." If you refer to p. 6 of Attachment C, you'll see that the "Initial Allocation" column shows $47 million spent. We're saying that we're going to spend $50 million in property tax relief.

Rep. Gulleson: In the second year?

Rep. Haas: The bill says now that we're going to use for the biennium the '06 data. If we continue to use the '06 data the amount of property tax relief in the second year of that biennium will be the same for every school district.

Rep. Carlson asked what would happen if they were to raise it 9 percent (Ref. 49: 23).

Rep. Glassheim: Do you have a preference for sunset clause or not?

Rep. Haas: I think it would be o.k. to remove sunset clause. We know this issue will be revisited next session.

Rep. Hawken asked for clarification of Manning school district (Ref. 51:57).

Rep. Wald: Hettinger will get a property tax relief of 22.88. Bowman will get 11.59. Can I assume that there are some energy taxes in that since Hettinger has no oil money where Bowman would have a lot? How does that impact these two schools?

Rep. Haas: There is absolutely no county revenue included in any of these calculations. This is only related to general fund levy.

Rep. Pollert: Compared Fargo, West Fargo and Central Cass on Attachment C (Ref. 55:34).

Rep. Skarphol clarified some numbers given earlier with regard to Hettinger.

Rep. Carlson: So it could be 2 or 3 percent – or whatever it takes to meet the cap? (Ref. 57:09)

Rep. Haas: Yes.

Rep. Carlson: We have a law on the books that we assess property at 95-105 percent of value. That no longer comes into play here? We're just going back to one locked number at '06?

Rep. Haas: The increases that school districts will receive as a result of increases in taxable value will not affect this distribution for the next two years.

Rep. Carlson: If my house was valued at $100,000 in '06 and its $116,000 in '08, we're always going to use the $100,000?

Rep. Haas: We're using the total taxable value of the school district for the '06 taxable year.

Rep. Glassheim: Where in the bill does it deal with going back up again if the state doesn't come through in the future?

Rep. Haas: Page 2, Section 2, first underlined portion.

The motion to adopt amendment .0622 carried by a voice vote and the amendment was adopted.

Audio unavailable – Technical difficulties.

Rep. Glassheim motioned to further amend and remove the sunset (Section 13). Rep. Martinson seconded the motion. The motion failed by voice vote.

Rep. Glassheim requested a minority report. A roll call vote was taken for the minority report – 7 ayes, 16 nays and 1 absent and not voting.

Rep. Carlson referred to page 5 and the funding source. Rep. Carlson said he did not believe making this permanent was the intent of the bill drafters. There is an uncertain source of funding for the bill.

Rep. Nelson: I don't believe there was a sunset in HB 1051.

Rep. Carlson: I don't remember.

Chm. Svedjan: I don't think it does.

Rep. Williams: At the bottom of page 5 and the top of page 6 it says that if the permanent oil tax trust fund is insufficient, it switches to the general fund.

Rep. Carlisle motioned for a Do Pass as Amended to SB 2032. Rep. Klein seconded the motion. The motion carried by a roll call vote of 16 ayes, 7 nays and 1 absent and not voting. Rep. Carlisle was designated to carry the bill.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2032

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: March 28, 2007

Recorder Job Number: 5604

Committee Clerk Signature Holly N. Hamel

Minutes:

Chm. Svedjan asked Jay Buringrud, Legislative Council to take the podium.

Chm. Svedjan: I want to explain to you what has happened in SB 2032. SB 2032, the amendments hog house the bill. So we voted to adopt the amendments on a voice vote. Then it was moved by Rep. Glassheim to remove the sunset clause out of the amendments which constitute a hog house bill. We took a roll call vote on that and it failed. It was requested that we have a minority report on just the removal of the sunset. We have a roll call vote. It failed 7 to 16. Then we motioned it out on a Do Pass as Amended 16-7. So we have a roll call on the issue that has been requested for the Minority Report. So we shouldn't have to do anything. Because what I understood you to say on the last bill, if we had the vote that we took on the amendment which failed, which would have removed all-day kindergarten, we had what we needed.

Jay Buringrud, Asst. Director, Legislative Council: Right. I mean right now you have a majority and minority report on 2032.

Chm. Svedjan: So we don't need to do anything more with this?

Mr. Buringrud: You don't. But, something like this is probably relatively simple to divide the question on the floor, rather than majority and minority reports. That's throwing another wrench into this, but it's a whole lot easier.

Chm. Svedjan: We discussed that earlier too and I was advised against that.

Mr. Buringrud: O.K. Because otherwise all you're doing for dividing, division A would be the bill, division B would be the severance clause. And you don't have to mess with majority and minority reports.

Chm. Svedjan: O.K. So we are in a position now on this bill where we shouldn't have to do anything more because we have the roll call vote on the failed motion to remove the sunset clause.

Mr. Buringrud: Right.

Chm. Svedjan: That's the minority report.

Mr. Buringrud: Right. You'll be preparing two reports, one with it in and one with it out.

Chm. Svedjan: Right. The majority report is the bill. It's the amendment that constitutes the bill. It's a hog house amendment. The majority is that. A minority would be all of this except the sunset.

Mr. Buringrud: Right. But when you have simple parts that can be taken from a bill, another way would be just dividing that question on the floor, rather than majority and minority reports.

Chm. Svedjan: O.K.

Rep. Wald: Can one legislator ask for a divided report on the floor?

Inaudible response

Chm. Svedjan: The way it's going right now is that a minority report was requested, we have what we need to facilitate that, so that's where we're going to go.

Mr. Buringrud: If I may respond to Rep. Wald, the majority and minority reports would be better if you are massaging money within the bill, because to divide a question, the two issues have to stand separately. So there's no way you can divide $300,000 down to $200,000.

That's when you need a majority and minority report. But if you want to take the $300,000 out, divide that and put that as a separate question on the floor.

Chm. Svedjan: And that was the case in 2013. That was the issue there. It is not the issue here.

Mr. Buringrud: Here if it's just a separate severance clause, you can take that section out as a division.

Chm. Svedjan adjourned the meeting.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2032

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: March 29, 2007

Recorder Job Number: 5625

Committee Clerk Signature Sally N. Sund

Minutes:

Chm. Svedjan opened the discussion on SB 2032 as it relates to majority and minority reports.

Chm. Svedjan: All we need is the motion requesting the Minority Report. And in this case, Rep. Glassheim, it was the request to remove the sunset clause.

Rep. Glassheim motioned for a minority report. Rep. Ekstrom seconded the motion.

Chm. Svedjan: The vote on this previously on the amendment that dealt with this was not strictly along party lines, so you will just need to decide how you want to do this.

Rep. Glassheim: Mr. Chairman, apparently it matters how we voted on the final passage, on the final recommendation.

Chm. Svedjan: That's what I meant to say. How people voted on the Do Pass as Amended is key here. Since that happened a couple of days ago, would it be appropriate for me to indicate who voted "no" and that would then tell who voted "yes?"

Jay Buringrud, Assistant Director, Legislative Council: Or as the clerk is taking the roll she could indicate what the vote was on the prior report.

Rep. Kempenich: Just because you voted against the bill doesn't mean you need to vote you didn't vote no against the minority report.

Mr. Buringrud: That's correct. You do not need to vote . . . if you voted against the majority report or the report; you do not need to vote for the minority report. That's why you need roll call votes on minority reports.

Chm. Svedjan: If you voted for the majority report you cannot vote for the minority report.

Mr. Buringrud: That is correct.

Rep. Glassheim: If it's proper, I would like it if you would read the "no" votes on the report.

Chm. Svedjan read the "no" votes.

Audio unavailable – Technical problems (Ref. 3:21 – 5:20).

Mr. Buringrud: When you take your vote and you have a majority of the committee, that presumably is the majority report because you can't have two majorities. That's why you sign the report. You only sign one report. That's why you can't vote for a minority report if you voted for the majority report. You can only sign one report. But the majority report is the report of the majority of the members of the Committee. If it's a tie, it's the report that the Chairman signs. That's in the rules.

Rep. Skarphol: Would it be easier for Rep. Glassheim to go the front desk and ask to divide the question?

Mr. Buringrud: Yes. With respect to this issue, the division would be ...

Rep. Skarphol: Where the vote is so convoluted, would it be possible for him to go to the front desk and ask to divide the question with regard to having that sunset clause on that bill?

Mr. Buringrud: With respect to this issue, because the point of contention is one section of the bill, one section of the amendment, that can be divided.

Rep. Glassheim: I don't think that would work because I am not taking out a whole section. I am just taking out some language. I keep the date it becomes effective, and take out the sunset, but it's not just taking out a whole section.

Chm. Svedjan: Rep. Glassheim, looking at the expiration date of the bill, was it your intention just to remove the words, " ... and is thereafter ineffective."

Rep. Glassheim: That's correct. Mr. Buringrud, could I somehow do dividing if I take out language but leave some language in a section?

Mr. Buringrud: Mr. Chairman, is this committee recommending amendments? You are recommending a hog house amendment, correct? If what you're wanting to do is take the expiration date out of Section 9, you can divide that because all you need to do ... your Division A is everything in the bill except Division B. Division B is in Section 9 the words, " ...and is thereafter ineffective." and that will remove the expiration date. It's divisible because it stands by itself.

Rep. Glassheim: If you can arrange for that to be done, then we won't need a minority report? I can just ask for a division on the sixth order?

Mr. Buringrud: Yes.

Chm. Svedjan: By removing the comma and the words "and is thereafter ineffective" is that the division?

Rep. Glassheim: No, Mr. Chairman. In line 2 you have to remove, "for the first two" and then "for the first two" on the third line. And then, "and is thereafter ineffective." So there are three places where you remove language.

Rep. Kroeber: If I remember correctly we do that before the session starts at the front desk so they have everything prepared.

Chm. Svedjan: We would likely have copies prepared so people can look at one or the other.

Rep. Ekstrom: There is another place where it refers to the expiration date on line 8, page 1 of the bill.

Rep. Wald: I'm assuming we're on amendments .0622?

Chm. Svedjan: Yes.

Rep. Wald: If you go to Section 9 where it says "continuing appropriation" does that conflict with what we're trying to do?

Mr. Buringrud: No it doesn't because it says, "each biennium."

Chm. Svedjan: So we are still saying this can be done through a division? We do not need a minority report? I have a motion on the floor for a minority report. Would you like to withdraw that?

Representative Glassheim and Representative Ekstrom withdrew their motions for the minority report.

Chm. Svedjan: Mr. Buringrud, do I need a vote on a motion for a division?

Mr. Buringrud: No.

Rep. Nelson: Rep. Kerzman was not here for the vote. In this whole discussion about a minority report, would his vote be construed as negative so could he have gotten on a minority report since he was absent?

Mr. Buringrud: Yes. He hasn't voted for any other report.

Mr. Buringrud: Based on the discussion, Legislative Council will prepare the division for the Rep. Glassheim.

Chm. Svedjan adjourned the meeting.

70102.0617
Title.

Prepared by the Legislative Council staff for
Representative Glassheim
March 26, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

In lieu of the amendments adopted by the House as printed on pages 1080-1084 of the House Journal, Reengrossed Senate Bill No. 2032 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact sections 15.1-07-31 and 57-01-20 of the North Dakota Century Code, relating to school district publication of data on property tax levies and finances and allocation of school district property tax relief; to amend and reenact section 57-51.1-07.2 of the North Dakota Century Code, relating to continuing appropriation of funds from the permanent oil tax trust fund for school district property tax relief; to provide for a legislative council study; to provide a continuing appropriation; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 15.1-07-31 of the North Dakota Century Code is created and enacted as follows:

15.1-07-31. School district property tax information publication. By November first of each year, each school district shall publish a report in a format prescribed by the tax commissioner showing the school district property tax levy in dollars for the general fund and each levy not included in the general fund for the immediately preceding five completed taxable years and for the current taxable year.

SECTION 2. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. School district property tax relief allocation. The state treasurer shall allocate funds as appropriated under section 57-51.1-07.2 for school district property tax relief as provided in this section.

1. The state tax commissioner shall determine by December thirty-first of each year the property tax levied in dollars for general fund purposes for each school district in the state during that taxable year. For the first year of the 2007-09 biennium, the tax commissioner shall determine and certify to the state treasurer for payment to each school district an amount equal to ten percent of the amount determined for the school district under this section. For each subsequent school year, the tax commissioner shall increase the certifications for payment to each school district by two percentage points against the amount determined for the school district under this section until the state-funded share of the total cost of elementary and secondary education in the state equals sixty-three percent.

2. The allocation to a school district under subsection 1 must be reduced by the amount in dollars by which the ending fund balance of the school district under section 15.1-07-29 exceeds twenty-five percent of the current annual budget of the school district for all purposes other than debt retirement and amounts financed from bond sources.

3. The total amount allocated among school districts under this section may not exceed fifty million dollars in the first year of the 2007-09 biennium and the state treasurer shall prorate allocations to school districts accordingly if

the amounts determined under this section exceed that amount. For each subsequent school year, the total amount allocated among school districts under this section must be sufficient to fully fund payments as determined under this section.

4. Any applicable general fund mill levy limitation provided by law or by approval of the electors of the taxing district must be reduced by the amount in dollars determined for allocation to that school district under this section for the taxable year.

SECTION 3. AMENDMENT. Section 57-51.1-07.2 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of distribution formula - Continuing appropriation for property tax relief. All revenue deposited in the general fund during a biennium derived from taxes imposed on oil and gas under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars must be transferred by the state treasurer to a special fund in the state treasury known as the permanent oil tax trust fund. The state treasurer shall transfer interest earnings of the permanent oil tax trust fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the members elected to each house of the legislative assembly.

If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in this section by the same percentage increase or decrease in the amount of revenue allocable to the general fund after the change in the allocation formula, and transfers to the permanent oil tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the transfers to the permanent oil tax trust fund is not increased or decreased merely because of changes in the distribution formulas.

To the extent moneys are available in the permanent oil tax trust fund, the amount necessary to provide property tax relief payments to school districts under section 57-01-20 is appropriated each biennium to the state treasurer as a standing and continuing appropriation. If the amount available in the permanent oil tax trust fund is insufficient to provide full property tax relief payments as determined under section 57-01-20, the additional amount necessary is appropriated from the state general fund each biennium to the state treasurer as a standing and continuing appropriation.

SECTION 4. LEGISLATIVE COUNCIL STUDY. The legislative council shall study, in each legislative interim through 2012, compliance with and future funding sources for the shift in education funding and the property tax policy initiated by enactment of this Act. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the subsequent legislative assembly after each study.

SECTION 5. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2006."

Renumber accordingly

Prepared by the Legislative Council staff for
Representative Haas
March 26, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

In lieu of the amendments adopted by the House as printed on pages 1080-1084 of the House Journal, Reengrossed Senate Bill No. 2032 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20 and two new subsections to section 57-15-01.1 of the North Dakota Century Code, relating to allocation of school district property tax relief funds and levy limitations for school districts; to amend and reenact sections 57-15-14, 57-15-31, 57-20-07.1, 57-20-09, 57-20-21.1, 57-32-03, 57-51.1-07.2, and 57-55-04 of the North Dakota Century Code, relating to school district levy limitations, contents of property tax statements, payment of real estate taxes, mobile home taxes, and continuing appropriation of funds from the permanent oil tax trust fund for school district property tax relief; to provide a statement of legislative intent; to provide for a legislative council study; to provide a continuing appropriation; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. State-paid property tax relief allocation. The tax commissioner shall allocate funds appropriated under section 57-51.1-07.2 for property tax relief as provided in this section.

1. The tax commissioner shall determine an adjusted combined education mill rate for each school district by September first of each year. For purposes of this section, "combined education mill rate" means up to two hundred mills of the combined number of mills levied for taxable year 2006 by a school district for the general fund and for high school tuition and high school transportation.

2. To determine the number of mills eligible for state-paid property tax relief, the tax commissioner shall subtract one hundred thirty mills from each school district's combined education mill rate. The eligible mills may not be reduced to less than zero mills.

3. The tax commissioner shall divide the eligible mills determined for each school district under subsection 2 by two and multiply the resulting number of mills times the current taxable valuation of property in the school district to determine the property tax relief allocation in dollars for the school district. The resulting amounts must be prorated as necessary to allocate total property tax relief of fifty million dollars among school districts for each year.

4. The tax commissioner shall certify to each county auditor by October first of each year the number of mills of state-paid property tax relief determined under this section for each school district in the county. By August first of each year, the tax commissioner shall certify to each school district the amount of the allocation under this section for the school district for the next budget year and shall certify the same information to each county treasurer for each school district in the treasurer's county.

5. The tax commissioner shall certify to the state treasurer for payment to county treasurers of amounts determined under this section for school districts to provide for payment of ninety percent of the amount by March first and the balance of the amount by June fifteenth following the taxable year for which the claims are made.

6. After payments to counties under subsection 5 have been made, the tax commissioner shall settle any amounts payable to or received from counties due to errors, abatements, compromises, omitted property, or court-ordered tax adjustments.

7. The county treasurer shall allocate the amounts received under this section among the school districts entitled to the funds.

SECTION 2. Two new subsections to section 57-15-01.1 of the North Dakota Century Code are created and enacted as follows:

The base year amount used for a school district determining its levy limitation under this section must be increased by the amount of the school district's property tax relief allocation under section 57-01-20 for the base year to the extent that allocation exceeds the amount of the school district's property tax relief allocation under section 57-01-20 for the budget year.

The base year amount used for a school district determining its levy limitation under this section must be reduced by the amount of the school district's property tax relief allocation under section 57-01-20 for the budget year to the extent that allocation exceeds the amount of the school district's property tax relief allocation under section 57-01-20 for the base year.

SECTION 3. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. Tax levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus ~~eighteen~~ nine percent up to a general fund levy of one hundred ~~eighty-five~~ fifty-seven mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the ~~eighteen~~ nine percent increase which is otherwise permitted without voter approval by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

5. The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to twenty percent of the number of persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 4. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.

2. Estimated revenues from sources other than direct property taxes.

3. The total estimated collections from tax levies for previous years.

4. Such expenditures as are to be made from bond sources.

5. The amount of distributions received from an economic growth increment pool under section 57-15-61.

6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.

7. The amount certified to a school district and the county treasurer by the state tax commissioner as the school district's property tax relief allocation for the year under section 57-01-20.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 5. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of state-paid school district property tax relief for the parcel under section 57-01-20. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 6. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, after deduction of any credit allowed under section 57-01-20, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 7. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and

interest, except payments of state-paid property tax relief credit made by the state must be applied to taxes for the year for which the state-paid property tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 8. AMENDMENT. Section 57-32-03 of the North Dakota Century Code is amended and reenacted as follows:

57-32-03. Tax statements prepared by state tax commissioner - When due and delinquent. On or before the thirty-first day of March in each year, the tax commissioner shall provide each company assessed under the provisions of this chapter a statement of its taxes due for the preceding year, with the valuations and taxes assessed in each case. The tax statement must include two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of state-paid school district property tax relief for the parcel under section 57-01-20. Such taxes are due upon the fifteenth day of April next following the date of the statement of taxes due. The taxes become delinquent on the first day of May next following the due date and, if not paid on or before said date, are subject to a penalty of two percent and, on June first following delinquency, an additional penalty of two percent and, on July first following delinquency, an additional penalty of two percent and, an additional penalty of two percent on October fifteenth following delinquency. From and after January first of the year following the year in which the taxes became due and payable, simple interest at the rate of twelve percent per annum upon the principal of the unpaid taxes must be charged until such taxes and penalties are paid, with such interest charges to be prorated to the nearest full month for a fractional year of delinquency. All the provisions of the law respecting delinquency of personal property assessments generally so far as may be consistent with the provisions of this chapter are applicable equally to the assessments and taxes provided for in this chapter.

SECTION 9. AMENDMENT. Section 57-51.1-07.2 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of distribution formula - Continuing appropriation for property tax relief. All revenue deposited in the general fund during a biennium derived from taxes imposed on oil and gas under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars must be transferred by the state treasurer to a special fund in the state treasury known as the permanent oil tax trust fund. The state treasurer shall transfer interest earnings of the permanent oil tax trust fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the members elected to each house of the legislative assembly.

If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in this section by the same percentage increase or decrease in the amount of revenue allocable to the general fund after the change in the allocation formula, and transfers to the permanent oil tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the transfers to the permanent oil tax trust fund is not increased or decreased merely because of changes in the distribution formulas.

To the extent moneys are available in the permanent oil tax trust fund, fifty million dollars is appropriated to the state treasurer each February first as a standing and continuing appropriation to provide property tax relief payments to county treasurers under section 57-01-20. To the extent moneys in the permanent oil tax trust fund are insufficient to fully fund the allocation under section 57-01-20, the amount of

any deficiency is appropriated as a standing and continuing appropriation from the state general fund.

SECTION 10. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The director of tax equalization shall provide a tax statement for each mobile home subject to taxation under this chapter, including two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the mobile home by the city, county, and school district and the amount of state-paid school district property tax relief for the mobile home under section 57-01-20. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 11. LEGISLATIVE INTENT - LEGISLATIVE COUNCIL STUDY. It is the intent of the sixtieth legislative assembly that enactment of this Act will initiate an increase in the state's share of elementary and secondary education funding to secure immediate and future benefits to the citizens of the state. These benefits include relief from the expanded property tax burden that has created disparity within the tax structure of the state, enhanced equity of funding to support elementary and secondary education students, enduring property tax reductions, and returning to taxpayers a substantial measure of revenue collections augmented by a robust state economy. It is the further intent of the sixtieth legislative assembly that enactment of this Act will produce a reduction in property tax burdens which, with continued efforts of future legislative assemblies, will result in reduction of each annual property tax bill to an amount that is not more than one and one-half percent of the true and full value for any parcel of property.

The legislative council shall study, in each legislative interim through 2012, compliance with, and future funding sources for, the shift in education funding and taxation policy initiated by enactment of this Act. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to each subsequent legislative assembly.

SECTION 12. EFFECTIVE DATE - EXPIRATION DATE. This Act is effective for the first two taxable years beginning after December 31, 2006, for ad valorem property taxes and for the first two taxable years beginning after December 31, 2007, for mobile home taxes, and is thereafter ineffective."

Renumber accordingly

Date: 3/26/07
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2032

House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 70102.0618

Action Taken Adopt Amendment by Voice Vote

Motion Made By Kempenich Seconded By Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Al Carlson			Vice Chairman Ron Carlisle		
Rep Keith Kempenich			Rep Bob Skarphol		
Rep Blair Thoreson			Rep Eliot Glassheim		
Rep Joe Kroeber			Rep Clark Williams		
	✓				

Total Yes ✓ No

Absent

Floor Assignment

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

With changes of tax Commissioner

Date: 3/26/07
Roll Call Vote #: 2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2032

House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 70102.~~0603~~

Action Taken Adopt Amendment by Voice Vote

Motion Made By Glassheim Seconded By Kroeber

Representatives	Yes	No	Representatives	Yes	No
Chairman Al Carlson		✓	Vice Chairman Ron Carlisle		✓
Rep Keith Kempenich		✓	Rep Bob Skarphol		✓
Rep Blair Thoreson		✓	Rep Eliot Glassheim	✓	
Rep Joe Kroeber	✓		Rep Clark Williams	✓	

Total Yes 3 No 5

Absent

Floor Assignment

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

replace section 12 in ~~0603~~ 0618
with Section 5 in 0617

Date: 3/26/07
Roll Call Vote #: _____

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2032

House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Adopt Amendment

Motion Made By Glassheim Seconded By Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Al Carlson		✓	Vice Chairman Ron Carlisle		✓
Rep Keith Kempenich	✓		Rep Bob Skarphol		✓
Rep Blair Thoreson		✓	Rep Eliot Glassheim	✓	
Rep Joe Kroeber	✓		Rep Clark Williams	✓	

Total Yes 4 No 4

Absent ~~FAIL~~

Floor Assignment _____

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

Add Section 1 from 0617

Date: 3/26/07

Roll Call Vote #:

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2032

House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 0618

Action Taken DO PASS AS Amended

Motion Made By Glassheim Seconded By Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Al Carlson		✓	Vice Chairman Ron Carlisle	✓	
Rep Keith Kempenich		✓	Rep Bob Skarphol		✓
Rep Blair Thoreson	✓		Rep Eliot Glassheim	✓	
Rep Joe Kroeber	✓		Rep Clark Williams	✓	

Total Yes 5 No 3

Absent

Floor Assignment Carlisle

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

* Withdrawn

Date: 3/27/07
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2032

House Appropriations Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 70102.0618

Action Taken Adopt amendment .0618

Motion Made By Carlisle Seconded By Hawken

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Representative Wald			Representative Aarsvold		
Representative Monson			Representative Gulleson		
Representative Hawken					
Representative Klein					
Representative Martinson					
Representative Carlson			Representative Glassheim		
Representative Carlisle			Representative Kroeber		
Representative Skarphol			Representative Williams		
Representative Thoreson					
Representative Pollert			Representative Ekstrom		
Representative Bellew			Representative Kerzman		
Representative Kreidt			Representative Metcalf		
Representative Nelson					
Representative Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Attachment B

70102.0622
Title.

Prepared by the Legislative Council staff for
House Appropriations
March 27, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

In lieu of the amendments adopted by the House as printed on pages 1080-1084 of the House Journal, Reengrossed Senate Bill No. 2032 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20 and two new subsections to section 57-15-01.1 of the North Dakota Century Code, relating to allocation of school district property tax relief funds and levy limitations for school districts; to amend and reenact sections 57-15-14, 57-15-31, 57-20-07.1, 57-20-09, 57-20-21.1, 57-32-03, 57-51.1-07.2, subdivision b of subsection 1 of section 57-55-03, and section 57-55-04 of the North Dakota Century Code, relating to school district levy limitations, contents of property tax statements, payment of real estate taxes, mobile home taxes, and continuing appropriation of funds from the permanent oil tax trust fund for school district property tax relief; to provide a statement of legislative intent; to provide for a legislative council study; to provide a continuing appropriation; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. State-paid property tax relief allocation. The tax commissioner shall allocate funds appropriated under section 57-51.1-07.2 for property tax relief as provided in this section.

1. The superintendent of public instruction shall determine an adjusted combined education mill rate for each school district by September first of each year. For purposes of this section, "combined education mill rate" means up to two hundred mills of the combined number of mills levied for taxable year 2006 by a school district for the general fund and for high school tuition and high school transportation.

2. To determine the number of mills eligible for state-paid property tax relief, the superintendent of public instruction shall subtract one hundred thirty mills from each school district's combined education mill rate. The eligible mills may not be reduced to less than zero mills. By September fifteenth of each year, the superintendent of public instruction shall provide the tax commissioner the number of mills eligible for state-paid property tax relief for each school district.

3. The tax commissioner shall divide the eligible mills determined for each school district under subsection 2 by two and multiply the resulting number of mills times the current taxable valuation of property in the school district to determine the property tax relief allocation in dollars for the school district. The resulting amounts must be prorated as necessary to allocate total property tax relief of fifty million dollars among school districts for each year.

4. The tax commissioner shall certify to each county auditor by October first of each year the number of mills of state-paid property tax relief determined under this section for each school district in the county. By August first of each year, the tax commissioner shall certify to each school district the amount of the allocation under this section for the school district for the

next budget year and shall certify the same information to each county treasurer for each school district in the treasurer's county.

5. The tax commissioner shall certify to the state treasurer for payment to county treasurers of amounts determined under this section for school districts to provide for payment of ninety percent of the amount by March first and the balance of the amount by June fifteenth following the taxable year for which the claims are made.

6. After payments to counties under subsection 5 have been made, the tax commissioner shall settle any amounts payable to or received from counties due to errors, abatements, compromises, omitted property, or court-ordered tax adjustments.

7. The county treasurer shall allocate the amounts received under this section among the school districts entitled to the funds.

SECTION 2. Two new subsections to section 57-15-01.1 of the North Dakota Century Code are created and enacted as follows:

The base year amount used for a school district determining its levy limitation under this section must be increased by the amount of the school district's property tax relief allocation under section 57-01-20 for the base year to the extent that allocation exceeds the amount of the school district's property tax relief allocation under section 57-01-20 for the budget year.

The base year amount used for a school district determining its levy limitation under this section must be reduced by the amount of the school district's property tax relief allocation under section 57-01-20 for the budget year to the extent that allocation exceeds the amount of the school district's property tax relief allocation under section 57-01-20 for the base year.

SECTION 3. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. Tax levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus ~~eighteen~~ nine percent up to a general fund levy of one hundred ~~eighty-five~~ fifty-seven mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been approved by fifty-five percent of

the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the ~~eighteen~~ nine percent increase which is otherwise permitted without voter approval by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

5. The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to twenty percent of the number of persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 4. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.

2. Estimated revenues from sources other than direct property taxes.

3. The total estimated collections from tax levies for previous years.

4. Such expenditures as are to be made from bond sources.

5. The amount of distributions received from an economic growth increment pool under section 57-15-61.

6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.

7. The amount certified to a school district and the county treasurer by the state tax commissioner as the school district's property tax relief allocation for the year under section 57-01-20.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 5. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of state-paid school district property tax relief for the parcel under section 57-01-20. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 6. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, after deduction of any credit allowed under section 57-01-20, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 7. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to

the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of state-paid property tax relief credit made by the state must be applied to taxes for the year for which the state-paid property tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 8. AMENDMENT. Section 57-32-03 of the North Dakota Century Code is amended and reenacted as follows:

57-32-03. Tax statements prepared by state tax commissioner - When due and delinquent. On or before the thirty-first day of March in each year, the tax commissioner shall provide each company assessed under the provisions of this chapter a statement of its taxes due for the preceding year, with the valuations and taxes assessed in each case. The tax statement must include two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of state-paid school district property tax relief for the parcel under section 57-01-20. Such taxes are due upon the fifteenth day of April next following the date of the statement of taxes due. The taxes become delinquent on the first day of May next following the due date and, if not paid on or before said date, are subject to a penalty of two percent and, on June first following delinquency, an additional penalty of two percent and, on July first following delinquency, an additional penalty of two percent and, an additional penalty of two percent on October fifteenth following delinquency. From and after January first of the year following the year in which the taxes became due and payable, simple interest at the rate of twelve percent per annum upon the principal of the unpaid taxes must be charged until such taxes and penalties are paid, with such interest charges to be prorated to the nearest full month for a fractional year of delinquency. All the provisions of the law respecting delinquency of personal property assessments generally so far as may be consistent with the provisions of this chapter are applicable equally to the assessments and taxes provided for in this chapter.

SECTION 9. AMENDMENT. Section 57-51.1-07.2 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of distribution formula - Continuing appropriation for property tax relief. All revenue deposited in the general fund during a biennium derived from taxes imposed on oil and gas under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars must be transferred by the state treasurer to a special fund in the state treasury known as the permanent oil tax trust fund. The state treasurer shall transfer interest earnings of the permanent oil tax trust fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the members elected to each house of the legislative assembly.

If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in this section by the same percentage increase or decrease in the amount of revenue allocable to the general fund after the change in the allocation formula, and transfers to the permanent oil tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the transfers to the permanent oil tax trust fund is not increased or decreased merely because of changes in the distribution formulas.

To the extent moneys are available in the permanent oil tax trust fund, fifty million dollars is appropriated to the state treasurer each February first as a standing and continuing appropriation to provide property tax relief payments to county

treasurers under section 57-01-20. To the extent moneys in the permanent oil tax trust fund are insufficient to fully fund the allocation under section 57-01-20, the amount of any deficiency is appropriated as a standing and continuing appropriation from the state general fund.

SECTION 10. AMENDMENT. Subdivision b of subsection 1 of section 57-55-03 of the North Dakota Century Code is amended and reenacted as follows:

b. If the tax imposed by this chapter is paid in full within thirty days after the mobile home is purchased or moved into this state, the county treasurer shall allow a five percent discount, after deduction of any credit allowed under section 57-01-20. However, if the tax is not paid within forty days it is subject to a penalty and interest. The penalty is one percent of the tax. The interest is one-half percent of the tax for each full and fractional month of delay.

SECTION 11. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the mobile home by the city, county, and school district and the amount of state-paid school district property tax relief for the mobile home under section 57-01-20. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 12. LEGISLATIVE INTENT - LEGISLATIVE COUNCIL STUDY. It is the intent of the sixtieth legislative assembly that enactment of this Act will initiate an increase in the state's share of elementary and secondary education funding to secure immediate and future benefits to the citizens of the state. These benefits include relief from the expanded property tax burden that has created disparity within the tax structure of the state, enhanced equity of funding to support elementary and secondary education students, enduring property tax reductions, and returning to taxpayers a substantial measure of revenue collections augmented by a robust state economy. It is the further intent of the sixtieth legislative assembly that enactment of this Act will produce a reduction in property tax burdens which, with continued efforts of future legislative assemblies, will result in reduction of each annual property tax bill to an amount that is not more than one and one-half percent of the true and full value for any parcel of property.

The legislative council shall study, in each legislative interim through 2012, compliance with, and future funding sources for, the shift in education funding and taxation policy initiated by enactment of this Act. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to each subsequent legislative assembly.

SECTION 13. EFFECTIVE DATE - EXPIRATION DATE. This Act is effective for the first two taxable years beginning after December 31, 2006, for ad valorem property taxes and for the first two taxable years beginning after December 31, 2007, for mobile home taxes, and is thereafter ineffective."

Renumber accordingly

Date: 3/27/07
Roll Call Vote #: 2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1032

House Appropriations Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 70102.0622

Action Taken Adopt amendment .0622

Motion Made By Carlisle Seconded By Hawken

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Representative Wald			Representative Aarsvold		
Representative Monson			Representative Gulleson		
Representative Hawken					
Representative Klein					
Representative Martinson					
Representative Carlson			Representative Glassheim		
Representative Carlisle			Representative Kroeber		
Representative Skarphol			Representative Williams		
Representative Thoreson					
Representative Pollert			Representative Ekstrom		
Representative Bellew			Representative Kerzman		
Representative Kreidt			Representative Metcalf		
Representative Nelson					
Representative Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Voice Vote - carries

Minority Report requested

Date: 3/27/07
Roll Call Vote #: 3

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2032

House Appropriations Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number TBD

Action Taken Further Amended as below

Motion Made By Glassheim Seconded By Martinson

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Representative Wald			Representative Aarsvold		
Representative Monson			Representative Gulleson		
Representative Hawken					
Representative Klein					
Representative Martinson					
Representative Carlson			Representative Glassheim		
Representative Carlisle			Representative Kroeber		
Representative Skarphol			Representative Williams		
Representative Thoreson					
Representative Pollert			Representative Ekstrom		
Representative Bellew			Representative Kerzman		
Representative Kreidt			Representative Metcalf		
Representative Nelson					
Representative Wieland					

Total (Yes) 7 No 16

Absent 1

Floor Assignment

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

Voice Vote - fails

Remove sunset (Section 13)

Date: 3/27/07
Roll Call Vote #: 4

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2032

House Appropriations Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 70102.0622

Action Taken Do Pass as Amended

Motion Made By Carlisle Seconded By Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich		✓			
Representative Wald		✓	Representative Aarsvold		✓
Representative Monson	✓		Representative Gulleson	✓	
Representative Hawken	✓				
Representative Klein	✓				
Representative Martinson	✓				
Representative Carlson		✓	Representative Glassheim	✓	
Representative Carlisle	✓		Representative Kroeber	✓	
Representative Skarphol		✓	Representative Williams	✓	
Representative Thoreson	✓				
Representative Pollert		✓	Representative Ekstrom		✓
Representative Bellew	✓		Representative Kerzman	—	—
Representative Kreidt	✓		Representative Metcalf	✓	
Representative Nelson	✓				
Representative Wieland	✓				

Total (Yes) 16 No 7

Absent 1

Floor Assignment Carlisle

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

REPORT OF STANDING COMMITTEE

SB 2032, as reengrossed and amended: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (16 YEAS, 7 NAYS, 1 ABSENT AND NOT VOTING). Reengrossed SB 2032, as amended, was placed on the Sixth order on the calendar.

In lieu of the amendments adopted by the House as printed on pages 1080-1084 of the House Journal, Reengrossed Senate Bill No. 2032 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20 and two new subsections to section 57-15-01.1 of the North Dakota Century Code, relating to allocation of school district property tax relief funds and levy limitations for school districts; to amend and reenact sections 57-15-14, 57-15-31, 57-20-07.1, 57-20-09, 57-20-21.1, 57-32-03, 57-51.1-07.2, subdivision b of subsection 1 of section 57-55-03, and section 57-55-04 of the North Dakota Century Code, relating to school district levy limitations, contents of property tax statements, payment of real estate taxes, mobile home taxes, and continuing appropriation of funds from the permanent oil tax trust fund for school district property tax relief; to provide a statement of legislative intent; to provide for a legislative council study; to provide a continuing appropriation; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. State-paid property tax relief allocation. The tax commissioner shall allocate funds appropriated under section 57-51.1-07.2 for property tax relief as provided in this section.

1. The superintendent of public instruction shall determine an adjusted combined education mill rate for each school district by September first of each year. For purposes of this section, "combined education mill rate" means up to two hundred mills of the combined number of mills levied for taxable year 2006 by a school district for the general fund and for high school tuition and high school transportation.

2. To determine the number of mills eligible for state-paid property tax relief, the superintendent of public instruction shall subtract one hundred thirty mills from each school district's combined education mill rate. The eligible mills may not be reduced to less than zero mills. By September fifteenth of each year, the superintendent of public instruction shall provide the tax commissioner the number of mills eligible for state-paid property tax relief for each school district.

3. The tax commissioner shall divide the eligible mills determined for each school district under subsection 2 by two and multiply the resulting number of mills times the current taxable valuation of property in the school district to determine the property tax relief allocation in dollars for the school district. The resulting amounts must be prorated as necessary to allocate total property tax relief of fifty million dollars among school districts for each year.

4. The tax commissioner shall certify to each county auditor by October first of each year the number of mills of state-paid property tax relief determined under this section for each school district in the county. By August first of each year, the tax commissioner shall certify to each school

district the amount of the allocation under this section for the school district for the next budget year and shall certify the same information to each county treasurer for each school district in the treasurer's county.

5. The tax commissioner shall certify to the state treasurer for payment to county treasurers of amounts determined under this section for school districts to provide for payment of ninety percent of the amount by March first and the balance of the amount by June fifteenth following the taxable year for which the claims are made.

6. After payments to counties under subsection 5 have been made, the tax commissioner shall settle any amounts payable to or received from counties due to errors, abatements, compromises, omitted property, or court-ordered tax adjustments.

7. The county treasurer shall allocate the amounts received under this section among the school districts entitled to the funds.

SECTION 2. Two new subsections to section 57-15-01.1 of the North Dakota Century Code are created and enacted as follows:

The base year amount used for a school district determining its levy limitation under this section must be increased by the amount of the school district's property tax relief allocation under section 57-01-20 for the base year to the extent that allocation exceeds the amount of the school district's property tax relief allocation under section 57-01-20 for the budget year.

The base year amount used for a school district determining its levy limitation under this section must be reduced by the amount of the school district's property tax relief allocation under section 57-01-20 for the budget year to the extent that allocation exceeds the amount of the school district's property tax relief allocation under section 57-01-20 for the base year.

SECTION 3. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. Tax levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus ~~eighteen~~ nine percent up to a general fund levy of one hundred ~~eighty-five~~ fifty-seven mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority

of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the ~~eighteen~~ nine percent increase which is otherwise permitted without voter approval by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

5. The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to twenty percent of the number of persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 4. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.
2. Estimated revenues from sources other than direct property taxes.
3. The total estimated collections from tax levies for previous years.
4. Such expenditures as are to be made from bond sources.
5. The amount of distributions received from an economic growth increment pool under section 57-15-61.
6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.
7. The amount certified to a school district and the county treasurer by the state tax commissioner as the school district's property tax relief allocation for the year under section 57-01-20.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 5. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of state-paid school district property tax relief for the parcel under section 57-01-20. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 6. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such

discount applies, after deduction of any credit allowed under section 57-01-20, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 7. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of state-paid property tax relief credit made by the state must be applied to taxes for the year for which the state-paid property tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 8. AMENDMENT. Section 57-32-03 of the North Dakota Century Code is amended and reenacted as follows:

57-32-03. Tax statements prepared by state tax commissioner - When due and delinquent. On or before the thirty-first day of March in each year, the tax commissioner shall provide each company assessed under the provisions of this chapter a statement of its taxes due for the preceding year, with the valuations and taxes assessed in each case. The tax statement must include two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of state-paid school district property tax relief for the parcel under section 57-01-20. Such taxes are due upon the fifteenth day of April next following the date of the statement of taxes due. The taxes become delinquent on the first day of May next following the due date and, if not paid on or before said date, are subject to a penalty of two percent and, on June first following delinquency, an additional penalty of two percent and, on July first following delinquency, an additional penalty of two percent and, an additional penalty of two percent on October fifteenth following delinquency. From and after January first of the year following the year in which the taxes became due and payable, simple interest at the rate of twelve percent per annum upon the principal of the unpaid taxes must be charged until such taxes and penalties are paid, with such interest charges to be prorated to the nearest full month for a fractional year of delinquency. All the provisions of the law respecting delinquency of personal property assessments generally so far as may be consistent with the provisions of this chapter are applicable equally to the assessments and taxes provided for in this chapter.

SECTION 9. AMENDMENT. Section 57-51.1-07.2 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of distribution formula - Continuing appropriation for property tax relief. All revenue deposited in the general fund during a biennium derived from taxes imposed on oil and gas under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars must be transferred by the state treasurer to a special fund in the state treasury known as the permanent oil tax trust fund. The state treasurer shall transfer interest earnings of the permanent oil tax trust fund to the general fund at the end of

each fiscal year. The principal of the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the members elected to each house of the legislative assembly.

If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in this section by the same percentage increase or decrease in the amount of revenue allocable to the general fund after the change in the allocation formula, and transfers to the permanent oil tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the transfers to the permanent oil tax trust fund is not increased or decreased merely because of changes in the distribution formulas.

To the extent moneys are available in the permanent oil tax trust fund, fifty million dollars is appropriated to the state treasurer each February first as a standing and continuing appropriation to provide property tax relief payments to county treasurers under section 57-01-20. To the extent moneys in the permanent oil tax trust fund are insufficient to fully fund the allocation under section 57-01-20, the amount of any deficiency is appropriated as a standing and continuing appropriation from the state general fund.

SECTION 10. AMENDMENT. Subdivision b of subsection 1 of section 57-55-03 of the North Dakota Century Code is amended and reenacted as follows:

b. If the tax imposed by this chapter is paid in full within thirty days after the mobile home is purchased or moved into this state, the county treasurer shall allow a five percent discount, after deduction of any credit allowed under section 57-01-20. However, if the tax is not paid within forty days it is subject to a penalty and interest. The penalty is one percent of the tax. The interest is one-half percent of the tax for each full and fractional month of delay.

SECTION 11. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the mobile home by the city, county, and school district and the amount of state-paid school district property tax relief for the mobile home under section 57-01-20. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 12. LEGISLATIVE INTENT - LEGISLATIVE COUNCIL STUDY. It is the intent of the sixtieth legislative assembly that enactment of this Act will initiate an

increase in the state's share of elementary and secondary education funding to secure immediate and future benefits to the citizens of the state. These benefits include relief from the expanded property tax burden that has created disparity within the tax structure of the state, enhanced equity of funding to support elementary and secondary education students, enduring property tax reductions, and returning to taxpayers a substantial measure of revenue collections augmented by a robust state economy. It is the further intent of the sixtieth legislative assembly that enactment of this Act will produce a reduction in property tax burdens which, with continued efforts of future legislative assemblies, will result in reduction of each annual property tax bill to an amount that is not more than one and one-half percent of the true and full value for any parcel of property.

The legislative council shall study, in each legislative interim through 2012, compliance with, and future funding sources for, the shift in education funding and taxation policy initiated by enactment of this Act. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to each subsequent legislative assembly.

SECTION 13. EFFECTIVE DATE - EXPIRATION DATE. This Act is effective for the first two taxable years beginning after December 31, 2006, for ad valorem property taxes and for the first two taxable years beginning after December 31, 2007, for mobile home taxes, and is thereafter ineffective."

Renumber accordingly

70102.0623
Title. 0900

Prepared by the Legislative Council staff for
House Appropriations - Minority Report
March 27, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

In lieu of the amendments adopted by the House as printed on pages 1080-1084 of the House Journal, Reengrossed Senate Bill No. 2032 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20 and two new subsections to section 57-15-01.1 of the North Dakota Century Code, relating to allocation of school district property tax relief funds and levy limitations for school districts; to amend and reenact sections 57-15-14, 57-15-31, 57-20-07.1, 57-20-09, 57-20-21.1, 57-32-03, 57-51.1-07.2, subdivision b of subsection 1 of section 57-55-03, and section 57-55-04 of the North Dakota Century Code, relating to school district levy limitations, contents of property tax statements, payment of real estate taxes, mobile home taxes, and continuing appropriation of funds from the permanent oil tax trust fund for school district property tax relief; to provide a statement of legislative intent; to provide for a legislative council study; to provide a continuing appropriation; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. State-paid property tax relief allocation. The tax commissioner shall allocate funds appropriated under section 57-51.1-07.2 for property tax relief as provided in this section.

1. The superintendent of public instruction shall determine an adjusted combined education mill rate for each school district by September first of each year. For purposes of this section, "combined education mill rate" means up to two hundred mills of the combined number of mills levied for taxable year 2006 by a school district for the general fund and for high school tuition and high school transportation.

2. To determine the number of mills eligible for state-paid property tax relief, the superintendent of public instruction shall subtract one hundred thirty mills from each school district's combined education mill rate. The eligible mills may not be reduced to less than zero mills. By September fifteenth of each year, the superintendent of public instruction shall provide the tax commissioner the number of mills eligible for state-paid property tax relief for each school district.

3. The tax commissioner shall divide the eligible mills determined for each school district under subsection 2 by two and multiply the resulting number of mills times the current taxable valuation of property in the school district to determine the property tax relief allocation in dollars for the school district. The resulting amounts must be prorated as necessary to allocate total property tax relief of fifty million dollars among school districts for each year.

4. The tax commissioner shall certify to each county auditor by October first of each year the number of mills of state-paid property tax relief determined under this section for each school district in the county. By August first of each year, the tax commissioner shall certify to each school district the amount of the allocation under this section for the school district for the

Minority Report
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North Dakota
3/29/07

next budget year and shall certify the same information to each county treasurer for each school district in the treasurer's county.

5. The tax commissioner shall certify to the state treasurer for payment to county treasurers of amounts determined under this section for school districts to provide for payment of ninety percent of the amount by March first and the balance of the amount by June fifteenth following the taxable year for which the claims are made.

6. After payments to counties under subsection 5 have been made, the tax commissioner shall settle any amounts payable to or received from counties due to errors, abatements, compromises, omitted property, or court-ordered tax adjustments.

7. The county treasurer shall allocate the amounts received under this section among the school districts entitled to the funds.

SECTION 2. Two new subsections to section 57-15-01.1 of the North Dakota Century Code are created and enacted as follows:

The base year amount used for a school district determining its levy limitation under this section must be increased by the amount of the school district's property tax relief allocation under section 57-01-20 for the base year to the extent that allocation exceeds the amount of the school district's property tax relief allocation under section 57-01-20 for the budget year.

The base year amount used for a school district determining its levy limitation under this section must be reduced by the amount of the school district's property tax relief allocation under section 57-01-20 for the budget year to the extent that allocation exceeds the amount of the school district's property tax relief allocation under section 57-01-20 for the base year.

SECTION 3. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. Tax levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus ~~eighteen~~ nine percent up to a general fund levy of one hundred ~~eighty-five~~ fifty-seven mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been approved by fifty-five percent of

the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the ~~eighteen~~ nine percent increase which is otherwise permitted without voter approval by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

5. The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to twenty percent of the number of persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 4. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.

2. Estimated revenues from sources other than direct property taxes.

3. The total estimated collections from tax levies for previous years.

4. Such expenditures as are to be made from bond sources.

5. The amount of distributions received from an economic growth increment pool under section 57-15-61.

6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.

7. The amount certified to a school district and the county treasurer by the state tax commissioner as the school district's property tax relief allocation for the year under section 57-01-20.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 5. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of state-paid school district property tax relief for the parcel under section 57-01-20. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 6. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, after deduction of any credit allowed under section 57-01-20, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 7. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to

the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of state-paid property tax relief credit made by the state must be applied to taxes for the year for which the state-paid property tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 8. AMENDMENT. Section 57-32-03 of the North Dakota Century Code is amended and reenacted as follows:

57-32-03. Tax statements prepared by state tax commissioner - When due and delinquent. On or before the thirty-first day of March in each year, the tax commissioner shall provide each company assessed under the provisions of this chapter a statement of its taxes due for the preceding year, with the valuations and taxes assessed in each case. The tax statement must include two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of state-paid school district property tax relief for the parcel under section 57-01-20. Such taxes are due upon the fifteenth day of April next following the date of the statement of taxes due. The taxes become delinquent on the first day of May next following the due date and, if not paid on or before said date, are subject to a penalty of two percent and, on June first following delinquency, an additional penalty of two percent and, on July first following delinquency, an additional penalty of two percent and, an additional penalty of two percent on October fifteenth following delinquency. From and after January first of the year following the year in which the taxes became due and payable, simple interest at the rate of twelve percent per annum upon the principal of the unpaid taxes must be charged until such taxes and penalties are paid, with such interest charges to be prorated to the nearest full month for a fractional year of delinquency. All the provisions of the law respecting delinquency of personal property assessments generally so far as may be consistent with the provisions of this chapter are applicable equally to the assessments and taxes provided for in this chapter.

SECTION 9. AMENDMENT. Section 57-51.1-07.2 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of distribution formula - Continuing appropriation for property tax relief. All revenue deposited in the general fund during a biennium derived from taxes imposed on oil and gas under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars must be transferred by the state treasurer to a special fund in the state treasury known as the permanent oil tax trust fund. The state treasurer shall transfer interest earnings of the permanent oil tax trust fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the members elected to each house of the legislative assembly.

If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in this section by the same percentage increase or decrease in the amount of revenue allocable to the general fund after the change in the allocation formula, and transfers to the permanent oil tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the transfers to the permanent oil tax trust fund is not increased or decreased merely because of changes in the distribution formulas.

To the extent moneys are available in the permanent oil tax trust fund, fifty million dollars is appropriated to the state treasurer each February first as a standing and continuing appropriation to provide property tax relief payments to county

treasurers under section 57-01-20. To the extent moneys in the permanent oil tax trust fund are insufficient to fully fund the allocation under section 57-01-20, the amount of any deficiency is appropriated as a standing and continuing appropriation from the state general fund.

SECTION 10. AMENDMENT. Subdivision b of subsection 1 of section 57-55-03 of the North Dakota Century Code is amended and reenacted as follows:

b. If the tax imposed by this chapter is paid in full within thirty days after the mobile home is purchased or moved into this state, the county treasurer shall allow a five percent discount, after deduction of any credit allowed under section 57-01-20. However, if the tax is not paid within forty days it is subject to a penalty and interest. The penalty is one percent of the tax. The interest is one-half percent of the tax for each full and fractional month of delay.

SECTION 11. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the mobile home by the city, county, and school district and the amount of state-paid school district property tax relief for the mobile home under section 57-01-20. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 12. LEGISLATIVE INTENT - LEGISLATIVE COUNCIL STUDY. It is the intent of the sixtieth legislative assembly that enactment of this Act will initiate an increase in the state's share of elementary and secondary education funding to secure immediate and future benefits to the citizens of the state. These benefits include relief from the expanded property tax burden that has created disparity within the tax structure of the state, enhanced equity of funding to support elementary and secondary education students, enduring property tax reductions, and returning to taxpayers a substantial measure of revenue collections augmented by a robust state economy. It is the further intent of the sixtieth legislative assembly that enactment of this Act will produce a reduction in property tax burdens which, with continued efforts of future legislative assemblies, will result in reduction of each annual property tax bill to an amount that is not more than one and one-half percent of the true and full value for any parcel of property.

The legislative council shall study, in each legislative interim through 2012, compliance with, and future funding sources for, the shift in education funding and taxation policy initiated by enactment of this Act. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to each subsequent legislative assembly.

SECTION 13. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2006, for ad valorem property taxes and for taxable years beginning after December 31, 2007, for mobile home taxes."

Renumber accordingly

Withdrawn

Date: 3/29/07
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2032

House Appropriations Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Request Minority Report

Motion Made By Glassheim Seconded By Clark

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Representative Wald			Representative Aarsvold		
Representative Monson			Representative Gulleson		
Representative Hawken					
Representative Klein					
Representative Martinson					
Representative Carlson			Representative Glassheim		
Representative Carlisle			Representative Kroeber		
Representative Skarphol			Representative Williams		
Representative Thoreson					
Representative Pollert			Representative Ekstrom		
Representative Bellew			Representative Kerzman		
Representative Kreidt			Representative Metcalf		
Representative Nelson					
Representative Wieland					

Total (Yes) No

Absent

Floor Assignment

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

Remove sunset clause

2007 HOUSE FINANCE AND TAXATION

SB 2032

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2032D

House Finance & Taxation Committee

☐ Check here for Conference Committee

Hearing Date: 4/6/07

Recorder Job Number: 5799

Committee Clerk Signature

Minutes:

Rep. Belter: Clerk read roll. We will take a look at SB 2032. We have some proposed amendments to SB 2032. The intent of our getting together is to have John Walstad walk us through the proposed amendments. We won't act on this today. This is not an active hearing, but I will certainly open the podium up to citizens here who would like to make public comments on the technicalities or any problems that they might see with the amendments as proposed.

John Walstad: The amendments that everyone has in front of them, .0627, start out by "in lieu of" language and there are two sets of amendments here that have been to the Floor and have been adopted. They are both referenced here, it is the page numbers where those sets of amendments are printed in the Journal, and not where they are adopted. What this would do, is scrub those amendments and then the next paragraph, page 1, line 1, after "A bill" replace the remainder of the bill...that would scrub the bill and there is a clean slate. What you have before you, if adopted, would become SB 2032. The first section deals with tax relief and it is phrased as legislative tax relief credit. The Tax Commissioner is to allocate the funds, in subsection 1, the allocation for each school district is 12.6% of the amount in dollars levied by that school district for the general fund against, and it's those same property types that were in

1051 and have been in 2032 in some versions; residential, commercial, agricultural, mobile home, railroad and air carrier, and you remember the explanation of why they are in there, and its basis for the allocation on tax year 2006. That is fixed; it is not a moving tax year; 2006 will be the basis for the allocation for two years under this year for 2007 and 2008. So it won't be necessary to look at where mill rates move or school districts and this does not limit the number of mills for any school district that are subject to relief. Every dollar levied by every district in the state in 2006 goes into the mix that figures out how the relief is allocated. So it will be 12.6 cents for every tax dollar for every school district in the state, that is the allocation and the last sentence there, once those calculations are all made, if it does not come out to exactly $40 million dollars, then the amount is pro-rated so that exactly $40 million dollars gets allocated each year, a total of $80 million dollars for the biennium.

Rep. Weiler: My understanding is that even though it says 12.6, because it has to equal $40 million, the 12.6 is what might change a little bit.

John Walstad: That's correct. I believe the exact number is 12.61568...Buck has the exact number and he isn't here at the moment. That's what it does. It's slightly above 12.6. The second subsection I made a blunder. First of all, the first sentence requires the Tax Commissioner to certify to the County auditor by August 1, the legislative tax relief credit for each school district in the county and by August 1, certify to each school district the amount of the allocation, and the last part of that second sentence, again requires the same certification to the county auditor, so that last part of the sentence can come out. That doesn't need to be there. The two bottom lines, the lines where it starts "shall certify the same information... and the word "and" at the end of the line right above it.

Rep. Belter: So it's a period after taxable year.

John Walstad: Yes, just strike the rest of that repeats the first sentence, so you don't need it. I didn't notice that until this morning. Subsection 4, this is the allocation that goes on each taxpayer's tax statement. We can't do 12.6% against each tax statement and the reason is that the 12.6 is based on tax year 2006. When we do this in 2007 and 2008, there is going to be a different amount of taxes levied, there are going to be different valuations, there is going to be new property in the district, so it won't work out to 12.6, so what is done here, against those property types that are eligible for the reduction, the reduction is in proportion that the taxable valuation of each of those parcels bears to the total taxable valuation of all of that property in the school district. So if you on your property are paying 1% of all the property tax in the school district, you on your property, will be 1% of all of the tax credit available in the school district. The second section, this is in the nature of a clean up because of something else going on and needs this amendment. This is the section of law that currently allows any taxing district to levy the same number of dollars as in the highest of the last three years. It does apply to school districts; this amends that section and takes school districts out of that section. That would no longer be an option for school districts. All school district general fund levies would be treated the same way, and we'll get to that in a minute. If you look at page 3 of the amendments, the overstruck language there in subsection 6, the school district choosing to determine its levy under this section, if you look at the last sentence, school district levies under anything besides 57-15-14, aren't subject to this section anyway. That's all the stuff that's outside the general fund. So it's only the school district's general fund currently that is subject to this section and because we're changing how the general fund levy works, school districts don't need to be in here anymore. Section 3, this is the section of law that everybody talks about the 185 mill cap for school district general fund levies with an 18% annual increase in dollars for districts below that 185 and this is also the section that gives school districts the

authority to present to the voters a question for approval of unlimited general fund levy authority or enhanced general fund levy authority beyond 185 mills. As you can see, what's happening is, everything in the section is struck out. Following all of that overstrike, we do some underscoring which is what would replace this. I could have written this by doing a little overstrike and underscore, etc. and leave some language in that would have been really hard to read, I thought it would be easier for people to understand if all of the new stuff is underscored and presented together. So that's the way it is done. In the middle of page 4, the beginning of that underscored language. A school district may levy an annual tax for the general fund in an amount up to 3.5% more than the amount in dollars levied in the base year. That allows every school district a 3.5% increase in dollars over the base year amount. For some school districts that were under that previous section in here, where they could have the same number of dollars as in the base school with no increase, this allows an increase that they would not be eligible for under current law. For other school districts, this is a reduction in the authority they have now. The ones with reduced authority are those under 185 mills now, who under current law allows an 18% increase in dollars, or those who have voter approved unlimited or enhanced mill levy authority. Subsection 2 in here, the general fund levy limitation under this section applies to every school district, including a district for which electors approved increase or unlimited levy authority prior to July 1 of this year. So every school district in the state would come under this 3.5% permissible increase and then subsection 1, school district can levy an amount exceeding this 3.5% increase by approval of the majority of electors voting on the question at a regular school district election. School districts are required by that section referenced to have an annual election between April 1 and June 30 every year. School districts are required to finalize their budget August 15th every year. So the school district election falls at least 45 days before the budget has to be finalized and the idea

is if a question is presented to the voters and either approved or disapproved, the school board has 45 days to adjust the budget according to the results of that election before finalizing the budget. No special election is allowed. This vote has to occur at a regular election so it won't be an additional expense to the school district really, in holding a special election for approval.

Rep. Weiler: So subsection 1 is saying, is that a school board election, in each school district every year.

John Walstad: Yes.

Rep. Weiler: So this is saying that if a school district, if they raise it by more than 3.5% in dollars, then it kicks in an automatic election.

John Walstad: I think the way the process would work, as I understand it, school districts' budgeting process is a year-round thing. If, by the time teacher contracts are settled, it appears to the board that 3.5% is not going to be sufficient for what they would like to do, the board would approve a motion to put a question before the voters of the school district and the ballot would have to specify the amount of increase being requested in dollars and as a percentage of levy. Then the voters could vote yes or not. If the voters say no, the school district would still have the 3.5% increase allowed by this section.

Rep. Weiler: Is there some language somewhere in here that says they can do something where they can ask for a certain percent or up to three years, so they don't have to come back every year.

John Walstad: Yes, there is. It is right at the end of that subsection 1. The increased levy authority under this subsection may not be approved for more than five years. The school board would have to make a decision in presenting the question to the voters, do we ask for 1 year, 2 years, 3 years, etc, but five years would be the maximum approval for an enhanced levy.

Rep. Pinkerton: Just to revisit the dates. You said that most school districts only have elections every other year. When did you say the election had to be?

John Walstad: The section referenced says that every school district has to hold an election every year between April 1 and June 30, as I understand it, terms of board members rotates so that a board member coming off and standing election every year.

Rep. Pinkerton: The length of time this references to...

John Walstad: April 1 to June 30, about 90 day window for districts to hold elections. They have that much flexibility.

Rep. Pinkerton: What is the date for non-renewals of teachers?

John Walstad: I don't know that.

Bev Nielson, ND School Board Association: April 15th.

Rep. Pinkerton: So as a school board you have to commit to non-renewals by April 15, but yet you wouldn't know what your funds were.

John Walstad: The district could hold an election April 1, under existing law, that's within their window which would allow the election to be held before the final decision on contracts.

Rep. Froseth: It was brought out that 3.5% increase would probably more than likely just be an automatic 3.5% increase every year. You might as well say to the voters that you are going to see a 3.5% increase in your rates. But the schools are only allowed to carryover so much extra funds every year. Wouldn't that kind of put a limit on how much funds could be built up, if they don't need the 3.5%, can they still access that 3.5%, they couldn't build up their ending fund balances by doing that, but aren't they limited to how much ending fund balance they can carry over and wouldn't that kind of be a limiting factor on how much carryover money, or how much of a fund that they could build up with the 3.5% increase.

John Walstad: I hadn't thought about it, but the carryover, the ending fund balance or whatever the name of that carryover fund is, I think current law is 75%...

Bev Nielson: It is 50%.

John Walstad: Okay it was reduced to 50%; you get to carryover 50%, as measured by your general fund levying dollars I believe.

Rep. Froseth: Is that the total funds, state and local dollars that are made to the school district, 50% of that, of the total budget.

Doug Johnson: Yes, total budget.

Rep. Froseth: That's by a certain date, that the money must be accounted for.

Rep. Headland: So the way I understand it, the base year you're talking about here, is different than the base year you're using for your calculation on the rebate, correct.

John Walstad: That is correct.

Rep. Headland: The base year here would change every year.

John Walstad: Yes, it goes forward.

Rep. Froelich: Where did 3.5% come from?

John Walstad: It was given to me.

Rep. Froelich: Do we have a number out there across the state, if school taxes are going up each year.

John Walstad: I can't throw that number at you, but I know that some of the committee members have been looking at statistics on that during session. Maybe some has that.

Rep. Belter: The number came from the person whose name is on the amendments (Rep. Belter's name).

Rep. Froelich: I was just trying to come up with the basis for the state tax.

Rep. Belter: It's just a starting number.

Rep. Pinkerton: This would really dictate how much of an increase, this is in mills, not dollars, so this is budget numbers, this is what your budget will be, and cannot exceed 3.5% of last year's budget without going to the voters. Is that the bottom line on this?

John Walstad: I don't think you can make that direct connection because there are a number of things where money is available for the budget that are outside the general fund. But general funds pending, yes.

Rep. Pinkerton: So essentially what this bill is doing, is dictating the general fund budget to school boards.

John Walstad: It's putting a limit on general fund budget increases, and requiring anything above that to go to voter approval.

Rep. Belter: Just a point of clarification and follow up on Rep. Pinkerton's question, what we're allowing is a 3.5% increase in general funds spending from the previous year but you could also, like new property coming on line would be an addition to the 3.5%, so if there was some new construction, etc. that would be another issue.

Rep. Pinkerton: Is this going to be an issue, so if you dictate what the general fund levy can be, that it can't be increased by more than 3.5% here, then the only other increase that you can make is increased property values, don't we face litigation because property rich vs. property poor districts.

Rep. Belter: I guess everything is open to litigation.

Rep. Weiler: Just a comment, I don't believe under these amendments, specifically this portion, that we are dictating anything. All we're doing is saying that when you pick up your property tax statement next year, if your school portion of your property taxes, they will not be more than 3.5% over the previous year, with some minor exceptions because of certain things, they will not be more than 3.5% unless the voters in your school district approved it.

Rep. Pinkerton: I understand where you are coming from and appreciate your concern about the property tax issue. But I guess in thinking about the budgeting process of school systems that if you do not, if your enrollment stays the same, your dollars coming in are relatively stable, in most years I think in my district we have more than a 3.5% increase in costs, because of fuel, cost of health insurance premiums, etc. We would have to set our budget prior and make decisions about non-renewals, which is really the only way you can balance your budgets, prior to the time of the election, even if the election is held early, non-renewals are due by April 15.

Rep. Belter: Let's continue with the meeting and we'll take this matter up later for discussion amongst ourselves.

John Walstad: I think we left off at the bottom of page 4, this section about base year, budget year and so on, requires some definitions and that's what happens next. Definition of the base year, the highest amount levied in dollars for general fund in the three previous taxable years. Three years is used so that there is no disincentive for a decrease in one year, you can still keep that high-water mark from one of the two previous years. At the top of page 5, the budget year, that means the year for which the levy is being determined. Calculated general fund mill rate, we haven't gotten to that yet, but it means taking the base year and adding valuation for property that has been exempted by local discretion or charitable status, and dividing that into the general fund taxes. You end up getting a calculated mill rate; it is not the actual general fund mill rate. Then there is a definition of property exempt by local discretion or charitable status. This is the same definition that is in 57-15-01.1. There's an add-on to reflect the value of newer expanding businesses that get an exemption, improvements to property that gets an exemption; charity and probably the most significant, the single family residential or townhouse, or condominium property, that some cities allow.

That property's value gets added in for purposes of determining a mill rate here, the idea is that enhanced levy authority would be required because there is an impact on the school district from the existence of that property. Then in subsection 4, about the middle of page 5, are some adjustments to the base year number. The base year levy in dollars is not just taken without adjustment. There are (a) and (b) adjustments here, these are reverse situations. The first one (a) is a reduction for property that was taxable in the base year, and is not taxable in the budget year, there's a reduction to reflect that by taking that calculated general fund mill rate and applying it to the value of that property and then (b) you can write in the margin there by (b), growth. That's what this is, this is the growth part. If there is taxable property in the school district that was not in the school district in the previous year, either brand new property or property coming off of an exemption, it gets added into the base year levy authority by taking that calculated mill rate and applying it to the value of that property and the resulting number of dollars gets added on to the base year dollar amount used to determine the amount subject to the 3.5% increase under this section. Now subdivision (c) is one that I'm not entirely sure even belongs here. I put it in here, because I was working on it and no one was around to talk to about it, and I thought this was an important discussion point. If the voters of the school district, under this section, have approved a 1, 2, 3 or 5 year increased levy, at the end of that voter approved increased levy period, what happens. If there is no adjustment, all of the levies in dollars under that voter approved enhancement become part of the base year that then becomes part of their future limitation on how much they can levy. However, if you require them to go back to their base year before those 5 years, they could be forced to reduce by a substantial amount and they would also lose the growth that has occurred during those five years by going back there. So as I said, it is an important point to consider. I put it in here

so that we talk about it and I didn't want to make the decision on whether we just ignore that or whatever. Put a little question mark in the margin by that one.

Rep. Belter: So the way this thing reads right now, if a school year asks for voter's approval for a 5% increase for 3 years, the way this reads, they would go back to where they started that 5% increase.

John Walstad: Well, the drafter was pretty vague about that point. It says reduced to reflect expired temporary increases. How do you reflect them, do you take out all increases and go back to the base year from five years ago, or do you assume that there would have been a 3.5% allowable increase each of those years, and you back down to that point, or...what do you do. It really needs to be spelled out. I would like to look at this again after I know the wishes of the committee. It doesn't need to be decided right now, I think that's a point to ponder.

Rep. Froelich: Under (c) up above, the way I'm understanding you, if a city gives a tax abatement for commercial or residential property, the numbers would still calculate in the numbers that they gave the tax abatement, would still be calculated in.

John Walstad: Yes, that's the way that section we have in current law, that is over here on pages 2 and 3, it has a calculated mill rate determination and it has that list of kinds of exempt property that are considered and that's the way that's done and I've taken that language and brought it into this.

Rep. Froelich: Let's say a school district wants to go out and build a new school, and by having this 3.5%...reserve dollars, they can only be taxed for 5 years, and let's say it takes 15 years to build, what happens with that.

John Walstad: The building fund is a special fund and if there's a bond issue, that's a special fund, so this will not affect buildings, unless the building is somehow being funded out of the general fund which probably would not be a good idea.

Rep. Belter: There is a conference committee that needs this room shortly. John, please continue.

John Walstad: I think we've gotten through the hard part, that's the good news. Down at the bottom of page 5, this is the section that determines how a levy is applied to a taxpayer. The amount to be levied is determined from the budgeted amount to be spent, are some things to be subtracted. There is a list there, 1, 2, 3, 4, 5. Over on the top of page 6 you can see we added a new number 7 to the list of subtractions. That amount is certified to the school district and the auditor as the legislative tax relief credit allocation comes off of the amount that is actually applied to taxpayers. I want to point out this will not reduce the school district levy, the school district will levy as it does now and whatever number of mills that is, for any other computation that is made, that will still be their number of mills. Their general fund levy is not being reduced by the amount of this tax relief. But after the levy is made, turned over to the county for application to taxpayers, then a subtraction is made so that taxpayers pay at a lower rate. Then the school district will receive a direct payment from the state treasurer of the amount of that relief for the school district. Section 5, tax statements. This is the disclosure thing that people have talked about. The tax statement has to include, or be accompanied by a separate sheet with three columns, showing for the tax year of the tax statement and the two preceding tax years, the city, county and school district levies, and the amount of the legislative tax relief credit that applied against the school district levy for that parcel. Section 6, discount for early payment of tax. Same provision that has been in this bill and the 1051 previously that you've seen before. This discount for early payment of taxes applies after this

credit is deducted from the tax bill. Then section 7 at the bottom, once again a provision you've seen before. Payments for this legislative tax credit will not be applied against any delinquency that exists, on taxes on the property. Current law that says any payment that comes in goes against the delinquency first before current taxes. This says, no, not for these payments. Section 8, tax commissioner is the one who sends out the tax statements for air carrier and railroad property. Same disclosure requirement is provided here for those kinds of property on those tax statements coming from the tax commissioner's office instead of the county. Section 9, this is the permanent oil tax trust fund. The paragraph underscored down at the bottom of page 7, $40 million dollars appropriated each February 1st as a continuing appropriation for payments to county treasurers. If the permanent oil trust fund doesn't have the money to make that payment, the general fund is the backup and the $40 million dollars is still going to be expended. Now, that is a provision that was in an earlier draft and once again, I didn't have a chance to talk to anybody about that yesterday, and last night when I came to it, I just left it the way it was in the earlier draft. I'm not sure it is intended that the general fund serve as a backup source of funding, but once again put a question mark in the margin. At the top of page 8, mobile home taxes, this requires the same kind of disclosure again for the mobile home tax statement. Three years of information on levies. Section 11, this is a holdover from the bill; actually it is a holdover from the Interim committee bill. There's a statement of legislative intent, you might want to take a look at that and see if it is still appropriate. This was put in there last summer and I don't know if anybody has really paid much attention to it since then. Then the next paragraph calls for a legislative council study. It is a mandatory study; it says "shall" study. Council could not say we're not doing it; this is a statutory required study. Then section 12, once again, I didn't get to this until last night when there wasn't anyone to talk to. So a sunset clause that has been in the previous versions of

this bill is in this draft. This is effective for two years and sunsets. That's what the amendment does. Sorry to take so long but I wanted everyone to understand everything that is in here.

Rep. Belter: Quick questions.

Rep. Vig: In section 1, 12.6 is that a percentage in dollars.

John Walstad: The allocation for each school district is just a calculation, 12.6% times the number of dollars levied by that district for general fund purposes in 2006 against those listed properties. If that's a million dollars levied against those properties in 2006, 12.6% of a million dollars, that's how much the school district would receive.

Rep. Belter: Thank you. Any public comment, please keep it short.

Sandy Clark, ND Farm Bureau: I just had an opportunity this morning to look at this, and certainly welcome more time to digest it. I think this is a more workable bill than the previous versions of the bill. We like the fact that it includes some of the things we've talked about, includes all the classifications of property and straight across the board. I think that we would have to say, with the 3.5% escalator, I guess we would assume that's going to mean an automatic 3.5% escalation during the timeframe, and we would also assume that if the bill sunsets in two years, the 3.5% would sunset, but reality would tell us that it probably would not sunset. Today, we don't have those automatic escalators. The other thing, 3.5% over the two years will compound as well. So, I am assuming that you're not talking about, you're talking about 3.5% the first year, but when it compounds in the second year, you're talking about more than that. At the same time, we would hope that if state funding increases that that should certainly have an impact on their budgets and they shouldn't need these increases. But we know what reality is.

Rep. Belter: Thank you. Further thoughts.

Lynn Bergman, Citizens for Responsible Government, speaking on my own behalf: I really want to applaud the amendments to this bill. I would like to answer a few of the questions that came up. Where did the 3.5% come from, well in the last 10 years, the Midwest Consumer Price Index has been about 2%. The last six years, it's been about 2.4% so it shows a trend right now going up a little, but I don't think there is much chance that it will go to 3.5% in the next couple of years. I don't think that 3.5% is going to be a problem, especially in the short term. I applaud that this is property tax relief that is applied to schools which is about 2/3 of the problem in our view. I want to assure the members of this committee and the legislature that the other 1/3 of the problem can be taken care of; it should be taken care of by the news media that has a responsibility for investigative reporting and journalism. But when that doesn't happen, the citizens groups arise, such as the one I belong to, and we will hold the line in the next election to those local officials that have been allowing increases in property taxes to run about 6.7% over the last three years. You're doing your part in the legislature, 2/3 of the problem. I can promise you that we can do our part without massive funding, all volunteers to solve the other 1/3. The other thing I would like to ask this legislature and the members of this committee to consider is in the interim in the next two years, to consider a study to determine if there can be developed a formula for determining the percent of administrative costs vs. percent of in the classroom teacher cost. We've been told time and again, in the last two months in talking with the legislature, that this is an impossible task and yet I think it can be accomplished. The second part of that interim study would be a study of K-12 administrative costs in the state, because we believe that is a big part of the problem.

Rep. Weiler: I just want to thank you because I believe that all through the whole session, you're probably the first citizen that's been in front of this committee testifying on behalf of

property taxes, other than state lobbyists, I'd like to thank you for your courage in coming forward.

Lynn Bergman: Well I'm just one of about 25 active members of this organization, that will become statewide, are all volunteer, and meet once a week just to talk over things and I'm just representing those 25. So it isn't Lynn, it's all kinds of people and there are going to be more around the state.

Rep. Weiler: If you were on this committee, would you try to go for less than 3.5% or more than 3.5% or do you think that number is where it should be?

Lynn Bergman: I think that's just fine for two years, if that's all you're looking at, is to reassess this.

Rep. Belter: Thank you. Further comments.

Bev Nielson, ND School Board Association: Thank you for letting us take a look at the amendments. I had a couple of questions. I'm curious why special elections aren't allowed, because as I think about it, I think a lot of districts would prefer to have that election in February, because that's when they begin their budgeting process, look at staffing, by April or May, our first catalogs have to be finished and we have non-renewals on April 15, I would just ask that you maybe consider at their regular or at a special election, wording it in that way. I'm not sure why it wasn't allowed. The other question I had was that Mr. Walstad brought up, and that was that this was only good for five years. One of the problems I see is that we tend first to be treating the general fund budget here like you would a bond that gets paid off. The problem is if you ask for a $2 million dollar increase above and now that's part of your budget and your staffing, and go back then and have to have an election in five years, my question is, what would the election question be, can we keep the $2 million, and if the vote is no, do we have to take a cut in our general fund budget. I understand that type of reasoning for bond

collections, and you say it is going to be this many years, because it is going to take that many years to pay off the bond, but for general funds budget, I'm not too sure in five years, what that would look like. I would appreciate some discussion about that. Other than that, we will look this over during the weekend.

Rep. Froelich: Can you come up with a number in general for that 3.5% and tell us what the schools are doing.

Rep. Belter: Let's look at that next week.

Doug Johnson, ND Council of Educational Leaders, and Executive Director: I, too, appreciate the fact that you brought us together and got a chance to look at this and we would like the weekend to look it over. I have run the numbers that Rep. Froelich asked about to see what kind of impact it would have on school districts. However, that was using the current formula process that they used in state law that would be removed by this. So I don't know if those numbers would reflect directly on those percentages. What I did was do it at 3.5%, at 5% and 9%, to see what that would be, because it is 18% in current law. The one comment that I have, I do know that many of our school districts are really concerned about the 3.5% level, that can be of impact, significant on some school districts; however with this new language you've got in the bill, being able to use the increase in valuation of property has, for those school districts, above 185 mills currently is that it might take care of it. I just want time to look it over.

Rep. Belter: Thank you. Further comments.

Nancy Sand, NDEA: We will take a look at it. At the bottom of page 4, one of the things that I was curious about, was the calculation on the base year and from that point, calculating the 3.5% above that, and wondering how that will impact those districts who are already at the cap

and have been during those three years, versus those districts that have been below the 185 mills, that have been gradually able to increase. That's something we were wondering about.

Rep. Belter: Thank you. Further comments.

Dennis Boyd, MDU Resources Group: I object to the exclusion in section 1, subsection 1 and 4 of other centrally assessed property. I know that you have had some discussions about centrally assessed property and I assume that you are well aware of exactly what we're talking about when we talk about centrally assessed property. Generally, it is very large, capital intensive property that may or may not be interstate in nature and it's so large and part of a huge integrated system, it is so capitol intensive that you can't send an assessor out to look at it and determine its value. So we determine the value of that property with a formula, not unlike the productivity formula that's used for Ag property. I can only speculate as to the reason that centrally assessed property may have been left out of this, but very much object to that and ask that you reinstate other centrally assessed property and I would point out to you that airlines and railroads are centrally assessed property that are benefited by this bill because the federal government, either Congress or as a result of a federal lawsuit has recognized and mandated that they be taxed as commercial property. So basically what you've done is left out the regulated, investor owned utility companies and I ask that you reinstate that.

Rep. Belter: Thank you. Further comments.

Harlan Fugelsten, ND Association of Rural Cooperatives: Just one technical question, again on page 1, section 1, I'm wondering if the word "percent" doesn't need to show up in that first section, where it says 12.6 of the amount, it should say 12.6% of the amount. Second, with respect to the centrally assessed property, our position as we discussed before is that we're neutral on the issue of whether or not centrally assessed property should be part of the

property tax reduction. Our only position is that if you should include the centrally assessed industrial utilities, you need to consider making a similar reduction in the gross receipts tax paid by the rural electric cooperatives. We pay about $7 million dollars or will be paying about $7 million dollars in lieu of gross receipts tax property taxes, and we would get no benefit whatsoever from any property tax reduction. If you should choose to include the investor owned utilities, we would ask for consideration in some corresponding reduction on the gross receipts tax.

Rep. Belter: Thank you. Further comments. Rep. Boehning do you have some amendments.

Rep. Boehning: (passed out amendments) Basically my amendment would allow apartment dwellers, people that rent residential property to receive part of the tax rebate that the landlord would receive. (Gave an example see attachment, explained amendment). I think that it is fair that they get back a portion of the refund, because they are paying in taxes as well.

Rep. Belter: Thank you. We will take this matter up again on Monday, 4/9/07, at 9:00 a.m.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2032E

House Finance & Taxation Committee

☐ Check here for Conference Committee

Hearing Date: 4/9/07

Recorder Job Number: 5823

Committee Clerk Signature D Penrose

Minutes:

Rep. Belter: Clerk read roll. We will take a look at SB 2032. We're going to start off where we left off on Friday. I will have John Walstad explain the amendments (attached #1 & 2). There were a couple of technicalities that were brought forward.

John Walstad, LC: Well there are a couple of things that were mistyped. For example, in the first subsection there on page 1, right near the middle, it says 12.6 and it should say %, in subsection 2 the last two lines, and the word "and" at the end of the line above, can be taken out because they duplicate the first sentence of that subsection. So they're not needed. The other questions I guess, involved special elections or at the regular school district election only back on page 4. The way it is drafted, it is only at the regular annual election which current law says is between April 1 and June 30. So the question is, should a special election be permitted to deal with things that happen during the budget cycle for school districts. On page 5, subdivision (c), this is, in that situation, a reduction upon the expiration of a temporary enhanced levy approved by the voters of the school district. The question is what happens after the time the voters have approved an increase has expired, then what do you do for that school year's base year going forward, if there is no extended approval for an increase. When the temporary increase expires, does it put the school board back to where they were five

years, do you assume they would have had a 3.5% increase and back them up to that point, or do you just leave them where they are in dollars at the end of that increase period. Above that, there is a subdivision (a) that is a reduction to reflect the loss of taxable property in a school district. The most likely scenario where this could have a significant impact, is in the creation of a renaissance zone within a school district, a substantial amount of property could be lost to the tax base for the school district through no action on the school district's part, so is it appropriate to have that reduction for property coming off the tax rolls. Subdivision (b) the increase for property coming onto the tax rolls, is there to allow growth; new property, property coming off exemption, things like that. That is appropriate if you think it is appropriate to allow growth, but subdivision (a), I guess there is a policy question there again for your consideration as well.

Rep. Belter: Over in the Senate side, was there an exemption for renaissance.

John Walstad, LC: I do not remember writing one to exempt out renaissance zone property, but I have written a lot of amendments. Those are the only things flagged on my copy and if there are some other issues that committee members observed that has a question, I can try and address that.

Rep. Belter: Going back down to (c) here, we need to spell out then a little more clearly what our intent is and I guess from my perspective, my thought is that, if a school district decides to increase their tax by say 4% for 5 years, then at the end of that 5 year period, their new base would be whatever that 4% has created, and then from there they would go back to 3.5% unless they decide to extend their general levy.

John Walstad, LC: To accomplish what you're suggesting, (c) just comes out, so there would be no reduction to reflect the expiration of that temporary increase, then if (c) just came out it would do what you are suggesting.

Rep. Headland: On (a) if property comes off taxation, if you have property that is gone, like burns down, this would do what.

John Walstad, LC: If a building burns down, (a) would take the tax dollars attributable to that building, not for the land, the land would still remain taxable, but the tax dollars attributable to that building would come off the base year amount. If that subtraction doesn't happen, school district would still get the same dollars that it got the previous year without adjustment to reflect that, but because that building isn't there to pay the tax anymore, that tax gets spread across the rest of the district.

Rep. Headland: Is that the way it's currently done.

John Walstad, LC: Under 57-15-01.1, yes; this provision is there and that's why I put it here, I was just mirroring what was in that section, but I just wanted to point out that this provision is somewhat different here because this is school districts only. School districts have no control over granting of those kinds of exemptions that might be allowed to new residential property, renaissance zoned property, new business exemptions, for those kinds of things.

Rep. Weiler: I want to go to back to subsection (c), I agree that is how I think we should do it too. If the voters of a school district approve of a 4% or 5% increase for 5 years, then they're saying that is what they approved. At the end of the five years, that becomes the new base year.

Rep. Froelich: We debated 2200 here about the reduction of mills. Let's take a hypothetical here, they have 135 mills now, the average is 185, at 185 do they get reduced?

John Walstad, LC: When you say they get reduced?

Rep. Froelich: They don't get as much foundation aid, not at 185.

John Walstad, LC: I'm not an expert in the foundation aid formula, but I think you're correct that that's how it works.

Rep. Froelich: Let's say it should be at 185, but only at 135 or less, do you think the oil and gas revenue limited to 3.5%, is that enough to make up the difference, am I muddying the waters.

John Walstad, LC: I see what you mean. I don't know the answer to the question. This would provide relief proportionate to whatever the general fund revenues for every school district, so the fact that a district has those kinds of mineral revenues and has a lower general fund mill rate as a result, means that they would receive this relief against that amount, but not against the mineral portion and the 3.5% cap that would apply, would apply to their general funds, would not apply to mineral revenues, if mineral revenues rise considerably, that district would have an advantage that other districts do not have.

Rep. Froelich: My point being is that if they lose their mineral revenues, now they might have to go to 185 to make up the difference, from 135 to 185 (can't hear).

John Walstad, LC: There would be no way other than voter approval for them to get from 130 to 185 in the situation you described, so voter approval would be necessary for them for whatever reason they lost all of the revenue that they get from mineral sources.

Rep. Drovdal: First a comment, this is no new money to the school district, this is just that we are paying some of the tax dollars that the taxpayer generally does, so it has nothing to do with 2200 and doesn't reflect on 2200, it doesn't make up any money or lose any money from that. The other question is that we haven't talked about, just stating that this is actually a payment from the taxpayers except that it is coming from the state and paying it, we never considered this as new money to school districts who had never thought it applied to the school funding formula. But in talking with Anita this morning, she said that the way it is right now, if this bill passed before 2200 passed, that this would be considered new money and it would be subject to the 70% of it going to the teacher's compensation, unless we put something in on 2200 that

exempts this money. That surprised me, but I need you to look into that a little bit better. The intent is that this isn't to reflect under that 70% teacher compensation at all. But there may be a problem unless we address it in 2200.

John Walstad, LC: I was not aware that might be a problem, if that is a problem it could be addressed here, it wouldn't have to be in 2200. A provision could be added here that this money is not new money for purposes of whatever else there is in that other legislation.

Rep. Drovdal: I asked her that too, and she gave me the other answer that is this bill passes first, the language in 2200 says it is. So we need to double-check that.

John Walstad, LC: I'm not sure that the order of passage makes any difference. If there is a conflict, or if there is something that says new money, and it is determined that this is new money, then we've got a problem and it needs to be addressed somehow. We'll take care of that. The other thing that I would like to point out, this bill does not reduce the general fund levy of any school district. The school district will levy whatever it levies for general fund purposes. That levy gets applied, there will be a reduction when it gets to the point of being spread against property on the tax statement. The taxpayer will see a reduction, the school districts mill levy will not actually drop for all purposes and in 2200 and in the current foundation aid formula, the levy of a school district for general fund purposes is used to determine other kinds of funding that goes to the district and as a result of this not reducing general fund mill rates per se, I don't think this will have any affect on other funding to the district, under those other kinds of calculations.

Rep. Owens: Our infamous discussion earlier of paragraph (c) about reducing expired temporary mills and I agree with the chairman, but my question is, would that not be the case on page 3 on the top of page 3, would that not be the same thing.

John Walstad, LC: No, it wouldn't. The reason is at the top of page 2, this amendment takes school districts out of this provision. Now that you mention it, however, we should probably make an adjustment here, and that adjustment is that the levy limitation here applies only to school district general fund. There are a considerable number of other funds that school districts can levy, special funds. Those special funds should probably still remain subject to this section that we have starting on page 2, so maybe we should say "except a school district for general fund purposes". Then it would be appropriate to keep this subdivision (c) in effect with regard to those off general fund levies by school districts. There are some of those where the voters can approve a three year levy for some special fund thing, asbestos removal levy, but I'm not sure. In the position it's in on page 3, it would be appropriate to leave it in place for schools, because the voters might approve a 5 mill levy for 3 years and what this would do is take that 5 mills off after 3 years for a specific purpose.

Rep. Belter: So you're recommending some additional language.

John Walstad, LC: At the top of page 2, where we've excepted school districts from this list. Well, subsection 6 already says this only applies to school district general fund. Let me think about this a little more. I'm not sure if it applies to those off general fund school district levies anyway.

Rep. Headland: I don't currently how it's done, but I'm wondering if we shouldn't put some language in here that when they go to the vote, that they have to revote on all of these extra special funds. I'm just thinking about my home school district, that is levying 10 mills per building, but I don't know what they do with the money. I'm wondering if we shouldn't make them, if they are going to vote, maybe they need to vote on all of these additional levies. Maybe once...

John Walstad, LC: I can see the dilemma. One thing that I would recommend is, if that is the policy that an exception be made so that outstanding bond issues that are currently being paid are not subject to that kind of revote, because I think bonding companies would really freak out.

Rep. Headland: I understand that, but I'm just wondering if some of these school districts that have been up against the general fund cap, I know that they aren't supposed to be using these other funds for anything other than what they are levied for, but I don't know if we know for sure that that's the case.

John Walstad, LC: I'm not sure I know whether that's a possibility either. If there are special fund levies, there is a special fund account and the money has to go into that account, and I don't believe it is transferable into the general fund, so it could be used for general fund expenses, but maybe there are some ways people can be cagey about that. I'm not sure.

Rep. Headland: If you're levying 10 mills for a building fund, and you haven't done any building, is that 10 mills on forever, or are there limitations in current statute.

John Walstad, LC: With that levy, I'm not sure if there is a cap at which point you have to stop levying, when you've set aside a certain amount of money, you have to stop levying that tax. I would have to look at it. But can you keep accumulating 10 mills forever, or is there some limit of how much you can have in the fund; 10 mills every year for a 1,000 years and you can just keep rat holes (laugh).

Rep. Headland: That's my point here, I don't know if we know what's happening with these.

Rep. Belter: Does that pretty much take care of the technical concerns.

John Walstad, LC: Those were the only things that I was aware of.

Rep. Drovdal: I had a couple of concerns. I could not get amendments drawn up this time, but as you are well aware of, 1051 was defeated in the Senate the other day, and there were a

couple of items on 1051, that this committee seemed to agree on very strongly, and I would like to have amendments drawn up to address those two issues, whether separate or single amendments. One is the homestead tax credit for elderly, low income elderly and disabled, which would increase the amount of income they could have and still qualify for some property tax deduction. My idea is to do the same amendment as we approved earlier in 1051 out of this committee. The other has to do with the marriage penalty that we approved previously out of this committee, by a very strong vote, if I remember correctly, to put it on 1051, and I would also like to have that amendment brought forward in the same form as the Senate had amended it on, apparently when we amended it in this committee, we had missed one bracket and they added that on in the Senate Finance and Tax and I would like to include the Senate's version of the marriage penalty as part of that amendment. Those two things, the homestead tax credit and the marriage penalty, both a permanent changes in the law in the Century Code. I have John working on those amendments, but if somebody would like to comment on it, in case they would like to see something addressed in mine, I would certainly like to hear it before he draws that up, because we are running out of time here.

Rep. Belter: You made the comment, similar to what the Senate had, are you referring to all income categories created alike, which is something they changed from ours, and then the other thing they changed is they were phasing it in over two bienniums.

Rep. Drovdal: My intention was to have it put in, start at the same date as wanted them to do instead of not phasing it in. The second, yes, I did intend to bring in all the brackets which would have raised the fiscal note from $16.1 million that we had on our bill to about $20 millions dollars which would include all the brackets and rates and made equal the married and non-married couples, so the fiscal note on their portion would be $20 million it would be

phased in immediately so it would be $20 million. They admitted it was a good point, but they postponed to start for a year to actually reduce it (can't hear).

Rep. Owens: It deals with the fact that we've asked a lot of questions during this discussion of property tax and we've asked a lot of questions about what's out there and what isn't and we couldn't get the answers. So this is an amendment that basically states and requires counties to collect certain information about property tax and provide it to our Tax Commissioner's office (attached #3), in primarily the number of parcels or surveyed plats, whether or not they are in-state or out-of-state owners and by class. A lot of these questions came up during the interim and they couldn't be answered, and during the session a lot of questions have come up and there's way to know. It's all been based on guess and estimates. It's time we quit guessing.

Rep. Headland: I like what I hear from Rep. Owens, I agree that if we want to deal with facility issues it would be nice to have the information available to us rather than hoping that they would send it to us, or begging them to send it to us, and some of them just ignoring us.

Rep. Belter: Marcy, have you seen this amendment.

Marcy Dickerson: No, I have not.

Rep. Belter: Do you have a brief explanation here, do you have any comments on it.

Marcy Dickerson, State Supervisor of Assessments: The only thing that catches my eye here, is looking at the mailing address which as we have testified before, the mailing address is not necessarily a good indicator of whether the property owner is a resident of the state or not. There are individuals, who for one reason or another, will have their tax statements mailed to an address which is different than their actual residence. For instance, snow birds, somebody might want their tax bill mailed to Arizona, but that doesn't mean that they are an Arizona resident. I have a question as to how accurate the mailing address would be. That's what we had discussed earlier and I think that would still be a problem. I don't know if the

counties would have a way of determining for sure where the person's residence was, other than the mailing address, but that may not be entirely accurate.

Rep. Headland: If they are claiming a ND residence though, when we send the property tax statement to Yuma, the Tax Dept. would have them as a ND resident, would they not.

Marcy Dickerson: Are you speaking about income tax information. I'm not sure with the secrecy laws that could be looked at, we would have to find out, and we have some pretty strict IRS regulations that the Tax Dept. has to follow.

Rep. Belter: Do you have an idea of, how does MN, they must have a fairly tight residency requirement, whereby the citizens prove that they are a resident of the state, because they do get a homestead credit.

Marcy Dickerson: They do require a person's application for homestead status. Every individual who wants to benefit from the homestead rates on taxes, has to make an application and they have to provide a lot of information and in MN, the Tax Commissioner, or Dept of Revenue, does have authority to compare the information on the homestead applications with income tax information and with voting information, and it's a very complete process, where I think they have a really good handle on who actually does qualify for homestead designation. But it's a very elaborate process. I've printed some of it from the Internet and it's a very complex law, but I believe it works.

Rep. Belter: So they even include voter registration.

Marcy Dickerson: I believe they do. It can be done, but it's got to be a much bigger bill than what I've seen proposed at this point here.

Rep. Belter: Thank you. Any other discussion or technicalities that we need to discuss.

John Walstad: Just a comment, Marcy obviously just had a matter of seconds to look at this. The mailing address on tax statements is part of the problem with identifying people's

residents, that's why the language here was drafted to provide that if the owner shows a mailing address and that is not the person's primary residence, the tax list also has to include what that person's primary residence is. I would envision that the way this works is on the tax statement, you ask them where they want their tax statement mailed, a little box, is this your primary residence, and if not, what is your primary residence address. So this should allow identification of primary residence for everybody on the tax list and should allow for gathering the information desired on non-resident or resident without having to guess whether the mailing address for the tax statement is or is not primary residence. I don't think the administration would be a great headache, but I think it would improve the quality of the information available.

Bev Nielson, ND School Board Association: I will reiterate a couple of the things that John brought up that were concerns of ours. One, allowing us to use special elections and not just the June election, because we may need an election in February to help with our budgeting process. The second was that (c) as far as reducing the base and I think everybody is in agreement on removing that. The third one, was how we're going to deal with (a) on page 5, like renaissance zones and so forth, whether that would be lost to the district or whether we would spread it across the district. I think you have had all three of those brought to your attention.

Rep. Belter: Thank you. Any other comments.

Rep. Jim Kasper: I believe that there is still one thing missing in the bill, and missing in all the other bills except for 1449. That is, a cap on the taxable valuation of residences and/or commercial property. Because with your budget cap, which is a good part of the bill, the compounding effect of 3.5% on 3.5 on 3.5 on 3.5, I believe is not going to slow down the individual taxes on the residences and/or the commercial buildings the way you might envision.

I haven't done a flow chart, but in 3, 4 or 5 years, I think we're going to see property taxes on individual residences and/or commercial property escalating again like it has in the past which is a problem that the people in our state are having. I just want to go on the record as again, urging this committee to consider a cap on the taxable valuation, for sure on residences and possibly on commercial property as well. 1499 had a 2% cap, and maybe 2% is too low, but I believe that unless you stop the escalation on the individual property itself, over the long term we're going to be right back into escalation with true and full value as continuing to increase in ND as they have in the past.

Rep. Belter: If we do that 2% cap, would you also want a dollar spending cap in conjunction with the 2% taxable.

Rep. Kasper: Absolutely. I think they do not conflict. I think they work together. The scenario might occur that down the road, as the 2% cap slows the growth of the revenue to the school district, that they could not achieve the 3.5% dollar growth that they like, that means again that they would have to go to the vote of the people, which is what would be my intent is that a vote of the people would have to decide if their property taxes are going to go up and let the people decide. That's the true local level control that I for one, and I think many of you on this committee and in the Chamber, think we need to have.

Rep. Belter: If we have that 2% cap, so you are initially holding down the taxable valuation of the property, would you envision at some point that you may have to, after 5 or 10 years, that you would have to set a new base for that cap, that as time goes on you're going to continue to have a large spread between the market value and your taxable value, will there have to be some point where you would change that.

Rep. Kasper: I don't think that is material to the situation because once you set the base for the property, and I'll use the example of the $100,000 home as true and full value, current

formula is dividing by two, you get $50,000 and take it times 9%, and you have $4500 and that could be the taxable valuation base. That base continues on with that property forever and on resale the base would not change. When new property is built in the future, you simply appraise the new property. You go to look at comparable appraised value of older properties and then you look at that taxable valuation base and the new property receives an average of the taxable valuation base, so that the new property is not penalized because it was built later. The idea is to slow the revenue stream, so down the road, regardless if that home today is $100,000 and sells for a half million dollars, it doesn't matter, because the taxable base is lower. That would get the people more involved, there would be more elections, the people would be discussing it and engaged in the property tax debate, and that's what I think we haven't had in the last 10-15 years.

Rep. Drovdal: I agree with a lot of what you say about getting the voters involved in property tax relief, but my question is, when local subdivisions are elected by local people, there are posters of those people in the cities, counties and school boards like we are. They are taking their money and they're paying for the services that those taxpayers are getting at that level. Why are we taking responsibility, they are not pocketing the money, they're not giving themselves big pay raises, because we limit that, why are we as legislators taking responsibility of the cost of the services to the local taxpayer, when they are right there. The taxpayer is right there with the county commissioners and city school boards.

Rep. Kasper: First of all, we are talking about the school boards in this bill, not the county commissioners. Secondly, we are a victim in my opinion in ND, of the good times over the 10-12 years and good times meaning that the economy has been good, incomes have gone up, home values have gone up. People have been happy and they have been paying their taxes when the tax statements come along, and it's like a little drip on the faucet. It drips and drips

and drips and then you pay the taxes, and say gee, it went up and I don't like it and pay the taxes and go one, because the people are busy. I look to Fargo as an example, we reelect the incumbents down there almost all the time, in the school board. We had three or four school board members in our last election and they were all reelected. But the biggest complaint that I received in the last two or three years, is that property tax escalation. So the people are busy, they don't really know what to do, they pay the bill and go on. All of a sudden we get to the point now where they are saying we want a change. The direct answer to your question, the legislature sets the formula. Right now we are tinkering with the formula. We have set the formula in place that we currently have on how property taxes are collected. There is no other way to change the formula unless we do it and by allowing the vote of the people. If the people want a change in their local district, they can make a change. I think it's a matter of realizing that we have an obligation to look at all aspects of the formula, make a decision as to the best of our ability in this session, and move forward.

Rep. Pinkerton: This is an intriguing idea. How, if you decrease the revenue stream to the school districts, do you have some idea of how they could do that, how they could cut their expenses.

Rep. Kasper: First of all, we're not going to decrease the revenue, we're going to slowly increase. I suspect that the school districts, and now that we're addressing the school districts in this bill, have to do one of two things. First of all, with the declining student enrollment, there is going to be less need for numbers of teachers and administration. I actually believe that it's in the larger school districts, there is a whole lot more efficiency we can find in the administrative side of things. I looked to my school district in Fargo, and I think we have plenty of administration. I know we have a number of schools right around the city. We have principals at each of the schools, we have assistant principals, and assistant to assistant

principals, and we have a whole lot of administrative people that work in a big building in our city. I look at Job Service for example. When Job Service was faced with a federal cut in their funding after the last legislative session, they had to decrease their workforce by 10% and they did it. I was visiting with a young lady last night who works at Job Service. I hadn't met her before, I was having supper and she was with another gentleman that I know and we started visiting. I asked her how they did it. She said that they had to work harder, do more work than they were doing in the past, but our morale remained good and we got the job done. I imagine that the school districts have to be become more efficient and effective. Now I realize that some of the smaller school districts may not have that ability. Then, of course, we have the vote of the people to change the formula. I think in the larger school districts, where we are having the problem, we need to look at more efficient, more effective use of staff. I'm not talking about firings, I'm talking about becoming more effective as people retire or as they resign. I think there is a lot of efficiency and effectiveness that we need to ratchet out of the system and it will take care of itself if we have the courage to stop the flow of revenue by changing the formula.

Rep. Weiler: (to Bev Nielson) Speaking of the administrative, where would I go to find out what the ratio is in every school district in ND on teachers vs. other staff.

Bev Nielson: The school finance facts, the orange book, that would list all the teachers you have, administrators you have and other staff. I couldn't tell you percentage wise because averages don't mean very much in a small school or large school.

Rep. Weiler: That's why I would like it broken down by school district.

Bev Nielson: You would want to check what the school approval and school accreditation laws require of schools, because there are strict requirements for how many principals and superintendents, librarians, etc.

Rep. Weiler: Who sets those standards.

Bev Nielson: DPI sets school approvals and school accreditation standards.

Rep. Weiler: Do they do that through us, do we ultimately set that, or do they set that.

Bev Nielson: They do it by administrative rule.

Rep. Wrangham: (to John Walstad) We heard talk about changing the 50% that we use now to establish the taxable valuation between the true and full value. As I recall in our conversations, is there a reason constitutionally that we cannot change that number.

John Walstad: The constitution has a statement that the indebtedness of political subdivisions may not exceed 5% of the assessed valuation of property in the subdivision and the provision you mentioned, the requirement that assessed value is 50% of true and full value serves not only as a measure of value but a debt limit for political subdivisions and if that number, that % is changed, debt limits will go or down accordingly.

Rep. Brandenburg: I will defer.

Rep. Belter: Do any of the minority have any questions or thoughts?

Rep. Froseth: It seems like all session we have struggled with a way of holding the line on the growth of valuations and property taxes and also the fact that there should be more local control, or left to the actual taxpayers of each municipality or school district. I think you covered this before, I'd like to have you clarify it again. Isn't there someway we can make it easier for that local municipality or local school district to take it to the voters. If the voters don't like what's happening, they are paying too much taxes in the city or in the school district, isn't there some way we can make it easier for those voters to call for a vote of the taxpayers to do something about it to set limits or reduce the amount of valuations, or reduce the percentage of taxes, on property taxes that are being levied.

John Walstad: There are some mechanisms in current law for the voters to refer the rate of tax, there's nothing that would put assessed valuation or taxable or true and full value on the ballot. But in terms of the levy amount for various purposes, there are some mechanisms that allow referral. For example, unlimited school district levies, the voters can by petition put that question back on the ballot for reconsideration. There is no universal authority for a referendum on the amount being levied by a political subdivision, usually such a provision only exists with regard to an excess levy that has been previously approved by the voters.

Rep. Froseth: So basically the only limiter right now is the mill levy cap.

John Walstad: Yes, that is probably an accurate statement.

Rep. Carlson: I'm not sure where to start except in reality. We represent the taxpayers and we're supposed to bring the taxpayers expected tax relief. No matter what you do, they expect their property taxes are going to go down. I argue that unless you change the mechanics of the system, that won't happen. I just received notices on some land and building that are in Fargo and it gives me an opportunity to go to a meeting and tell them I don't like what they did, but because of our reassessment of full and true value process, my taxes are going to go up $1200 on a building, where not one thing has changed in 15 years, as far as remodeling, upgrading or changing. But because they decided to go back and reassess by the rule, they said the land is worth more money so that they raised the tax $1200. If you give me, as a taxpayer, a 5-7% reduction in my taxes, I'm still $500 upside down with the tax increase on the property. That doesn't only happen to me, it happens in Ag land and everywhere, because of the full and true value that we have to deal with. My only comment is you have to get, it isn't about the money as much as it is about the mechanics. Because all you can hope for, in my opinion, is that you slow the growth, you're not going to stop it, but you have to slow it. But as far as convincing a taxpayer that you are actually going to pay less tax tomorrow than you paid

today, isn't going to happen. There isn't enough money in the state coffers to make my taxes go down from where it's going to be. That is my concern, that we chase some money, because it feels good to chase some money, but it's the mechanics, it's the full and true value. I asked the assessor, he said the only way you're going to stop this is to cap the levy dollars. I think that's what you are attempting to do in this bill is to address the levy dollars and percentages. The more I think about it, I'm not so sure that the schools should be the only one you address, especially in the bigger cities. I think you might have to look at them all. I think you're on the right track in doing something here, but as far as selling this to the public as being this magic bullet that your taxes go down, it's not going to happen. Because they are going to continue to assess and continue to increase assessments. Thank God, our market in ND is good, things are going up, but because of that, the way our system is established, you are going to pay more. Unless you dare take the step, and it appears that the Senate has voted on caps, that they don't like them, and I don't know where everybody is at with them, but that issue isn't going to go away and I'm going to eat whatever you give property tax relief affairs in my district, they are going to pay more taxes.

Rep. Belter: Your bill that was passed through the House that would have done that 3 year average.

Rep. Carlson: That would have helped significantly. It would take the big bumps out of there. The changes in assessment on three buildings that I own, were 15%, 16% and 26%, and not one thing changed on any of those properties other than the assessor came out and said your land is worth more money. I'm not alone. That means that every commercial property in Fargo got their land reassessed and they received a significant amount more money because they reassessed everybody up that amount. By the way, they only have to notify you if it's

over 15%. So you have a big task in front of you, but I just don't want you to lose sight that the money isn't the big thing here, it's the mechanics.

Rep. Pinkerton: I liked 2032 by the Lt. Governor better than this. This is difficult to understand, I can't seem to understand how it all fits together. How $100 million is better than $80 million, it gets complicated. With the amendment that John Walstad added on page 5, I will withhold comment until get change to look at it.

Rep. Belter: We will take a look at this later.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2032F

House Finance & Taxation Committee

☐ Check here for Conference Committee

Hearing Date: 4/11/07

Recorder Job Number: 5920

Committee Clerk Signature D Penrose

Minutes:

Rep. Belter: Attendance taken. We will take a look at SB 2032. The amendments aren't done yet, but John Walstad will briefly explain some of the changes that have been proposed.

John Walstad, LC: I have a rough draft of up-to-the-minute revisions to SB 2032. We'll have the final draft of this ready in 30 minutes. I just got the latest revisions not too long ago and it takes a while to get this done. So what I would do is walk through, as I understand what we've got here, a lot of it is the same version as was seen before by the committee. The first section of this amendment is the legislative tax relief credit allocation. The allocation is 12.6% of the amount in dollars levied by a school district in taxable year 2006 for general funds only. One difference here is that Marcy Dickerson made some suggestions for some clean-up type of thing. The 12.6% applies against residential, commercial, agricultural, mobile home and railroad property and on that list previously, was airline property. Airline property is not on the list anymore. The reason being the property taxes paid by airlines don't go to school districts. They go into a fund and are allocated among airports/airport authority. Airports are out, but otherwise there is no change there. I did remember to put the word percent in; we didn't have percent last time. In subsection 2, there was some language there that I pointed out at the last meeting that was duplicative, that's been removed. Allocation of credits, once again it lists the

property, once again airline property is being removed. A new subsection 5 is being added in this draft. The subsection 5 will read, "payments received by school districts under this section, do not constitute increases in state aid for purposes of determining base line funding under SB 2200 as approved by the 60th legislative assembly". That's one of the things that needs to be done so that this bill does not affect the allocation under 2200, the way it currently stands. The other one also being added to 5, payments received by the school districts under this section do not constitute new money for purposes of teacher compensation increases under SB 2200 as approved by the 60th legislative assembly. There is a provision in that bill saying 70% of new money coming to schools from the state, has to be allocated for teacher compensation increases. This would provide that these payments don't count in that allocation for or the requirement there that 70% has to go to teacher compensation. In the homestead credit provision, a change from the version that the committee saw and the change is not in the income requirements or limitation, it is in the amount of taxable valuation reduction in each income category. In category #1, the 100% reduction, the maximum reduction would be $3,375. That increases the true and full valuation reduction, the $75,000 instead of current law; I believe works out in the $67,511. So it is an increase in the amount of valuation that is covered by the exemption. In categories 2, 3, 4 and 5, comparable increases. They work out to 80%, 60%, 40%, and 20% of that top amount and the changes are made accordingly. In section 3, this is a section not in the amendment draft that the committee has seen before. This is a provision that you have seen in another bill, it requires notice of an increased assessment to property owners. Current law says written notice has to be provided if there is a 15% increase from the previous year in the true and full value of your property. That is being amended here and reducing that amount to 7%. A 7% increase would trigger this notice to property owners if there is an assessment increase of more than 7%. It is also required that

this notice must go to the taxpayer at least 30 days before the meeting of the local board of equalization. That's the first opportunity a taxpayer has to complain about the valuation assigned to the property.

Rep. Drovdal: Under current law, if there is an assessed value increase of 15%, notification must be given. Under this amendment, the 7% is not just the assessed value, it's 7% of the property tax if it goes up more than 7% they must unify it. Am I correct?

John Walstad, LC: The law says true and full valuation and that's what we all think of when we talk about market value; it's the actual value of your property as determined by the assessor. It's that level currently where a 15% triggers the notice. Now, with this amendment that would be triggered as 7% increase.

Rep. Drovdal: So if the mill levy goes up 8%, they don't have to be notified, or if a combination of increase in assessed value and mill levy drives it up over say a 10% increase in taxes, they still don't have to be notified if neither one of those assessed value did not go up.

John Walstad, LC: That is correct. There is nothing in law that tax dollars increase triggers any kind of notice to the taxpayer until the little pink slip comes at the end of December. Section 4 of these amendments is that 57-15-01.1, the current limitation on levies in dollars that strikes out school districts, so that they would not be subject to that provision The next section of the amendments is the general fund levy limitation and this the committee has seen. The provision is that a school district can levy up to 3.5% more in dollars than was levied in the base year without any questions asked, board action is all it takes. To levy an amount more than 3.5% above the base year levy in dollars for general fund, a school district can present the question to the voters of the school district. The language we had in the previous amendment said at a regular election, this amendment will say at a regular or special election and if the voters approve a requested increase to an amount of more than 3.5% up in dollars

from the base year, then that amount can be levied and there is no limit on how much the voters can approve, but the question placed on the ballot must show the amount in dollars and the percentage increase in dollars that the school district is proposing for voter approval. Any voter approval of increased levy authority is effective for no more than 5 years. The definition of base year is changed. A concern that the School Board Association had was, what is the base year for a reorganized school district, so some language is being added there to say that for a reorganized school district, base year includes the general fund levy in dollars, as approved by the electors in the reorganization plan. When a school district is reorganized, there has to be a vote and that general fund levy becomes their base number and then subsequently, wherever they end up on that, their base year can change from that point on. At least it creates a starting point for reorganized districts. In subsection 4, we have the reductions for property coming off the tax rolls. We had some concerns about renaissance zone property, but when I reread the definition of property exempt by local discretion, I lifted it out 57-15-01.1, which is the current law; it lists the kinds of property exempt by local discretion. It does not include renaissance zoned property because the renaissance zone enabling legislation came along after we wrote that limitation and it never got put in there. So renaissance zone property will not be affected. Created new problem coming out of exemption, that's different. When it comes out and becomes taxable, then an increase is allowed by subdivision d. Then subdivision c, you will remember was a topic of consideration. It provided for a reduction in levy authority to reflect expired temporary mill levy increases approved by the voters. That whole subsection would now be out of these amendments, the effect of that would be if the voters approved a 5 year increase of a set percentage per year, at the end of that 5 year period, whatever the dollar amount being levied at that point is, that would become the base year. Essentially any increases authorized by the voters roll into

future base year calculations to determine future levy. There would be no subtraction to back out any of those kinds of increases. Section 6 is not going to be any different. Section 7, that is the real estate tax statement content. That won't be any different. Section 8 is the discount for early payment of taxes and how that's treated. That will not be any different. Priority for delinquent taxes, payments of these credits go against current year taxes and not against delinquencies; no change there. A provision is being deleted and it is the amendment in section 57-32-03, that's coming out. That relates to a discount and tax statement for airline companies, that will no longer be in the bill. In section 10 of these amendments will be an income tax change, which will be elimination of the marriage penalty for married filing jointly or married filing separately on Form ND-1. All of the brackets all the way up will be increased to be double the amount of the single taxpayer brackets. It eliminates the marriage penalty at all income levels. Section 11 will be the section about mobile home taxes and tax statements. Section 12 will be an appropriation; this is different from what is in the amendments that the committee has seen. The amendment the committee saw was to provide a continuing appropriation from the permanent oil tax trust fund, this instead provides a 2 year appropriation again from the permanent oil tax trust fund but it's only for one biennium. It's an $80 million dollar appropriation, to be allocated $40 million dollars in each year for the tax relief payments. Section 13 will be that section with the legislative intent statement and the requirement for a Legislative Council interim study on property taxes and such issues. Then the effective date clause, that will look basically like what you have seen with one additional reference to the effective date for the income tax marriage penalty relief, and that will apply beginning with tax year 2007, and will not have a sunset, and if fact, there will be no sunset in these amendments.

Rep. Belter: Thank you. Further comments.

Marcy Dickerson, Tax Commissioner's Office: I was instrumental in these airline changes. The reason that airlines were in this bill to begin with, was because of the federal legislation similar to the railroad legislation. That means that airlines cannot be taxed in any way that is detrimental to them compared to commercial property. Well they don't pay school tax as John Walstad said. So it makes sense that they wouldn't get school tax relief if they don't pay school taxes. I'm concerned about the mill levy that is levied against air transportation company does include the school tax component, even though none of it goes to the schools, it's the average levy of all cities that are served by scheduled airlines. That's the consolidated membrane that has the school, city, county, and everything else in it. I'm just wondering if that would still be a violation that is property tax, not paid to the schools, but I'm wondering if it's necessary to give the property tax relief from this property tax, not from the school tax.

Rep. Drovdal: One of my concerns on the airline giving a rebate, I'm sure it's not illegal for us to do it this way, but if we give relief back to the airlines this way, the money is going to the airport authority, and don't some of these airport authorities bond on this money that's coming in and wouldn't that have a negative effect if we send the money back.

Marcy Dickerson: The only money that would be going back to them would be the same amount that they would be getting if the airline paid their whole taxes out of this fund. We're talking small bucks really; the airline tax for last year is like $216,000 spread over all the airports that are entitled to it. They wouldn't be getting any new money; they just wouldn't be getting less than what they ordinarily get. If you give the relief to the airline, and you don't give it to the airport authority, the airport authority is short. If you do give it to the airport authority, that would require additional amendments in here to distribute the money to the airport authority as well as the school districts. I've been trying to work on something, and the more I work on it, the worse it gets. I'm just concerned about the legality of leaving the airlines out.

It's true that they don't pay school taxes, and this is school tax relief; but they do pay property tax and this is also property tax relief. I don't know if Northwest will sue us or not.

Rep. Weiler: What could possibly happen if we leave them out, and you said they could sue us?

Marcy Dickerson: I would assume that they could follow up.

Rep. Weiler: So, you said that the total taxes collected were $216,000?

Marcy Dickerson: For one year on all the airlines, correct.

Rep. Weiler: Is that the total or the school portion.

Marcy Dickerson: The school doesn't get any. That's the total, but it's based on an average consolidated mill rate which is a number that is representative of what everybody else pays including schools, park, whatever.

Rep. Weiler: So the total dollar amount that they would be getting back in a refund/rebate is roughly $26,000 or $27,000 that they wouldn't be getting if we leave them out.

Marcy Dickerson: It would probably be less than that because if we're looking at a similar 12.6% reduction of the school tax portion, which would be approximately 1/2 of it x 12.6%, and then whatever the pro-rate would be, that would be the complicated portion of getting the airline tax into the calculation with all the other taxes for the distribution, the county auditor has all that other information, the state has this information. I think it would probably be more like about $17,000-18,000 spread among seven airports that would qualify, airport authority, not big dollars, but it doesn't mean that Northwest or another airline might not take offense.

Rep. Weiler: I think that $15,000-16,000, isn't that much.

Marcy Dickerson: That's fine with me. I wanted to bring this issue up in case it was a problem.

Rep. Headland: John talked about the increase in the homestead tax credit, has there been a dollars figure to go along with that as to what it will cost.

Marcy Dickerson: I did give that information to Rep. Drovdal by email today.

Rep. Drovdal: I did read my email and the fiscal note on the homestead tax credit as it was approved before, was $3.8 million and we increased it from 67 to 75 and you know what the new fiscal note was, so I didn't want to say, I'd say it was closer to probably $40 million.

Marcy Dickerson: That's in addition to the $4.5 million that is already appropriated in the Tax Commissioner's budget.

Rep. Belter: Thank you. Further comments. We are scheduled to meet again tomorrow at 11:00 a.m. Please bring any amendments by then for discussion.

Rep. Headland: Did Rep. Boehning's amendment .0629, are you willing to take any action.

Rep. Belter: Do you want to briefly explain the amendments again.

Rep. Headland: This is an amendment that is going to allocate a portion of this money to the renters and that portion would be taken from what the owner of the commercial property receives.

Rep. Belter: Just briefly review your amendments.

Rep. Boehning: The amendment that Rep. Headland is talking about, the amendment that I drafted up that would basically, an apartment owner or a person that rents out any property to residential, or apartments, or whatever, but divided up so that the money that they would receive back in the tax rebate, 25% would stay with the apartment owner and the other 75% would be divided up between the tenants on an equal basis, just divide it out by the number of apartments. Pretty simple arithmetic. We'd have to pick an arbitrary date when that would be done. It wouldn't matter if you lived there for 6 months or 6 years, or one day. The reason I brought this forward was because this money is being generated by income tax and sales tax

and if we're just going to give it back to the property owners, then 50% of Fargo won't receive any tax refund out of the bill. That's why I put this forward.

Rep. Weiler: I'm trying to understand the mechanics of this. I know you handed out a sheet as an example of a total tax refund of $641, which is roughly 12.7% of the school taxes. Of that, 25% would remain with the landlord, which is approximately $160.00. What I'm trying to get at it, is the state going to somehow get this money to the tenants or is the landlord supposed to take this money off the renter's next rent check, are we supposed to trust the landlords to share this money with the tenants, or how is this supposed to work.

Rep. Boehning: I guess the money would go back to the apartment owner and he could do it as a rent credit or cash rebate check, that would be up to him. It would basically be on his honor. I think most of the apartment owners would be willing to give back the tax rebate if it was something we chose to have them do. I think it would be okay.

Rep. Weiler: Have you been able to come up with a total dollar amount that we're talking about here.

Rep. Boehning: The dollar amount would be the same, it would not affect the fiscal note on it, it would just be a matter of taking $40 million and that would be divided out.

Rep. Weiler: I probably need to rephrase my question. I know that the $40 million dollars is a total cost. Of that $40 million, how much of this would be given to the tenants, have you worked that number out, is it $6 million or what.

Rep. Boehning: I don't have that number, but I know in Fargo that approximately 50% of the population lives in apartments. So if you divide out that kind of a number, it would be kind of hard to do, you might be able to get from an Association.

Rep. Drovdal: You made the comment that this money generated in excess of what we expected was generated by everybody and that therefore everybody should receive some of it

back including tenants. I guess that raises a thought, those people contribute a lot of this money back to the oil taxes coming in and they do pay an in lieu of tax but would not that in lieu of should be considered in a rebate to be fair to the people that pay the tax, the royalty owners and oil companies.

Rep. Boehning: I'm not up on your in lieu of taxes too much, but I guess I think fair is fair. That's why I brought this amendment in. There are a lot of urban districts and apartment dwellers and they do deserve some of the money back as well.

Rep. Headland: I understand what you're trying to accomplish here with the amendment. The landlord rebates the portion to the renter, what keeps them from next month saying I want that money back and raises your rent.

Rep. Boehning: I think most of our leases are on a yearly basis, so typically they are going to go up anywhere from $20-50 a month on a lease. I don't think that the money that the landlord is going to get is probably to deter them from raising the rent anymore than they did the previous year.

Rep. Pinkerton: What about nursing homes, trailer parks, etc. would this apply to them too?

Rep. Boehning: I'm not sure how it would work with mobile homes, how that works out with mobile home parks, because you're renting the site. I'm not sure how they pay taxes on those. But when it comes to the nursing homes, I don't think we want to go there. I think we just want to stick to residential, because that is where most of the people live currently.

Rep. Belter: I believe that all of the nursing homes are tax exempt.

Rep. Grande: Mobile homes are exempt.

Rep. Pinkerton: I was referring to the lot rental where you rent the space that the mobile home sits on, and assisted care facilities, where we rent the space.

Rep. Boehning: I'm assuming if it is a rental situation, it would apply; but if it's a nursing home it would not apply.

Rep. Headland: What happens when you have a house and rent out your basement, do you have to turn over 75% of your property tax to your renter?

Rep. Boehning: It is adjusted in the last three lines of the bill; it states that the occupants that occupy within a residential property, such as a house would be divided out by the square footage basis, that would address it that way.

Rep. Headland: If half the square footage is the basement, then they would be ½ of it.

Rep. Boehning: He would share in that as well. If he's got half the house, it would only be fair since he was paying rent too.

Rep. Belter: In the question of the assisted care living situation, are some of those taxable.

Marcy Dickerson: Some are taxable. If they are determined to be charitable, they can be exempt; but there are some that don't even apply as charitable because they are profit-making, they are certainly providing a service that they are gaining, charging market rent and market priced services, in that case they are taxable.

Rep. Wrangham: Again, certainly it would be a perfect world if we could do everything right. Certainly those apartment dwellers do deserve some of this money back, but correct me if I'm wrong, what I see here is an effort to put something into law that has no teeth, no method of enforcement, no way that we could put teeth in, or affordably put enforcement into it. Basically I see this is as, we could reduce this amendment to a statement that said, Mr. landlord, if you're collecting rent and considering that part of the rent when you pay your real estate taxes, you should give some back to your tenants.

Rep. Boehning: I'm not sure of the wording of it, if it says shall or may in there, but we could address that, we could put a penalty in, but I think most of our landlords are very trustworthy

people. I think once the word got around that apartment dwellers were getting a rebate check and they should be getting a rebate check, I think the word would move quite fast.

Rep. Belter: Please bring all amendments because I want to act on this bill tomorrow. We will close for now.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2032G

House Finance & Taxation Committee

☐ Check here for Conference Committee

Hearing Date: 4/12/07

Recorder Job Number: 5949

Committee Clerk Signature DPenrose

Minutes:

Rep. Belter: Called to order. Attendance taken. Have you all got copies of amendment .0641.

Rep. Drovdal: To make things official, I would move that we reconsider our action by which we passed out 2032 and bring it back.

Rep. Grande: Second.

Rep. Belter: The amendments that were put on 2032 in Appropriations.

John Walstad: Correct.

Rep. Belter: So we do not need to reconsider our actions.

John Walstad: No, this committee does not. I would say that the amendment takes care of what needs to be done.

Rep. Drovdal: I withdraw my motion.

Rep. Belter: We have .0641, but there are a couple of changes that were made.

John Walstad: I will just focus on the differences between this version and the previous one. On page 10 of the amendment, this is the income tax provision, it is the marriage penalty relief provision. The last time the committee looked at this, it provided marriage penalty relief all the way to the top bracket for income tax for married filing jointly and married filing separately.

This version does not do that. It provides marriage penalty relief in the lowest income bracket only, and you can observe that by looking at about the middle of the page, that's the single bracket numbers and if you look at the first number there, it goes to $31,850, then if you drop down and look at the married filing jointly number for the first bracket, it is $63,700, which is twice that amount for single filers, and then if you look at married filing separately at the bottom, it's $31,850, just like the single filers bracket rate. Then if you look at the second bracket, the single rate goes up to $77,150; the married filing jointly second bracket only goes up to $128,500, so it is not double, and so it's just the lowest bracket where the marriage penalty provision complication is eliminated. Then I think the only other significant change is the very last part of the amendment, section 13 of this act is effective for tax year 2006, and section 13 is the marriage penalty provision for the income tax. That's it, that's what is different.

Rep. Belter: Questions.

Rep. Weiler: On the marriage penalty, I know it's been talked about back and forth about including all the tax brackets and only including some, and now unfortunately we're only including the bottom bracket. So if I look at page 10, (b), if you take two teachers who are married on an average salary, they're not going to even get a tax break on this.

John Walstad: I don't know what the average teacher salary is.

Rep. Weiler: I think it's around $34,000, in Burleigh County it's up around $40,000. My point is that it's disappointing to me that we're not going to include all the tax brackets in the marriage penalty and that we're only including one bracket and I think that people that are in the second bracket, third or fourth brackets, they're not even going to get a refund. Two people that make $32,000/each are not even going to get a tax break on this. I understand they are going to get a little bit, it's not your amendment but I'm just making a comment, that

it's disappointing to me that we're not including all the tax brackets in this. We have $550 million dollars plus of a tax surplus and we can't even give back a little bit more in a marriage penalty relief, we only have to include the bottom bracket. That's very disappointing.

John Walstad: I feel like I should answer.

Rep. Weiler: It wasn't a comment directed to you, it was directed at the bill in general.

Rep. Belter: I don't disagree with what you say, but we do need to realize that everyone is participating in that first lower bracket, so everyone does get that first increment of income of break, but you are correct that in all fairness, there are a good number of middle income dual family income people that probably should be entitled to more. I appreciate your comments on that. The other thing to keep in perspective that this wasn't changed, we had it differently in the House version of 1051 and that was rejected over in the Senate so I am just trying to make some compromises for now so that we don't have too many points of contention when it comes to dealing with the Senate.

Rep. Pinkerton: This is a letter that Rep. Vig asked for from the Tax Dept. (see attached testimony from Kathy Strombeck #1).

John Walstad: I have not seen the letter but I think I understand what Ms. Strombeck is talking about. It's something we can't see by looking at this draft, but in the married filing jointly bracket, you can see the base number there for the lowest bracket that's being overstructured, $45,200. From looking at this, we would assume from that number up, to $63,700, people in that range would be receiving some marriage penalty relief. But what we can't see here is the bracket that's indexed for inflation and that $45,200 number, I believe what she is saying there, is that the number is now $53,000 because of inflation, so it would be from $53,000 to $63,700. That range would be where the marriage penalty relief would fall. That's what I'm getting out of the letter she wrote.

Rep. Pinkerton: So if we removed the bottom bracket average deduction per return, it would move the marriage penalty for the bottom bracket only and that's what this does, am I understanding that, it would be 55 cents for those making under $50,000, it would be $128 for those making under $100,000.

John Walstad: I don't know. I haven't had time to do the math on it and I'm not sure of the math even if I did. But I have a lot of confidence in Kathy, because she does the analyses. I should point out that it is not just that $53,000-63,000 range of income where marriage penalty relief will be provided. Everybody in a higher bracket would get that same measure of relief on the income in that same range. The individuals, whose income is below $53,000 do not suffer any marriage penalty now because they are taxed at the same rate as the single filer, up to that level of income.

Rep. Pinkerton: This bill essentially comes into play for those who are making, their adjustable taxable income over $75,000.

John Walstad: I guess I would read this as about $53,000 of taxable income, married filing jointly, at that level and up, the marriage penalty relief would be provided. At that level and below, there is no marriage penalty now.

Rep. Owens: What Mr. Walstad said was correct, if we assume that we don't do this at all, it's indexed, it's the indexing that causes that. It's indexed, the first level for the tax rate of 2.1 at $53,000 under the new. There is no tax penalty for people who get married and they both together make $53,000 or less. There is none now. But by virtue of just focusing on the first one and indexing it, that's all we've done. We haven't changed the tax rate for the marriage penalty, but by changing the index at that first level, it will provide marriage penalty relief to a small degree across the whole scale. Now the people who benefit the most, is in those first two brackets because the majority of their income will be at that $63,000 or less. But since

there was no penalty at $53,000, which is where the indexing would remain if we did nothing, then the only marriage penalty that they'd see, if you look at single, if two people got married and they are both making $30,000 a year and they get married under the current system, they would have a marriage penalty. But if they get married under this system, the marriage penalty is gone. Now obviously we're only talking about from $53,000 to $60,000. We're only talking about the extra tax, not taxed completely but the extra tax on that $7,000. So naturally the tax savings appears to be much smaller because they weren't paying that much tax to begin with on $7,000. But still it exists, once they get above that first level of indexing.

Rep. Pinkerton: So is the tax owed on the adjusted gross, is that correct.

John Walstad: This is on your taxable income – that's the number off the backside of your federal return after your deduction of whatever deductions you might have itemized or standard, plus exemptions you might have for dependents. It's the number right after that, before you start applying credits. So the actual income at the $53,000 level, in gross income it's probably a couple having $60,000-65,000 of gross income.

Rep. Pinkerton: Their savings on that $65,000 of gross income would be 55 cents, is that correct.

John Walstad: I don't know.

Rep. Belter: Correct.

Rep. Pinkerton: Say you had $65,000 gross adjusted income, you take your total pay and this bill will give you an average of 55 cents of tax relief.

John Walstad: I don't know the number, but if that is the number then that's how much marriage penalty you have as a taxpayer right now. It would wipe it out, if it's only 55 cents, I guess that's all the benefit you get at that income level.

Rep. Froelich: On the fiscal note, you added the homestead tax credit, (can't hear).

John Walstad: I don't have one. We think that Rep. Drovdal got an estimate, but we're okaying an official fiscal note until the amendment is voted on.

Rep. Drovdal: Yesterday I did ask Marcy Dickerson to send me a fiscal note on the homestead tax credit and she refigured it according to best statistics available and the note she came out with is $3.6 million and that's in addition to the 12.5 that we are currently allowing for homestead tax credit.

Rep. Froelich: (can't hear).

Rep. Drovdal: $16.1 million.

John Walstad: If that rate is an issue the bill provides appropriations for some things, it does not provide an appropriation for that homestead credit. That additional amount would need to be appropriated either in this bill or in the Tax Commissioner's budget. Right now the Tax Commissioner's budget appropriates homestead credit payments at the amount required by current law.

Rep. Drovdal: I move the amendments to 2032 of .0641.

Rep. Grande: Second.

Rep. Kelsch: Is it possible to take a 10 minute recess two study the amendments as a minority caucus.

Rep. Belter: I suppose we can do that, there isn't anything new here is there.

Rep. Kelsch: I understand the marriage penalty is different.

Rep. Pinkerton: We're struggling, I don't think we need this to be honest.

Rep. Owens: Just to help you get a better grasp on this, there are a couple of ways to do this marriage penalty, like I said before we could change the indexes throughout the whole thing, that's what we keep talking about doing for all levels, or change the indexing only at the first level. The only way to limit changing an index at a given level and only affect that level is

to start at the top, not the bottom. When you change the index at the bottom level, you affect every level whether you readjust the index or not. So in other words, for your $63,000 married couple taxable income they fall into that new group at the lowest tax rate, which they couldn't before. But they only gained, based on the indexing had it would have been, they would only have gained that initial $10,000. But every taxpayer after that, in the higher brackets, up to $125,000 to $149,000 that first $63,000 which used to be 2.1 and 3.49, is now in the 2.1. The first $63,000 of taxable income for every taxpayer, when you affect the indexing on the first level, has a ripple effect throughout the whole thing. So that is why even fixing the first level does help the marriage penalty to a certain degree at the other levels even though you don't change the indexing at the other levels.

Rep. Pinkerton: Can we take a break to understand this.

Rep. Drovdal: Well this isn't anything new, we've been discussing this since the first part of the session when you went through 1051, so it's just about identical to 1051. What it is, it has nothing to do with the income tax rate in ND, what it is, under ND law right now, if two people decide to live together, not bother to get marry, they pay less tax than two people that make a commitment and live together with a marriage license. I don't think that's right. That is what this is going to adjust. That's it. Nothing else. As far as the numbers, it was the same numbers that we came up with before and it came from the exact same place. I don't understand why this is such a confusing issue.

Rep. Pinkerton: We really didn't know last time this came around, wasn't it uncapped at the top (can't hear). This is different from what we saw earlier, this time it is capped. You have to give us time to adjust the numbers.

Rep. Belter: I can give you some time but Kathy Strombeck is here, so if you have some questions to ask Kathy, maybe she can clarify them.

Kathy Strombeck: Are you talking about the lowest bracket only.

Rep. Belter: Start at the beginning.

Kathy Strombeck: I think both of those versions, at one point or another, did work their way into 1051. The lowest bracket only is $16.1 million all the way up the bracket to $20 million, actually the bottom two brackets, 17.6, I think Rep. Owens is correct in his explanation that when you adjust the bottom category, there's only 78,000 taxpayers in that category, but that impact is carried all the way up, because the bracket affects everybody who has income in the state. (can't hear). Everyone is impacted, because the marriage penalty doesn't kick in until about $53,000.

Rep. Pinkerton: Now it's 55 cents tax savings for the 78,000 taxpayers.

Kathy Strombeck: Correct.

Rep. Pinkerton: So for the next $50,000-100,000 of earnings you have about $128 (can't hear) so for those over $500,000 how much is their savings.

Kathy Strombeck: What are you referring to?

Rep. Belter: We are just dealing with the bottom level.

Kathy Strombeck: At the bottom level, they also would have (can't hear).

Rep. Pinkerton: (can't hear)

Kathy Strombeck: 1 year need to double it for the fiscal amount (can't hear)

Rep. Pinkerton: Come up with $12 million – need time. (can't hear)

Rep. Belter: We have to act on this and get it out morning. I guess I can give you five minutes break to discuss this, but on fiscal notes, we have to get this out.

Rep. Pinkerton: The $16.1 million on the fiscal note has been presented (can't hear).

Rep. Belter: Any further questions.

Rep. Pinkerton: On the indexing.

Rep. Froelich: Did someone move the amendments.

Rep. Belter: Yes.

Rep. Froelich: I have some concerns about the 3.5% cap on the mill. School districts need to get to 185 – problems (can't hear) property tax fine, problems with caps and marriage penalty.

Rep. Schmidt: Everyone complains about property tax and no one for the marriage (can't hear), I can't support.

Rep. Vig: If I can go back to section 1 with the 12.6%, when I talked to my county back home, on the old 1051, they commented to me about the administrative costs on that and expenses of implementing that, that it was $10,000 to administer property tax relief, and now this bill has a percentage and there will still be (can't hear), only getting 55 cents break.

Rep. Weiler: In response to the question about no large outcry from the public for reduction in the marriage penalty. There also was no large outcry in the public around the state to put $45 million dollars into renewables and we did it this year. That's what we do.

Rep. Headland: I would like to respond to the marriage penalty portion of this bill. Though there is no outcry, I think you can look at the marriage penalty as being for an injustice in our tax system. It should certainly be acceptable; it's been fixed on the federal level. What we've done here in this bill is the same adjustment that they've done on the federal level and given it to the lower bracket, so everybody will receive that relief that they are penalized for because of the injustice in the current system. That's all this bill does.

Rep. Drovdal: This bill is no different. One of the things that I had a lot of comments on in the district, was that the state had a lot of money and it was the citizen's money and they wanted some of it back because they were afraid that it was going to be spent. I agree with them. This is what this bill does, it gives the money back to the people, and we needed to

have some method of doing it. It ended up choosing the portion that they pay for school tax, but we don't have any control over expenses that drive mill levies for school taxes, so to get in and actually reduce that mill levy would be very dangerous for the legislature, and this is just a method to get that money back. As far as the caps, we currently have caps on school districts, 18%, if the district goes to 135 mills, there is no way under current law that they could go to 185, they might be able to go halfway. Under this bill, they could go up 3.5% and after that, they would have to go to their voters and say, this is our budget and you approve it, and they can raise it to whatever they want in one step; they could go up to the 185. This bill will actually allow them to do it in one step if they had to do it, I hope they don't and that's not the purpose of this. As far as the marriage penalty, I think Rep. Headland hit the nail on the head, and it's true the low brackets would not get much back, but they're also not being penalized, and if you're not being penalized, why would you get money back. I don't see that as a problem.

Rep. Belter: I would just comment on the marriage penalty thing. I think we've got a family friendly issue here. Our current system says if you're married, we're going to penalize you on your income tax. What we're trying to do here is to correct married couples from being penalized under our tax system. That's the correction we've made. Now we've just done it on a lower level, there is still a large group of people here that because they are married are going to continue to pay an unfair, there is a fairness issue there and we didn't go all the way here because of the fiscal note. But I think we've made some progress here on helping that lower income group. Yes, that very low income group is not helped because there is no marriage penalty for them in the first place. But we are giving some relief to a major group of citizens in ND by making this move.

Rep. Kelsch: I have a concern about Farmers Union.

Rep. Belter: Well the way the bill is written we are leaving centrally assessed out of the formula and also those that are able out also (can't hear).

Rep. Kelsch: Was to support renewables, marriage penalty defeated.

Rep. Belter: Just for clarification, the House did not defeat the marriage penalty bill, the marriage penalty bill was incorporated into 1051 and that was passed.

Rep. Vig: The marriage penalty in 1051 was defeated in Senate. I would ask that we further amend to take that out.

Rep. Belter: First we got a motion on the floor for .0641 and we're going to vote on that first and then if there are other amendments we'll look at those.

Rep. Pinkerton: I understand your concerns about trying to have equity in being a family friendly state, but those issues that come before us like child care, etc. that had much less fiscal note than this bill, I appreciate trying to balance out what's good for families and good for marriages, I can't see this, as expensive as this is, trying to balance out with child care.

Rep. Weiler: I call the question.

Rep. Belter: The question has been called. Clerk read roll on amendments .0641. Motion passed 9 to 5.

Rep. Owens: I have amendment .0628, and it goes directly to what's being discussed here about the outcry of property tax, trying to fix a problem over which we have no control in levying, but the people that come to us and quite frankly, after going through an interim committee looking at this, and then this session so far, there is information we can't obtain in order to properly evaluate the problem. So all this bill does is require that the cities and counties provide certain information to the Tax Commissioner's office so we have that information to us in the future to properly adjudicate the problem. It does it according to class and ownership. Therefore I would like to move amendment .0628.

Rep. Brandenburg: Second.

Rep. Belter: Discussion.

Rep. Vig: Do the cities and counties have to supply names and addresses to the State Tax Dept. (can't hear).

Rep. Owens: It is my understanding, right now, that they have to include certain information on property taxes across the state. What we're doing now, is saying that all classes of property must be taxed the same, but we leave the possibility for this body to establish exemptions for each class of property. I am asking by this amendment for the information by class of property and in-state or out-of-state ownership.

Rep. Pinkerton: Do we have any information from the assessors whether this is a problem.

Rep. Schmidt: From Minot and Fargo, (can't hear).

Rep. Grande: I didn't hear from my assessor.

Rep. Belter: I think that was dealing with the notification that's in these amendments. I don't think it deals with this. There's no question that this isn't going to create some additional work, but I think if we're going to look in the future at any type of property tax relief or anything like that, if we are wanting to get more information on residency, for instance, if you look at the state of MN, that has an extensive homestead credit program, there is a need to figure out a way of getting residency requirements and I think that maybe that is what Rep. Owens is looking at, to have that data.

Rep. Schmidt: I did get notice.

Rep. Owens: The letter I saw dealt with the notification of increase in property taxes from 15% to 17%, but in all fairness to this committee, what we did was try to find out this information during the session and we selected 10 counties and said can you give us this

information. Some could already and a couple could not, and a couple of them we never heard from.

Rep. Belter: Voice vote on Rep. Owen's amendment .0628. Motion carried. We now have the bill before us as amended.

Rep. Drovdal: I move a Do Pass as amended on SB 2032 with a rereferral to Appropriations.

Rep. Headland: Second.

Rep. Pinkerton: With this $80 million dollars property relief – don't (can't hear).

Rep. Belter: I would make one comment that you should keep in mind, is that the property tax relief that is included here, although it is $20 million dollars less, it is across the board and it treats all property tax payers the same, wherein the version that came out of the House Appropriations and the original 2032, the same group that loses revenue, the same group of schools that lose revenue is under 2200, were the same group that would not get property tax relief. It's the same, by doing what we're doing, at least those taxpayers that are hurt by 2200 are going to get their fair share of tax relief that they didn't get under the original 2032 version.

Rep. Pinkerton: What I did like about in 2032, in talking about the marriage that 2032 did make districts whole, they did a good job rewarding districts that worked hard to get as much local property tax as they could for their districts. (can't hear).

Rep. Belter: I have one closing comment, I think you need to keep in perspective that this bill contains two aspects. One is some effort to reform property tax and the other issue here, is that we have additional revenues at the state level that we are returning to the people and we are using what they paid in property tax towards education as the formula for returning $80 million dollars. We are returning that $80 million dollars based on a percentage that everybody paid and so to me, that is an equitable way of paying it back, because you are giving

everybody the same percent, so that's the difference. This is not an education equity bill, it's just using the tax formula as a way to distribute excess revenue back to taxpayers.

Rep. Pinkerton: I appreciate the honest way of dealing with our differences.

Rep. Drovdal: First of all, 2032 is not the Governor's bill, that was 1051 that we passed out with $100 million dollars of relief, in the Senate and thanks to blocked voting by the one party, killed that bill in the Senate with $100 million dollars tax relief. Second, no district was hurt worse than mine with SB 2200. I didn't see any of you guys feeling sorry for my district and it would have been hurt again by the provisions that the Governor had put into 2032 earlier in the session. I'm glad to see this go back to where every taxpayer gets the same treatment, regardless of what he pays. At least my district is being treated fairly by that. This is only $80 million dollars, but at least it is saving money for the taxpayers instead of additional spending by the state of ND.

Rep. Weiler: Call the question.

Rep. Belter: Clerk called roll.

9 YES 4 NO 1 ABSENT **CARRIER: Rep. Belter**

DO PASS AS AMENDED AND REREFERRED TO APPROPRIATIONS

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2032 H

House Finance and Taxation Committee

☐ Check here for Conference Committee

Hearing Date: April 17, 2007

Recorder Job Number: 6069

Committee Clerk Signature Mickie Schmidt

Minutes:

Chairman Belter opened the hearing on SB 2032 and asked the clerk to take the roll; all were present.

Vice Chairman Drovdal: I move that we reconsider action as we passed out the Senate Bill 2032.

Representative Froseth: Second it.

Chairman Belter: Ok, we have a motion to reconsider our action where by we passed 2032. Is there any discussion? If not all those in favor signify by saying aye. The motion carries. We have 2032 before us. I called Mr. Walstad up to just go over the new amendments which I have asked for and then we have I see a number of red envelopes that I assume have amendments. We have a lot of territory to cover here in one hour.

John Walstad: The amendments have a lot of provisions very much the same or exactly the same as what the committee has seen already but there are some significant changes as well. **(See Attachment #1)** I won't read the whole thing to you; I'll just try and hit the high spot to highlight where the changes are. The first section of this batch of amendments and this is once again a "Hog house" amendment that wipes out everything previous. It calls for allocation by the Tax Commissioner- of funds provided by Legislative Appropriations and it's significant to

recognize the significance of that phrase that if no appropriation is provided there's nothing to allocate. So this provision is not sunseted, but if no funding is provided in future sessions, nothing happens. The Commissioner has to allocate the funds provided to each County in amount equal to 5 and 9/10 % of the amount in dollars, levied by the County and all taxing Districts in the County against the residential, commercial, agricultural, mobile home and railroad. You'll notice there's no mention of airline in this version. And it's based on the tax year 2006. That is the tax year that is closed out so we know what the numbers are and the allocations to taxing Districts will be the same each year of the biennium. The allocations will not shift, each District will get the same amount of money in each year but allocation within each taxing District will shift based on current year taxes paid by taxpayers. So the same money will come to each Township, it might be split up differently depending on whether there have been improvements or assessment changes that vary from one property to another. The allocation, once again, 40 million dollars to be allocated so it's the same money, the percentage drops from what we've looked at before but that was only going to School Districts so it's the same money that goes out, 40 million dollars a year and the allocations are to be pro rated to provide 40 million dollars a year if that pro rating has to be downward or upward whatever it is, exactly 40 million dollars would be allocated. The Tax Commissioner has to certify to the County by August 1, the amount of credits that will be coming to the County. The County Auditor is to allocate the credits among the County and the Taxing District in the County and proportion to current taxable year, property tax is in dollars. The phrase "current year" is in there to make sure that everyone's clear. The allocation is not based on 2006; the allocation in one District is based on current tax year property taxes. The County Auditor certify the allocation to the Treasurer of the County, the County Treasurer will distribute the funds to the taxing Districts that have property taxes within the County. And the Tax Commissioner

certifies to the State Treasurer for payment by March 1, following the tax years. So for the 2007 tax year, this allocation will be made the actual payments will be received by Counties march 1, 2008, and that's approximately the time that property tax revenues are coming in and being allocated among taxing Districts. This money should join the flow of property tax collections which is intended to offset.

On the top of page 2, once again included is the two provisions about SB 2200 to make clear that these payments to the extent they go to School Districts are not increases in State aide for purposes of baseline funding and secondly that they do not constitute new money which under SB 2200, has to go 70% for Teachers salary enhancements.

The second section of the Bill is Homestead Credit Tax (HCT). It has the same enhancements that the committee has seen previously, $17,500 maximum income to qualify and an increase in the amount of valuation of property against which the HCT can apply. The maximum amount would be $75,000 in true and full valuation. The amounts are expressed in taxable valuation but $75,000 is the actual true and full valuation.

Section 3 of the Bill, on the bottom of page 4; once again the committee has seen before. Current law requires written notice to tax payers who have a 15% or more increase in property assessment. This would change that to require notice when a 7% or more increase in assessment occurs. The delivery of the notice has to be at least 30 days before the meeting on local board equalization.

Section 4; at this point in the amendments there's a section missing. It is the section 571501.1. That is the alternative levy limitation for Political Subdivisions allowing a levy to match the highest of the last three years levies in dollars with some adjustments, that is taken out so School Districts will continue to be eligible for general fund purposes to use that section. And that is significant for a reason that I will point out here in a second.

Section 4 of these amendments on page 5 is the general fund levy limitation for School Districts and as you can see the 185 mill general fund levy limit is retained. The increase below 185 which is currently 18% a year is reduced to 9% a year. And down toward the bottom of page 5 there, in that subsection 3, there is another reference in the last sentence to 18%. I forgot to fix it because I never read this subsection. The 18 should be over struck and followed with an underscored 9 and I will fix that if the committee chooses to adopt these amendments. Also at the bottom of page 5 is a change in the petition requirements and the petition language here applies to unlimited or enhanced levy authority that has been approved by the voters of a School District. The law here allows voters to approve either unlimited levy or a specific number of mills more than 185 mills or an increase actually in dollars. Those are the options. Current law allows the voters to refer a previous decision allowing that kind of increased authority for School Districts. The current requirement is petitions signed by at least 20% of the number of persons enumerated in the school census. The signature requirement is reduced to 10% of the number of persons who cast votes in the most recent School District election. I was supposed to incorporate another change here and I forgot. The additional change would have provided that voters in approving unlimited or enhanced levy authority above 185 mills, that voter approval would be good for no more than 10 years and that the ballot would have to specify how many years is being approved by the voters. That language has been in previous versions you've seen.

Section 5; this is the determination of property tax levy when a budget of a taxing District is being turned into a property tax levy. Some things have to be subtracted so they don't get levied in property tax. Funds on hand, revenues coming in from other than property taxes and so on. Item 7 is being added here to be a subtraction of the amount allocated to the taxing District as a tax relief credit.

Section 6 on the bottom of page six is the change to the form of the tax list to require mailing address for owners for each parcel of property. If the mailing address is not the individual's primary residence the list must also include the individual's primary residence. That relates to that problem with identifying non-resident and resident tax payers because all we have to go by is the mailing address where the tax statement goes.

On page 7, section7; the abstract for the tax list is to include some information to allow identification of the valuation of property owned by non-residents.

Section 8, we have seen before, it is the requirement that the tax statement include 3 taxable years of information identifying the City, County, and School District amounts levied in dollars against the parcel plus the amount of the Legislative tax relief credit that applies for that property.

Section 9 is relating to the discount for early payment of tax, the 5% discount for paying by February 15. This provides that that 5% discount is taken off the tax liability and the credit applies against the remaining 95%. So if the individuals pay by that early date and get the discount, the credit then applies to the remaining balance of tax due.

Section 10, we've seen before about priority for delinquent taxes. Current law says that money comes in the first thing you do is pay on your delinquency. This says that does not apply to these credit allocations, that these credit allocations go against your current tax year taxes only and are not applied to delinquencies.

Section 11 is the marriage penalty relief provision; once again the committee has seen this version identically and previous drafts. If you look at the married filing jointly numbers on page 8; the only bracket in which the marriage penalty relief applies here is that first bracket; income up to 63,700 dollars which if you do the math, is twice what the amount is right above that in a single bracket lowest income level for the lowest tax rates.

On the bottom of page 9, section 12, once again a section that the committee has seen before, this is the tax statement for mobile homes.

Section 13 is an appropriation of 80 million dollars in permanent oil tax trust fund money. It is good for only two years and for that reason the tax relief credit in section one of these amendments is funded for just two years.

Section 14 is the appropriation that is needed to fund the HCT changes. It is by current estimate 3, 604,000 dollars; I think that's a bit less than the number that the committee was looking at previously.

Section 15 previous versions have had a Legislative intent statement, that's gone. The Legislative Counsel study has been reworded somewhat but the Counsel study is retained. The effective date clause as you can see, there is nothing in here that has a sunset. It is all effective as permanent law. I hope that covers everything.

Rep. Headland: Section 9; discount for early payment; why do we want to penalize people for paying their property tax early?

John Walstad: I don't believe there will be a penalty. Relief amount for a parcel will still be based on 100% of the taxes due but it will get subtracted after the discount for early payment. Actually if the credit was applied first and the 5% discount after that, then the discount would be smaller so there would be a bit of a penalty if the discount came after the credit.

Rep. Kelsh: Pages 5 and 6, section 4; Is there a limit on the levy increases above the School Districts already above 185 and what is that limit as a cap?

John Walstad: There are no caps on Districts at 185 or more in this. There's nothing changed with regards to how much they can levy. They may be or may not be subject to a cap under current law or under the approval that the voters have allowed. In some of those Districts they may have a rule for 220 mills or whatever the voters have allowed, and that is their cap. But it's

by voter approval and not under any provision specifically contained here. Now maybe one thing I should mention; it is not apparent on the base of it but, if a School District has approval for 220 mills from the voters now and the voters use this referendum provision which allows the voters to undo that approval that School District would not then be required to drop it's general fund levy to 185 mills. That School District would be allowed to use 571501.1 which will allow them to keep the same levy in dollars that is their highest of their last 3 years. Now it doesn't sound like that would do a lot but, what it would do is changing 220 mills into a amount in dollars makes a significant difference because it would deny that School District the enhances authority from increased assessments on property under 571501.1, all you get is growth, new property, not assessment increases. So there would be a significant difference in the levy authority just by disapproval of that 220 mills and turning it into a dollar levy.

Rep. Weiler: The amendments we had on the sixth order on Friday the 13th, that had the 3-1/2% caps and now this one basically has removed the caps. What we're doing here is the tax payers of ND that are in the Districts that are below 185 mills, those taxpayers have not really been burdened by high property taxes because their School Districts have somewhat kept it under control. We're capping those at 9% instead of 18% a year we're capping them at 9%, those that are under 185, is that correct?

John Walstad: That is correct, yes.

Rep. Weiler: So the School Districts that have kind of kept their mills under control, we're putting restrictions on them?

John Walstad: That is correct.

Rep. Weiler: And tighter restrictions on them. But School Districts that have gone over 185, those that have unlimited levies, those taxpayers in those Districts that are extremely burdened with high property taxes, we're not doing anything for them, is that correct?

John Walstad: Not directly...

Rep. Weiler: That's enough, thank you.

Chairman Belter: Rep. Weiler, I would point out we do have the provision in here that changes it from 8% to 10% which is an extreme relaxation of the right of the voters to take that to a second vote on that.

Rep. Weiler: And might I add, they're going to use it.

Chairman Belter: Well that's their prerogative. Is there any other questions?

Rep. Pinkerton: Will you explain that a little bit, about Rep. Weiler's comments? The Districts that are over 185 mills or at, this Bill will not cap?

Rep. Weiler: No caps. The caps are gone.

Chairman Belter: John, those schools that are over 185, they will fall under an existing law which does cap them, would you like to explain the existing key?

John Walstad: That is correct. At 185 mills or more, the School Districts will continue to levy under the same restrictions that they are subject to now. And if voters have approved a higher or unlimited levy, that will continue to apply. The only change in here for those Districts is the reduction in the number of signatures required to reconsider voter approval of a higher levy.

Rep. Pinkerton: So if you're capped at 185 or if you're Fargo, Williston, Bismarck that have unlimited mill levy, they'll continue to operate in the same status as they have now?

Rep. Grande: Fargo doesn't have that.

Rep. Weiler: Those taxpayers will continue to pay absorbingly high property taxes.

Chairman Belter: The answer is that they fall under existing law so we're not changing anything.

Rep. Pinkerton: Just for clarification, these amendments I presume are your amendments again Mr. Chairman?

Chairman Belter: Why was the move made to go from the 12-1/2% to 5-9/10? What is the rational for this?

Chairman Belter: Rep. Pinkerton, it was just in the other, I think they were the 0644 amendments. We based the tax rebate only on that portion of property tax that applied to schools. Under this version it's your total property tax that we're basing the refund on. And so that's why there is a different figure, it's on your total property tax, not just the education portion and that's why there's a difference.

Rep. Pinkerton: There's quite a difference around the State like some Towns maybe, again Rep. Grande can probably correct me but, Fargo uses a lot more fee structure for their costs like they have high fees in their School and water and other Towns depend more on the mill levies. Is that correct?

Chairman Belter: I don't know.

Rep. Grande: I think with the local control issues, yeah some will do it in tiff Districts and special assessments, it all just really depends on what their local control is, or what their local entities do.

Rep. Pinkerton: If you have special assessments, it would not be code but it's...

Chairman Belter: That's correct, John maybe you just want to clarify that.

John Walstad: The draft here applies to property taxes, not to incorporate special assessments which are not truly a property tax.

Rep. Pinkerton: So the Cities can either choose to special assess or to property tax. With property tax they would get a rebate but if it's special assessed, they would not?

Chairman Belter: Yes. Any other questions?

Rep. Froelich: I have a question for Marcy Dickerson.

Chairman Belter: First, does anyone have any more questions for John and is there any questions on that provision that was inadvertently left out about the voters having a 10 year, because if these amendments do pass it will be incorporating that in there, I just want to make sure that everybody understands that provision.

Rep. Schmidt: John, it doesn't show on here what did the marriage penalty cost?

John Walstad: You're right, it does not show the cost, there is no appropriation for that. It is a revenue reduction. I believe the fiscal note says it's possible at 16 for the low bracket change on the marriage penalty.

Rep. Schmidt: I just don't quite understand Mr. Chairman. If we didn't have this, couldn't that 16 million be added to the 80 million?

John Walstad: That's up to you guys.

Rep. Kelsh: I'm not sure if this is a question for you John but, is there someone who can tell me what the does the translate do in terms of property tax relief for a $200,000 home for instance?

John Walstad: The tax on a $200,000 home is going to vary from City to City but whatever the tax was on that home in 2006, whatever the dollar amount was, 5.9% of that amount is going to get allocated to taxing Districts that contain that property so the relief should be very close to 5.9% of property taxes paid in 2006 but, some shifting could occur because of the things I mentioned where there might be some valuation changes within a District that might shift a little of the money among properties. It shouldn't be a very significant change. Then of course, when you get your 2007 tax bill, it probably won't be 5.9% less than the 2006 because those taxing Districts to the extent, they have authority and could increase the amount of tax against that property.

Rep. Froelich: Can you give me your assessment of the difficulties in the ease of administering this?

Marcy Dickerson, Tax Dept.: The Tax Dept., I don't believe would have a whole lot of difficulty administering this. I think the Counties may because of the 5.9%, by the time that you get to the 2007 taxes, it's probably not going to be 5.9% because the 2007 taxes will probably taxing levy will probably be higher than 2006 so that percentage standard changed and I'm just a little concerned the administration of section 572007.1 about the tax statement, by the time you return whatever percentages may be, so it's a 5.9 to all the taxing Districts. That's still going to reference that a different percentage of the amount levied by each of those Districts so the "x" number of dollars compared to the 2007 levy will be something different than that given percentage. When the Counties try to figure out exactly how many dollars of what percent reduction a taxpayer is getting through all of the reductions in the various taxing Districts that that would be a particular parcel is in, I think it's going to be a rather complex calculation and when all is said and done, I don't know how truthful it's going to be and I don't mean to imply that the County Auditor is not going to be truthful, I just think that the complexity may kind of mess it all up.

Rep. Weiler: Could you explain to me in perhaps it might even have to be somebody else in the Tax Dept., the tax implications regarding the IRS when it comes to a check that we would wish we could do but for some reason we can't. A check versus my next tax statement, it's going to say that I'm going to receive "x" amount of dollars. So I not have to claim that somehow or how does that work?

Marcy Dickerson: I think it would be better if Dee Wald responded to that. I only know hearsay on that.

Donnita Wald, Legal Counsel for the Tax Dept.: With respect to whether a check that was sent out from the State or whomever, when it's received, generally it has been determined to be income. However whether or not the person has to report it on their next year's tax return, it depends on whether they received a tax benefit from the payment of the property tax in the prior year. So if you itemized and deducted your property taxes, you would have to include any property tax rebate in a form of a check for cash payment of this tax received from tax benefit. If you use the regular standardized deduction, you would not have to include that in your income because of what you do if you get tax benefits for the previous year. So that's in general.

Rep. Weiler: Approximately how many people itemize in ND, percent?

Donnita Wald: 50%

Chairman Belter: OK, Committee Members, are there other amendments you'd like to bring forth?

Rep. Pinkerton: I move to substitute as a Minority Report, this is with John's help, in lieu of the amendment as printed on pages 1560-1570 of the House Journal that the reengrossed Senate Bill 2032 as amended by the amendments adopted by the House as printed on pages 1304-1309 of the House Journal as a Do Pass. I request a recorded roll call vote if this is seconded and again I ask for a Minority Report as provided under House Rule 602. So what we're doing is asking to go back to this as it came out of the House Appropriations and was passed through the House floor. **(See Attachment #2, #3, & #4)**

Rep. Vig: I'll second the motion.

Chairman Belter: Ok, we have a motion. It is my understanding that what you're Minority Report is that you want to go back to the language that was adopted by the House Appropriations Committee?

Rep. Pinkerton: Yes.

Chairman Belter: Is there any discussion?

Rep. Weiler: Rep. Pinkerton, without reading through all of this, can you tell me if this has caps in it?

Rep. Pinkerton: It does.

Rep. Weiler: Can you explain how the caps work?

Rep. Pinkerton: At 9%.

Chairman Belter: John, would you maybe want to just walk us through amendment?

John Walstad: This starts on page 1304 from the House Journal. This version determines a combined education mill rate for each School District and as you recall that is general fund tuition and transportation. This has that window where the property tax relief would focus on School Districts levies for those 3 purposes from 200 mills on the high end to 130 on the low end, that's in subsection 2. Within that window for tax year 2006, ½ of the number of mills in each District is the relief. So the maximum amount would be 35 mills for a School District to the extent a District is below 200 mills. That number would be reduced for that District and at 130 mills and below that District would receive no allocations. This does add a couple of adjustments to that levy limitation in dollars for School Districts in section 2. Adjustments to the based year amount, either upward or downward based on a comparison of the property tax relief allocation. There's an upward or downward adjustment based on whether relief is higher or lower in the year the levy is being determined than it was base year. The caps imposed here on School Districts, 9% increase. But it's 157 on the high end there, so when the levy rises to 157, the 9% authority is no longer there. We've got some language here, the language I forgot to put in. This is the thing about the ballot having to specify the number of mills the percentage

increase and so on, how many years it would apply and it could not apply for any more than 10 years. This is on page 1306 in the House Journal.

Section 4 same thing; subtraction from the levy. Then the real estate tax statement, there's two columns with information so it's the current tax year and one previous.

Vice Chairman Drovdal: You said something on page 1306 that something was on there?

John Walstad: On page 1306, if you look in the upper left hand corner of the page. We have two Journals of the House.

Rep. Grande: This one, 1550 is the current language before we came back down here.

John Walstad: Page 1304, these are the amendments to this Bill from the House Appropriations Committee that worked out on the floor. That's what I'm addressing here. And 572007.1, that's for centrally assessed property. Once again the same provision about applying the credit as a discount for early payment. Same provision about delinquent taxes. 5751.107.2; this had a different funding mechanism; it provided a continuing appropriation of 50 million dollars a year for relief from the permanent oil tax trust fund. And that would be ongoing. It also provides a two year sunset clause at the end, which is rather odd. To provide continuing appropriations and then sunset it, it works but it just a little different. The mobile home thing is here, the legislative intent statement about initiating an increase in State funding for its share of elementary and secondary education costs and so on. Those are the major things that are different.

Rep. Weiler: In this version, you talked about the mill levies going from whatever and got up to 157. Are the mill levies actually going to be changed for each School District in this?

John Walstad: No. This change would not force any School District to reduce it's property tax levy because of that reduction of 157 because the School District from 157 to 185 would then have the authority to levy the same number of dollars under that other provision where you can

use your highest of your last three years. The levies, the significant change there might be though that when you shift over to that other section, you don't get assessment increases because you're not levying a mill number.

Rep. Weiler: My concern would be if this version has a sunset clause and we go ahead and adopt this, this goes on for two years and then it sunsets, what's going to happen with these mills because Districts have adjusted their mills, etc... Now after two years, so we go back to where we were today?

John Walstad: That is a concern and that is addressed on page 1305. That language in section 2; this language puts an adjustment into that section that allows the levy in dollars based on the highest of the last 3 years. There's an additional subtraction if the relief is more or less and so if in one year of relief is received and at some point in the future no relief is received and an adjustment is allowed to recoup and property taxes the amount of dollars that came in the relief allocation.

Rep. Headland: When the 2 years is up and this sunsets; they'll be able to go back to where they were plus the amount of growth, they've been able to add during that 2 year period, is that right?

John Walstad: Yes, that is correct; growth, new property growth, yes.

Rep. Headland: So at that point the property tax payer is going to be shocked when he gets his statement.

John Walstad: The sticker shock to the extent that exists would be that the amount of the property tax relief allocation is no longer there. That would then show up as a property tax number.

Rep. Headland: That's correct, but is there a line or something on his current statement that it's going to say in this that he's getting this relief from the State? Will he be able to identify where this huge increase in his property tax is going to come from?

John Walstad: There is a provision here, it's on page 1307 of the House Journal. It is 57207.1 is contents of the real estate statement and it has to identify the amount of property tax relief. Now, this section also sunsets, so if this law expires there is no future funding for this and there won't be a line item any more indicating property tax relief. All you'll get is your statement like it looks now showing taxes levied by taxing Districts and the grand total.

Rep. Weiler: I would just like to remind the committee members that this version is actually voted on or changed when it first came over from the Senate. This is how it came over from the Senate I believe. We changed it. It went to Appropriations and they changed it back into this, correct? So we've already kind of said no to this version in committee and then it went away and somebody else changed it and now we're asked to vote on this again.

Vice Chairman Drovdal: This obviously doesn't include the Homestead Credit Tax, (HCT)?

John Walstad: I believe you're correct.

Vice Chairman Drovdal: On page 1308, it takes the money out of permanent oil gas trust fund; 50 million dollars per year. What happens if that measure 1 passes? In the second year of the biennium does that go into effect?

John Walstad: Yes, that would make a huge difference. This appropriation would not be effective against a constitutional permanent oil tax trust fund. The constitutional measure wouldn't be effective until July of 2009. This would be over by then, so it would not be effective.

Rep. Froelich: On 1308 and 1309, one expires it and the other one has a continuing appropriation?

John Walstad: That is correct. As I said, there's nothing wrong with that, it's just something different.

Rep. Froelich: In reality we should delete one or the other.

John Walstad: The fact that the sunset is there means that this is a two year appropriation and the version that the committee looked at today basically does what you're suggesting, it turns it into a two year appropriation, it doesn't have a sunset, but it's only affective for two years. The effect is the same.

Rep. Kelsh: In response to Rep. Weiler, the House approved these amendments, we didn't vote on any Bill and then it came back here and now we're debating whether that was a good idea or not, so we really haven't decided yet. If you look on page 1308, the fifth paragraph down. (He read the paragraph) The money's not there in the permanent oil tax trust fund, it comes out of the general fund.

Rep. Froseth: I just wanted to express the concern I have for this plan. I think it's turning a little bit of a fear; it's a complete change of policy the way the State has issued money to School Districts. All of a sudden we're funding mill levies instead of tuition payments on a per student basis. And if we're going to this plan, we're here permanent so if we start funding mill levies which is a local obligation, it's a complete shift in the way we're funding education and I don't think I'm ready to make that change. I don't think its good idea.

Chairman Belter: Ok, we have a motion and a second to accept the Minority Report (the amendments and a Do Pass) would the clerk read the roll; 9-n; 5-y; 0-absent; the motion fails.

Vice Chairman Drovdal: I would move that we amend SB 2032 with amendments .0650 with the two corrections as a Do Pass as Amended; One being the ten year vote and the other is changing to the 9.

Rep. Grande: Second it.

Chairman Belter: Any discussion?

Rep. Weiler: I have a few concerns with this version of the Bill. I can't support the amendments and I'd just a minute to explain why. There's three things that I have a problem with; the caps are gone, the marriage penalty is cut down to only a few of the first bracket and I believe that if you are married and you are being penalized for taxes because you are married, I don't care how much money you make, you should be able to be relieved of that tax burden, and there's not a provision in here to receive a check. There was a poll taken Mr. Chairman in Fargo, about two weeks ago and I believe the Fargo Forum had a poll and 67% of the people in Fargo approved caps on property taxes. There was a poll taken in Bismarck over the weekend on KXMB website; 83.5% of the people approved of caps on local property taxes. That's a pretty big number. The people are paying a lot in property taxes and with the large increases in property taxes that we have paid over the last 2-3 years, I don't think that what we're getting in better services equates to the higher property taxes. These caps aren't even caps, they're like beanies. I mean they're not even the caps that we had in the prior version that was on a sixth order on Friday gave the people the ability to vote the caps off if they weren't wanted. There's no reform at all. When you guys went out campaigning last October, what was the one thing people complained about? They complained about property taxes. What did they say they wanted you to do? Fix the problems, give us property tax relief. Giving money back is a good thing but there's no reform, there's no relief in this Bill.

Rep. Kelsh: That's exactly right; people did bring up property tax relief. That was the number one issue. And nobody brought up marriage penalty. Not one person brought that up.

Chairman Belter: We need to vote here; any other comments? **If not will the clerk take the roll for a Do Pass as Amended with the corrections that were mentioned on the**

amendment 0650; 8-y; 5-n; 0-absent; Rep. Drovdal will carry the Bill. We will close the hearing on SB 2032.

Date: 4-12-07
Roll Call Vote #: ~~3~~ 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

House Finance & Tax Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Reconsider - Bring bk old bill

Motion Made By Drovdal Seconded By Grande

Representatives	Yes	No	Representatives	Yes	No
Chairman Belter			Rep. Froelich		
Vice Chairman Drovdal			Rep. Kelsh		
Rep. Brandenburg			Rep. Pinkerton		
Rep. Froseth			Rep. Schmidt		
Rep. Grande			Rep. Vig		
Rep. Headland					
Rep. Owens					
Rep. Weiler					
Rep. Wrangham					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Withdrew

2032 4-9-07 AM

#1

70102.0627
Title.

Prepared by the Legislative Council staff for
Representative Belter
April 6, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

In lieu of the amendments adopted by the House as printed on pages 1080-1084 and 1304-1309 of the House Journal, Reengrossed Senate Bill No. 2032 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20 of the North Dakota Century Code, relating to allocation among school districts of legislative tax relief credit funds; to amend and reenact sections 57-15-01.1, 57-15-14, 57-15-31, 57-20-07.1, 57-20-09, 57-20-21.1, 57-32-03, 57-51.1-07.2, and 57-55-04 of the North Dakota Century Code, relating to school district levy limitations, contents of property tax statements, payment of real estate taxes, mobile home taxes, and continuing appropriation of funds from the permanent oil tax trust fund for legislative tax relief; to provide a statement of legislative intent; to provide for a legislative council study; to provide a continuing appropriation; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. Legislative tax relief credit allocation. The tax commissioner shall allocate funds provided by legislative appropriation for tax relief among school districts as provided in this section.

1. The tax commissioner shall allocate to each school district an amount equal to twelve and six-tenths of the amount in dollars levied by that school district for general fund purposes against residential, commercial, agricultural, mobile home, railroad, and air carrier transportation property in taxable year 2006. The amounts must be prorated as necessary to allocate total legislative tax relief credits of forty million dollars among school district property taxpayers for each year.

2. The tax commissioner shall certify to each county auditor by August first of each year the amount of legislative tax relief credit determined under this section for each school district in the county. By August first of each year, the tax commissioner shall certify to each school district the amount of the allocation under this section for the school district for the taxable year and shall certify the same information to each county auditor for each school district in the auditor's county.

3. The tax commissioner shall certify to the state treasurer the amounts determined under this section for payment to school districts by March first following the taxable year for which the credit applies.

4. The county auditor shall allocate the credits for each school district under this section against property taxes levied by that school district for general fund purposes against each parcel of residential, commercial, agricultural, mobile home, railroad, and air carrier transportation property in the proportion that the taxable valuation of each parcel bears to the total taxable valuation of all such property in the school district.

SECTION 2. AMENDMENT. Section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

57-15-01.1. Protection of taxpayers and taxing districts. Each taxing district, except a school district, may levy the lesser of the amount in dollars as certified in the budget of the governing body, or the amount in dollars as allowed in this section, subject to the following:

1. No taxing district may levy more taxes expressed in dollars than the amounts allowed by this section.

2. For purposes of this section:

   a. "Base year" means the taxing district's taxable year with the highest amount levied in dollars in property taxes of the three taxable years immediately preceding the budget year. For a park district general fund, the "amount levied in dollars in property taxes" is the sum of amounts levied in dollars in property taxes for the general fund under section 57-15-12 including any additional levy approved by the electors, the insurance reserve fund under section 32-12.1-08, the employee health care program under section 40-49-12, the public recreation system under section 40-55-09 including any additional levy approved by the electors, forestry purposes under section 57-15-12.1 except any additional levy approved by the electors, pest control under section 4-33-11, and handicapped person programs and activities under section 57-15-60;

   b. "Budget year" means the taxing district's year for which the levy is being determined under this section;

   c. "Calculated mill rate" means the mill rate that results from dividing the base year taxes levied by the sum of the taxable value of the taxable property in the base year plus the taxable value of the property exempt by local discretion or charitable status, calculated in the same manner as the taxable property; and

   d. "Property exempt by local discretion or charitable status" means property exempted from taxation as new or expanding businesses under chapter 40-57.1; improvements to property under chapter 57-02.2; or buildings belonging to institutions of public charity, new single-family residential or townhouse or condominium property, property used for early childhood services, or pollution abatement improvements under section 57-02-08.

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district.

4. In addition to any other levy limitation factor under this section, a taxing district may increase its levy in dollars to reflect new or increased mill levies authorized by the legislative assembly or authorized by the electors of the taxing district.

5. Under this section a taxing district may supersede any applicable mill levy limitations otherwise provided by law, or a taxing district may levy up to the mill levy limitations otherwise provided by law without reference to this section, but the provisions of this section do not apply to the following:

   a. Any irrepealable tax to pay bonded indebtedness levied pursuant to section 16 of article X of the Constitution of North Dakota.

   b. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

6. ~~A school district choosing to determine its levy authority under this section may apply subsection 3 only to the amount in dollars levied for general fund purposes under section 57-15-14 or, if the levy in the base year included separate general fund and special fund levies under sections 57-15-14 and 57-15-14.2, the school district may apply subsection 3 to the total amount levied in dollars in the base year for both the general fund and special fund accounts. School district levies under any section other than section 57-15-14 may be made within applicable limitations but these levies are not subject to subsection 3.~~

~~7.~~ Optional levies under this section may be used by any city or county that has adopted a home rule charter unless the provisions of the charter supersede state laws related to property tax levy limitations.

SECTION 3. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. ~~The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus eighteen percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:~~

~~1. In any school district having a total population in excess of four thousand according to the last federal decennial census:~~

   ~~a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.~~

   ~~b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.~~

~~2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the~~

~~school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.~~

~~3. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the eighteen percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.~~

~~The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to twenty percent of the number of persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.~~

A school district may levy an annual tax for the general fund purposes listed in section 57-15-14.2 in an amount up to three and one-half percent more than the amount in dollars which the school district levied for general fund purposes in the school district's base year.

1. A school district may levy an amount exceeding the limitation in this section upon approval by a majority of the electors voting on the question at a regular school district election under section 15.1-02-22. A question may be placed on the ballot for increased levy authority by motion approved by the school board. A question on the ballot for increased levy authority under this section must show the amount and percentage increase in dollars for which voter approval is requested and specify the years for which the increase will apply. Increased levy authority under this subsection may not be approved for more than five years.

2. The general fund levy limitation under this section applies to every school district, including a school district for which electors approved increased or unlimited levy authority before July 1, 2007.

3. For purposes of this section:

   a. "Base year" means the school district's taxable year with the highest amount levied in dollars for general fund purposes of the three taxable years immediately preceding the budget year;

b. "Budget year" means the school district's taxable year for which the general fund levy is being determined under this section;

c. "Calculated general fund mill rate" means the mill rate that results from dividing the base year general fund taxes levied by the sum of the taxable value of the taxable property in the base year plus the taxable value of the property exempt by local discretion or charitable status, calculated in the same manner as the taxable property; and

d. "Property exempt by local discretion or charitable status" means property exempted from taxation as new or expanding businesses under chapter 40-57.1; improvements to property under chapter 57-02.2; or buildings belonging to institutions of public charity, new single-family residential or townhouse or condominium property, property used for early childhood services, or pollution abatement improvements under section 57-02-08.

4. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

a. Reduced by an amount equal to the sum determined by application of the base year's calculated general fund mill rate for that school district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the school district for the budget year but was included in the school district for the base year.

b. Increased by an amount equal to the sum determined by the application of the base year's calculated general fund mill rate for that school district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the school district for the base year but which is included in the school district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district under this section.

SECTION 4. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.

2. Estimated revenues from sources other than direct property taxes.

3. The total estimated collections from tax levies for previous years.

4. Such expenditures as are to be made from bond sources.

5. The amount of distributions received from an economic growth increment pool under section 57-15-61.

6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.

7. The amount certified to a school district and the county auditor by the state tax commissioner as the school district's legislative tax relief credit allocation for the year under section 57-01-20.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 5. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet with, three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of legislative tax relief credit that applies against the school district levy for the parcel under section 57-01-20. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 6. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, after deduction of any credit allowed under section 57-01-20, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 7. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of a legislative tax relief credit must be applied to taxes for the year for which the legislative tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 8. AMENDMENT. Section 57-32-03 of the North Dakota Century Code is amended and reenacted as follows:

57-32-03. Tax statements prepared by state tax commissioner - When due and delinquent. On or before the thirty-first day of March in each year, the tax commissioner shall provide each company assessed under the provisions of this chapter a statement of its taxes due for the preceding year, with the valuations and taxes assessed in each case. The tax statement must include, or be accompanied by a separate sheet with, three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the property by the city, county, and school district and the amount of legislative tax relief credit that applies against the school district levy for the property under section 57-01-20. Such taxes are due upon the fifteenth day of April next following the date of the statement of taxes due. The taxes become delinquent on the first day of May next following the due date and, if not paid on or before said date, are subject to a penalty of two percent and, on June first following delinquency, an additional penalty of two percent and, on July first following delinquency, an additional penalty of two percent and, an additional penalty of two percent on October fifteenth following delinquency. From and after January first of the year following the year in which the taxes became due and payable, simple interest at the rate of twelve percent per annum upon the principal of the unpaid taxes must be charged until such taxes and penalties are paid, with such interest charges to be prorated to the nearest full month for a fractional year of delinquency. All the provisions of the law respecting delinquency of personal property assessments generally so far as may be consistent with the provisions of this chapter are applicable equally to the assessments and taxes provided for in this chapter.

SECTION 9. AMENDMENT. Section 57-51.1-07.2 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of distribution formula - Continuing appropriation for property tax relief. All revenue deposited in the general fund during a biennium derived from taxes imposed on oil and gas under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars must be transferred by the state treasurer to a special fund in the state treasury known as the permanent oil tax trust fund. The state treasurer shall transfer interest earnings of the permanent oil tax trust fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the members elected to each house of the legislative assembly.

If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in this section by the same percentage increase or decrease in the amount of revenue allocable to the general fund after the change in the allocation formula, and transfers to the permanent oil tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the transfers to the permanent oil tax trust fund is not increased or decreased merely because of changes in the distribution formulas.

To the extent moneys are available in the permanent oil tax trust fund, forty million dollars is appropriated to the state treasurer each February first as a standing and continuing appropriation to provide legislative tax relief credit payments to county treasurers under section 57-01-20. To the extent moneys in the permanent oil tax trust fund are insufficient to fully fund the allocation under section 57-01-20, the amount of any deficiency is appropriated as a standing and continuing appropriation from the state general fund.

SECTION 10. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The director of tax equalization shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the city, county, and school district and the amount of legislative tax relief credit that applies against the school district levy for the mobile home under section 57-01-20. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 11. LEGISLATIVE INTENT - LEGISLATIVE COUNCIL STUDY. It is the intent of the sixtieth legislative assembly that enactment of this Act will initiate an increase in the state's share of elementary and secondary education funding to secure immediate and future benefits to the citizens of the state. These benefits include relief from the expanded property tax burden that has created disparity within the tax structure of the state, enhanced equity of funding to support elementary and secondary education students, enduring property tax reductions, and returning to taxpayers a substantial measure of revenue collections augmented by a robust state economy. It is the further intent of the sixtieth legislative assembly that enactment of this Act will produce a reduction in property tax burdens which, with continued efforts of future legislative assemblies, will result in reduction of each annual property tax bill to an amount that is not more than one and one-half percent of the true and full value for any parcel of property.

The legislative council shall study, in each legislative interim through 2012, compliance with, and future funding sources for, the shift in education funding and taxation policy initiated by enactment of this Act. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to each subsequent legislative assembly.

SECTION 12. EFFECTIVE DATE - EXPIRATION DATE. This Act is effective for the first two taxable years beginning after December 31, 2006, for ad valorem property taxes and for the first two taxable years beginning after December 31, 2007, for mobile home taxes, and is thereafter ineffective."

Renumber accordingly

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Title.

Prepared by the Legislative Council staff for
Representative Boehning
April 6, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

This amendment is for consideration for inclusion in a set of amendments under consideration regarding Senate Bill No. 2032.

SECTION . A new section to chapter 47-16 of the North Dakota Century Code is created and enacted as follows:

Landlord allocation to tenant of share of legislative tax relief credit. The owner of residential or commercial property rented as a residence shall allocate to tenants occupying residential quarters within that property seventy-five percent of the amount of legislative tax relief credit received against that property under section 57-01-20 for the taxable year. The amount to be allocated among tenants must be by direct payment or credit against rent and must be allocated on the basis of monthly rental paid by the tenant compared to all monthly rentals paid by all tenants of the property. The tenant to whom an allocation must be made under this section is the lawful tenant on the date the property tax obligation on the property became due. If the owner of the property is also an occupant, the owner may retain a portion of the legislative tax relief credit for the property equal to the proportion of square footage of the structure occupied by the owner and allocate the remainder as provided in this section.

Prepared by the Legislative Council staff

April 11, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

In lieu of the amendments adopted by the House as printed on pages 1080-1084 and 1304-1309 of the House Journal, Reengrossed Senate Bill No. 2032 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20 of the North Dakota Century Code, relating to allocation among school districts of legislative tax relief credit funds; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-01.1, 57-15-14, 57-15-31, 57-20-07.1, 57-20-09, and 57-20-21.1, subsection 1 of section 57-38-30.3, and section 57-55-04 of the North Dakota Century Code, relating to homestead credit, notice of assessment increases, school district levy limitations, contents of property tax statements, payment of real estate taxes, mobile home taxes; to provide a statement of legislative intent; to provide for a legislative council study; to provide an appropriation; and to provide an effective date.

57-20-03, 57-20-04, form of the tax list, the abstract of the tax list,

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. Legislative tax relief credit allocation. The tax commissioner shall allocate funds provided by legislative appropriation for tax relief among school districts as provided in this section.

1. The tax commissioner shall allocate to each school district an amount equal to twelve and six-tenths percent of the amount in dollars levied by that school district for general fund purposes against residential, commercial, agricultural, mobile home, and railroad property in taxable year 2006. The amounts must be prorated as necessary to allocate total legislative tax relief credits of forty million dollars among school district property taxpayers for the designated classes of property for each year.

2. The tax commissioner shall certify to each county auditor by August first of each year the amount of legislative tax relief credit determined under this section for each school district or portion of each school district in the county. By August first of each year, the tax commissioner shall certify to each school district the amount of the allocation under this section for the school district for the taxable year.

3. The county auditor shall allocate the credits for each school district under this section against property taxes levied by that school district for general fund purposes against each parcel of residential, commercial, agricultural, mobile home, and railroad in the proportion that the taxable valuation of each parcel bears to the total taxable valuation of all such property in the school district.

4. The tax commissioner shall certify to the state treasurer the amounts determined under this section for payment to school districts by March first following the taxable year for which the credit applies.

5. Payments received by school districts under this section do not constitute increases in state aid for purposes of determining baseline funding under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

Payments received by school districts under this section do not constitute new money for purposes of teacher compensation increases under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

SECTION 2. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

      (2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

      (3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

      (4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

      (5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

   d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who

are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property

taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to ~~result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a~~ certificate from a licensed physician.

SECTION 3. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more than seven percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than thirty days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the

current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 4. AMENDMENT. Section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

57-15-01.1. Protection of taxpayers and taxing districts. Each taxing district, except a school district, may levy the lesser of the amount in dollars as certified in the budget of the governing body, or the amount in dollars as allowed in this section, subject to the following:

1. No taxing district may levy more taxes expressed in dollars than the amounts allowed by this section.

2. For purposes of this section:

   a. "Base year" means the taxing district's taxable year with the highest amount levied in dollars in property taxes of the three taxable years immediately preceding the budget year. For a park district general fund, the "amount levied in dollars in property taxes" is the sum of amounts levied in dollars in property taxes for the general fund under section 57-15-12 including any additional levy approved by the electors, the insurance reserve fund under section 32-12.1-08, the employee health care program under section 40-49-12, the public recreation system under section 40-55-09 including any additional levy approved by the electors, forestry purposes under section 57-15-12.1 except any additional levy approved by the electors, pest control under section 4-33-11, and handicapped person programs and activities under section 57-15-60;

   b. "Budget year" means the taxing district's year for which the levy is being determined under this section;

   c. "Calculated mill rate" means the mill rate that results from dividing the base year taxes levied by the sum of the taxable value of the taxable property in the base year plus the taxable value of the property exempt by local discretion or charitable status, calculated in the same manner as the taxable property; and

   d. "Property exempt by local discretion or charitable status" means property exempted from taxation as new or expanding businesses under chapter 40-57.1; improvements to property under chapter 57-02.2; or buildings belonging to institutions of public charity, new single-family residential or townhouse or condominium property, property used for early childhood services, or pollution abatement improvements under section 57-02-08.

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final

base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district.

4. In addition to any other levy limitation factor under this section, a taxing district may increase its levy in dollars to reflect new or increased mill levies authorized by the legislative assembly or authorized by the electors of the taxing district.

5. Under this section a taxing district may supersede any applicable mill levy limitations otherwise provided by law, or a taxing district may levy up to the mill levy limitations otherwise provided by law without reference to this section, but the provisions of this section do not apply to the following:

a. Any irrepealable tax to pay bonded indebtedness levied pursuant to section 16 of article X of the Constitution of North Dakota.

b. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

6. ~~A school district choosing to determine its levy authority under this section may apply subsection 3 only to the amount in dollars levied for general fund purposes under section 57-15-14 or, if the levy in the base year included separate general fund and special fund levies under sections 57-15-14 and 57-15-14.2, the school district may apply subsection 3 to the total amount levied in dollars in the base year for both the general fund and special fund accounts. School district levies under any section other than section 57-15-14 may be made within applicable limitations but those levies are not subject to subsection 3.~~

~~7.~~ Optional levies under this section may be used by any city or county that has adopted a home rule charter unless the provisions of the charter supersede state laws related to property tax levy limitations.

SECTION 5. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. ~~The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus eighteen percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:~~

~~1. In any school district having a total population in excess of four thousand according to the last federal decennial census:~~

~~a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority~~

~~of the qualified electors voting upon the question at any regular or special school district election.~~

~~b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.~~

~~2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.~~

~~3. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the eighteen percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.~~

~~The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to twenty percent of the number of persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.~~

A school district may levy an annual tax for the general fund purposes listed in section 57-15-14.2 in an amount not exceeding three and one-half percent more than the amount in dollars which the school district levied for general fund purposes in the school district's base year.

1. A school district may levy an amount exceeding the limitation in this section upon approval by a majority of the electors voting on the question at a regular or special school district election. A question may be placed on the ballot for increased levy authority by motion approved by the school board. A question on the ballot for increased levy authority under this section must show the amount and percentage increase in dollars for which voter approval is requested and specify the years for which the increase will

apply. Increased levy authority under this subsection may not be approved for more than five years.

2. The general fund levy limitation under this section applies to every school district, including a school district for which electors approved increased or unlimited levy authority before July 1, 2007.

3. For purposes of this section:

   a. "Base year" means the school district's taxable year with the highest amount levied in dollars for general fund purposes of the three taxable years immediately preceding the budget year. For a reorganized school district, "base year" includes the general fund levy in dollars as approved by the electors in the reorganization plan.

   b. "Budget year" means the school district's taxable year for which the general fund levy is being determined under this section.

   c. "Calculated general fund mill rate" means the mill rate that results from dividing the base year general fund taxes levied by the sum of the taxable value of the taxable property in the base year plus the taxable value of the property exempt by local discretion or charitable status, calculated in the same manner as the taxable property.

   d. "Property exempt by local discretion or charitable status" means property exempted from taxation as new or expanding businesses under chapter 40-57.1; improvements to property under chapter 57-02.2; or buildings belonging to institutions of public charity, new single-family residential or townhouse or condominium property, property used for early childhood services, or pollution abatement improvements under section 57-02-08.

4. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated general fund mill rate for that school district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the school district for the budget year but was included in the school district for the base year.

   b. Increased by an amount equal to the sum determined by the application of the base year's calculated general fund mill rate for that school district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the school district for the base year but which is included in the school district for the budget year.

SECTION 6. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the ~~governing board from the past experience of the taxing district, the total of the following~~ items:

1. The available surplus consisting of the free and unencumbered cash balance.

2. Estimated revenues from sources other than direct property taxes.

3. The total estimated collections from tax levies for previous years.

4. Such expenditures as are to be made from bond sources.

5. The amount of distributions received from an economic growth increment pool under section 57-15-61.

6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.

7. The amount certified to a school district and the county auditor by the state tax commissioner as the school district's legislative tax relief credit allocation for the year under section 57-01-20.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 9. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of legislative tax relief credit that applies against the school district levy for the parcel under section 57-01-20. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 10. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, after deduction of any credit allowed under section 57-01-20, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period ~~for an additional thirty days.~~

SECTION 9. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of a legislative tax relief credit must be applied to taxes for the year for which the legislative tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 10. AMENDMENT. Subsection 1 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

1. A tax is hereby imposed for each taxable year upon income earned or received in that taxable year by every resident and nonresident individual, estate, and trust. A taxpayer computing the tax under this section is only eligible for those adjustments or credits that are specifically provided for in this section. Provided, that for purposes of this section, any person required to file a state income tax return under this chapter, but who has not computed a federal taxable income figure, shall compute a federal taxable income figure using a pro forma return in order to determine a federal taxable income figure to be used as a starting point in computing state income tax under this section. The tax for individuals is equal to North Dakota taxable income multiplied by the rates in the applicable rate schedule in subdivisions a through d corresponding to an individual's filing status used for federal income tax purposes. For an estate or trust, the schedule in subdivision e must be used for purposes of this subsection.

a. Single, other than head of household or surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$27,050~~ $31,850	2.10%
Over ~~$27,050~~ $31,850 but not over ~~$65,550~~ $77,100	~~$568.05~~ $668.85 plus 3.92% of amount over ~~$27,050~~ $31,850
Over ~~$65,550~~ $77,100 but not over ~~$136,750~~ $160,850	~~$2,077.25~~ $2,442.65 plus 4.34% of amount over ~~$65,550~~ $77,100
Over ~~$136,750~~ $160,850 but not over ~~$297,350~~ $349,700	~~$5,167.33~~ $6,077.40 plus 5.04% of amount over ~~$136,750~~ $160,850
Over ~~$297,350~~ $349,700	~~$13,261.57~~ $15,595.44 plus 5.54% of amount over ~~$297,350~~ $349,700

b. Married filing jointly and surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$45,200~~ $63,700	2.10%
Over ~~$45,200~~ $63,700 but not over ~~$109,250~~ $128,500	~~$949.20~~ $1,337.70 plus 3.92% of amount over ~~$45,200~~ $63,700
Over ~~$109,250~~ $128,500 but not over ~~$166,500~~ $195,850	~~$3,459.96~~ $3,877.86 plus 4.34% of amount over ~~$109,250~~ $128,500
Over ~~$166,500~~ $195,850 but not over ~~$297,350~~ $349,700	~~$5,944.61~~ $6,800.85 plus 5.04% of amount over ~~$166,500~~ $195,850
Over ~~$297,350~~ $349,700	~~$12,530.45~~ $14,554.89 plus 5.54% of amount over ~~$297,350~~ $349,700

c. Married filing separately.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$22,600~~ $31,850	2.10%
Over ~~$22,600~~ $31,850 but not over ~~$54,625~~ $64,250	~~$474.60~~ $668.85 plus 3.92% of amount over ~~$22,600~~ $31,850
Over ~~$54,625~~ $64,250 but not over	~~$1,729.98~~ $1,938.93 plus 4.34% of amount

~~$83,250~~ $97,925	over ~~$54,625~~ $64,250
Over ~~$83,250~~ $97,925 but not over ~~$148,675~~ $174,850	~~$2,972.31~~ $3,400.43 plus 5.04% of amount over ~~$83,250~~ $97,925
Over ~~$148,675~~ $174,850	~~$6,269.73~~ $7,277.45 plus 5.54% of amount over ~~$148,675~~ $174,850

d. Head of household.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$36,250~~ $42,650	2.10%
Over ~~$36,250~~ $42,650 but not over ~~$93,650~~ $110,100	~~$761.25~~ $895.65 plus 3.92% of amount over ~~$36,250~~ $42,650
Over ~~$93,650~~ $110,100 but not over ~~$151,650~~ $178,350	~~$3,011.33~~ $3,539.69 plus 4.34% of amount over ~~$93,650~~ $110,100
Over ~~$151,650~~ $178,350 but not over ~~$297,350~~ $349,700	~~$5,528.53~~ $6,501.74 plus 5.04% of amount over ~~$151,650~~ $178,350
Over ~~$297,350~~ $349,700	~~$12,871.81~~ $15,137.78 plus 5.54% of amount over ~~$297,350~~ $349,700

e. Estates and trusts.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$1,800~~ $2,150	2.10%
Over ~~$1,800~~ $2,150 but not over ~~$4,250~~ $5,000	~~$37.80~~ $45.15 plus 3.92% of amount over ~~$1,800~~ $2,150
Over ~~$4,250~~ $5,000 but not over ~~$6,500~~ $7,650	~~$133.84~~ $156.87 plus 4.34% of amount over ~~$4,250~~ $5,000
Over ~~$6,500~~ $7,650 but not over ~~$8,900~~ $10,450	~~$231.49~~ $271.88 plus 5.04% of amount over ~~$6,500~~ $7,650
Over ~~$8,900~~ $10,450	~~$352.45~~ $413.00 plus 5.54% of amount over ~~$8,900~~ $10,450

f. For an individual who is not a resident of this state for the entire year, or for a nonresident estate or trust, the tax is equal to the tax otherwise computed under this subsection multiplied by a fraction in which:

(1) The numerator is the federal adjusted gross income allocable and apportionable to this state; and

(2) The denominator is the federal adjusted gross income from all sources reduced by the net income from the amounts specified in subdivisions a and b of subsection 2.

In the case of married individuals filing a joint return, if one spouse is a resident of this state for the entire year and the other spouse is a nonresident for part or all of the tax year, the tax on the joint return must be computed under this subdivision.

g. For taxable years beginning after December 31, ~~2001~~ 2007, the tax commissioner shall prescribe new rate schedules that apply in lieu of the schedules set forth in subdivisions a through e. The new schedules must be determined by increasing the minimum and maximum dollar amounts for each income bracket for which a tax is imposed by the cost-of-living adjustment for the taxable year as determined by the secretary of the United States treasury for purposes of section 1(f) of the United States Internal Revenue Code of 1954, as amended. For this purpose, the rate applicable to each income bracket may not be changed, and the manner of applying the cost-of-living adjustment must be the same as that used for adjusting the income brackets for federal income tax purposes.

SECTION 13. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the city, county, and school district and the amount of legislative tax relief credit that applies against the school district levy for the mobile home under section 57-01-20. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 14. APPROPRIATION. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of $80,000,000, or so much of the sum as may be necessary, to the state treasurer to be allocated in equal amounts in each year of the biennium for legislative tax relief credit payments to school districts under section 57-01-20, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 15. LEGISLATIVE INTENT - LEGISLATIVE COUNCIL STUDY. It is the intent of the sixtieth legislative assembly that enactment of this Act will initiate an increase in the state's share of elementary and secondary education funding to secure immediate and future benefits to the citizens of the state. These benefits include relief from the expanded property tax burden that has created disparity within the tax structure of the state; enhanced equity of funding to support elementary and secondary education students, enduring property tax reductions, and returning to taxpayers a substantial measure of revenue collections augmented by a robust state economy. It is the further intent of the sixtieth legislative assembly that enactment of this Act will produce a reduction in property tax burdens which, with continued efforts of future legislative assemblies, will result in reduction of each annual property tax bill to an amount that is not more than one and one-half percent of the true and full value for any parcel of property.

The legislative council shall study, in each legislative interim through 2012, compliance with, and future funding sources for, the shift in education funding and taxation policy initiated by enactment of this Act. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to each subsequent legislative assembly.

SECTION 16. EFFECTIVE DATE. Sections 1 through 12 and 13 of this Act are effective for taxable years beginning after December 31, 2006, for ad valorem property taxes and for taxable years beginning after December 31, 2007, for mobile home taxes. Section 14 of this Act is effective for taxable years beginning after December 31, 2006."

Renumber accordingly

Date: 4-12-07
Roll Call Vote #: 2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

House Finance & Tax Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Move Amendment 0641

Motion Made By Drovdal Seconded By Grande

Representatives	Yes	No	Representatives	Yes	No
Chairman Belter	✓		Rep. Froelich		✓
Vice Chairman Drovdal	✓		Rep. Kelsh		✓
Rep. Brandenburg	✓		Rep. Pinkerton		✓
Rep. Froseth	✓		Rep. Schmidt		✓
Rep. Grande	✓		Rep. Vig		✓
Rep. Headland	✓				
Rep. Owens	✓				
Rep. Weiler	✓				
Rep. Wrangham	✓				

Total (Yes) 9 No 5

Absent 0

Floor Assignment

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

2032 HM 4-9-07

#3

70102.0628
Title.

Prepared by the Legislative Council staff for
Representative Owens
April 6, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

This amendment is for consideration for inclusion in a set of amendments under consideration regarding Senate Bill No. 2032.

SECTION . AMENDMENT. Section 57-20-03 of the North Dakota Century Code is amended and reenacted as follows:

57-20-03. Form of tax list. The tax list must be made out to correspond with the assessment books as respects ownership and description of property, with columns for the valuation and for the various items of tax included in the total amount of all taxes set down opposite such description of property. The tax list must include the mailing address for the owner of each parcel of property. If the owner is an individual or more than one individual and the mailing address is not the individual's or individuals' primary residence, the tax list must also include the individual's or individuals' primary residence address. The amounts of special taxes must be entered in appropriate columns, but the general taxes may be shown by entering the rate of each tax at the head of the proper column without extending the same, in which case a schedule of the rates of such taxes must be made on the first page of each tax list. The tax lists also must show, in a separate column, the years for which any piece or parcel has been sold for taxes, if the same has not been redeemed or deeded for such taxes.

SECTION . AMENDMENT. Section 57-20-04 of the North Dakota Century Code is amended and reenacted as follows:

57-20-04. Abstract of tax list to be sent to tax commissioner. The county auditor, on or before December thirty-first following the levy of the taxes, shall make and transmit to the state tax commissioner, in such form as the tax commissioner may prescribe, a complete abstract of the tax list of the auditor's county. The abstract must include the total number of individually assessed parcels of property in the county within each property classification, the total true and full valuation of all property within each property classification, and the true and full valuation of all property within each property classification owned by nonresidents of this state.

Date: 4-12-07
Roll Call Vote #: 3

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2030

House Finance & Tax Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Move Amendment 0628

Motion Made By Owens Seconded By Brandenburg

Representatives	Yes	No	Representatives	Yes	No
Chairman Belter			Rep. Froelich		
Vice Chairman Drovdal			Rep. Kelsh		
Rep. Brandenburg			Rep. Pinkerton		
Rep. Froseth			Rep. Schmidt		
Rep. Grande			Rep. Vig		
Rep. Headland					
Rep. Owens					
Rep. Weiler					
Rep. Wrangham					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 4-12-07
Roll Call Vote #: 4

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

House Finance & Tax Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass As Amended

Motion Made By Drovdal Seconded By Headland

Representatives	Yes	No	Representatives	Yes	No
Chairman Belter	✓		Rep. Froelich Absent		
Vice Chairman Drovdal	✓		Rep. Kelsh		✓
Rep. Brandenburg	✓		Rep. Pinkerton		✓
Rep. Froseth	✓		Rep. Schmidt		✓
Rep. Grande	✓		Rep. Vig		✓
Rep. Headland	✓				
Rep. Owens	✓				
Rep. Weiler	✓				
Rep. Wrangham	✓				

Total (Yes) 9 No 4

Absent 1

Floor Assignment Rep Belter

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

REPORT OF STANDING COMMITTEE

SB 2032, as reengrossed: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (9 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). Reengrossed SB 2032 was placed on the Sixth order on the calendar.

In lieu of the amendments adopted by the House as printed on pages 1304-1309 of the House Journal, Reengrossed Senate Bill No. 2032 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20 of the North Dakota Century Code, relating to allocation among school districts of legislative tax relief credit funds; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-01.1, 57-15-14, 57-15-31, 57-20-03, 57-20-04, 57-20-07.1, 57-20-09, and 57-20-21.1, subsection 1 of section 57-38-30.3, and section 57-55-04 of the North Dakota Century Code, relating to homestead credit, notice of assessment increases, school district levy limitations, form of the tax list, the abstract of the tax list, contents of property tax statements, payment of real estate taxes, and mobile home taxes; to provide an appropriation; to provide a statement of legislative intent; to provide for a legislative council study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. Legislative tax relief credit allocation. The tax commissioner shall allocate funds provided by legislative appropriation for tax relief among school districts as provided in this section.

1. The tax commissioner shall allocate to each school district an amount equal to twelve and six-tenths percent of the amount in dollars levied by that school district for general fund purposes against residential, commercial, agricultural, mobile home, and railroad property in taxable year 2006. The amounts must be prorated as necessary to allocate total legislative tax relief credits of forty million dollars among school district property taxpayers for the designated classes of property for each year.

2. The tax commissioner shall certify to each county auditor by August first of each year the amount of legislative tax relief credit determined under this section for each school district or portion of each school district in the county. By August first of each year, the tax commissioner shall certify to each school district the amount of the allocation under this section for the school district for the taxable year.

3. The county auditor shall allocate the credits for each school district under this section against property taxes levied by that school district for general fund purposes against each parcel of residential, commercial, agricultural, mobile home, and railroad in the proportion that the taxable valuation of each parcel bears to the total taxable valuation of all such property in the school district.

4. The tax commissioner shall certify to the state treasurer the amounts determined under this section for payment to school districts by March first following the taxable year for which the credit applies.

5. Payments received by school districts under this section do not constitute increases in state aid for purposes of determining baseline funding under

Senate Bill No. 2200, as approved by the sixtieth legislative assembly. Payments received by school districts under this section do not constitute new money for purposes of teacher compensation increases under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

SECTION 2. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

      (2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

      (3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

      (4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

      (5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum

reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 3. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract

of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more than seven percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than thirty days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 4. AMENDMENT. Section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

57-15-01.1. Protection of taxpayers and taxing districts. Each taxing district, except a school district, may levy the lesser of the amount in dollars as certified in the budget of the governing body, or the amount in dollars as allowed in this section, subject to the following:

1. No taxing district may levy more taxes expressed in dollars than the amounts allowed by this section.

2. For purposes of this section:

   a. "Base year" means the taxing district's taxable year with the highest amount levied in dollars in property taxes of the three taxable years immediately preceding the budget year. For a park district general fund, the "amount levied in dollars in property taxes" is the sum of amounts levied in dollars in property taxes for the general fund under section 57-15-12 including any additional levy approved by the electors, the insurance reserve fund under section 32-12.1-08, the employee health care program under section 40-49-12, the public recreation system under section 40-55-09 including any additional levy approved by the electors, forestry purposes under section 57-15-12.1 except any additional levy approved by the electors, pest control under section 4-33-11, and handicapped person programs and activities under section 57-15-60;

   b. "Budget year" means the taxing district's year for which the levy is being determined under this section;

   c. "Calculated mill rate" means the mill rate that results from dividing the base year taxes levied by the sum of the taxable value of the taxable property in the base year plus the taxable value of the property exempt by local discretion or charitable status, calculated in the same manner as the taxable property; and

d. "Property exempt by local discretion or charitable status" means property exempted from taxation as new or expanding businesses under chapter 40-57.1; improvements to property under chapter 57-02.2; or buildings belonging to institutions of public charity, new single-family residential or townhouse or condominium property, property used for early childhood services, or pollution abatement improvements under section 57-02-08.

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

   c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district.

4. In addition to any other levy limitation factor under this section, a taxing district may increase its levy in dollars to reflect new or increased mill levies authorized by the legislative assembly or authorized by the electors of the taxing district.

5. Under this section a taxing district may supersede any applicable mill levy limitations otherwise provided by law, or a taxing district may levy up to the mill levy limitations otherwise provided by law without reference to this section, but the provisions of this section do not apply to the following:

   a. Any irrepealable tax to pay bonded indebtedness levied pursuant to section 16 of article X of the Constitution of North Dakota.

   b. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

6. ~~A school district choosing to determine its levy authority under this section may apply subsection 3 only to the amount in dollars levied for general fund purposes under section 57-15-14 or, if the levy in the base year included separate general fund and special fund levies under sections 57-15-14 and 57-15-14.2, the school district may apply subsection 3 to the total amount levied in dollars in the base year for both the general fund and special fund accounts. School district levies under any section other than section 57-15-14 may be made within applicable limitations but those levies are not subject to subsection 3.~~

~~7.~~ Optional levies under this section may be used by any city or county that has adopted a home rule charter unless the provisions of the charter supersede state laws related to property tax levy limitations.

SECTION 5. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. ~~The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus eighteen percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:~~

~~1. In any school district having a total population in excess of four thousand according to the last federal decennial census:~~

~~a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.~~

~~b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.~~

~~2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty five percent of the qualified electors voting upon the question at any regular or special school election.~~

~~3. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the eighteen percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one year period.~~

~~The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to twenty percent of the number of persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required. However, not~~

~~fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.~~

A school district may levy an annual tax for the general fund purposes listed in section 57-15-14.2 in an amount not exceeding three and one-half percent more than the amount in dollars which the school district levied for general fund purposes in the school district's base year.

1. A school district may levy an amount exceeding the limitation in this section upon approval by a majority of the electors voting on the question at a regular or special school district election. A question may be placed on the ballot for increased levy authority by motion approved by the school board. A question on the ballot for increased levy authority under this section must show the amount and percentage increase in dollars for which voter approval is requested and specify the years for which the increase will apply. Increased levy authority under this subsection may not be approved for more than five years.

2. The general fund levy limitation under this section applies to every school district, including a school district for which electors approved increased or unlimited levy authority before July 1, 2007.

3. For purposes of this section:

   a. "Base year" means the school district's taxable year with the highest amount levied in dollars for general fund purposes of the three taxable years immediately preceding the budget year. For a reorganized school district, "base year" includes the general fund levy in dollars as approved by the electors in the reorganization plan.

   b. "Budget year" means the school district's taxable year for which the general fund levy is being determined under this section.

   c. "Calculated general fund mill rate" means the mill rate that results from dividing the base year general fund taxes levied by the sum of the taxable value of the taxable property in the base year plus the taxable value of the property exempt by local discretion or charitable status, calculated in the same manner as the taxable property.

   d. "Property exempt by local discretion or charitable status" means property exempted from taxation as new or expanding businesses under chapter 40-57.1; improvements to property under chapter 57-02.2; or buildings belonging to institutions of public charity, new single-family residential or townhouse or condominium property, property used for early childhood services, or pollution abatement improvements under section 57-02-08.

4. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

a. Reduced by an amount equal to the sum determined by application of the base year's calculated general fund mill rate for that school district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the school district for the budget year but was included in the school district for the base year.

b. Increased by an amount equal to the sum determined by the application of the base year's calculated general fund mill rate for that school district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the school district for the base year but which is included in the school district for the budget year.

SECTION 6. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.
2. Estimated revenues from sources other than direct property taxes.
3. The total estimated collections from tax levies for previous years.
4. Such expenditures as are to be made from bond sources.
5. The amount of distributions received from an economic growth increment pool under section 57-15-61.
6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.
7. The amount certified to a school district and the county auditor by the state tax commissioner as the school district's legislative tax relief credit allocation for the year under section 57-01-20.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 7. AMENDMENT. Section 57-20-03 of the North Dakota Century Code is amended and reenacted as follows:

57-20-03. Form of tax list. The tax list must be made out to correspond with the assessment books as respects ownership and description of property, with columns for the valuation and for the various items of tax included in the total amount of all taxes set down opposite such description of property. The tax list must include the mailing address for the owner of each parcel of property. If the owner is an individual or more than one individual and the mailing address is not the individual's or individuals' primary residence, the tax list must also include the individual's or individuals' primary residence address. The amounts of special taxes must be entered in appropriate

columns, but the general taxes may be shown by entering the rate of each tax at the head of the proper column without extending the same, in which case a schedule of the rates of such taxes must be made on the first page of each tax list. The tax lists also must show, in a separate column, the years for which any piece or parcel has been sold for taxes, if the same has not been redeemed or deeded for such taxes.

SECTION 8. AMENDMENT. Section 57-20-04 of the North Dakota Century Code is amended and reenacted as follows:

57-20-04. Abstract of tax list to be sent to tax commissioner. The county auditor, on or before December thirty-first following the levy of the taxes, shall make and transmit to the state tax commissioner, in such form as the tax commissioner may prescribe, a complete abstract of the tax list of the auditor's county. The abstract must include the total number of individually assessed parcels of property in the county within each property classification, the total true and full valuation of all property within each property classification, and the true and full valuation of all property within each property classification owned by nonresidents of this state.

SECTION 9. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of legislative tax relief credit that applies against the school district levy for the parcel under section 57-01-20. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 10. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, after deduction of any credit allowed under section 57-01-20, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 11. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of a legislative tax relief credit must be applied to taxes for the year for which the legislative tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 12. AMENDMENT. Subsection 1 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

1. A tax is hereby imposed for each taxable year upon income earned or received in that taxable year by every resident and nonresident individual, estate, and trust. A taxpayer computing the tax under this section is only eligible for those adjustments or credits that are specifically provided for in this section. Provided, that for purposes of this section, any person required to file a state income tax return under this chapter, but who has not computed a federal taxable income figure, shall compute a federal taxable income figure using a pro forma return in order to determine a federal taxable income figure to be used as a starting point in computing state income tax under this section. The tax for individuals is equal to North Dakota taxable income multiplied by the rates in the applicable rate schedule in subdivisions a through d corresponding to an individual's filing status used for federal income tax purposes. For an estate or trust, the schedule in subdivision e must be used for purposes of this subsection.

a. Single, other than head of household or surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$27,050~~ $31,850	2.10%
Over ~~$27,050~~ $31,850 but not over ~~$65,550~~ $77,100	~~$568.05~~ $668.85 plus 3.92% of amount over ~~$27,050~~ $31,850
Over ~~$65,550~~ $77,100 but not over ~~$136,750~~ $160,850	~~$2,077.25~~ $2,442.65 plus 4.34% of amount over ~~$65,550~~ $77,100
Over ~~$136,750~~ $160,850 but not over ~~$297,350~~ $349,700	~~$5,167.33~~ $6,077.40 plus 5.04% of amount over ~~$136,750~~ $160,850
Over ~~$297,350~~ $349,700	~~$13,261.57~~ $15,595.44 plus 5.54% of amount over ~~$297,350~~ $349,700

b. Married filing jointly and surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$45,200~~ $63,700	2.10%
Over ~~$45,200~~ $63,700 but not over ~~$109,250~~ $128,500	~~$949.20~~ $1,337.70 plus 3.92% of amount over ~~$45,200~~ $63,700
Over ~~$109,250~~ $128,500 but not over ~~$166,500~~ $195,850	~~$3,450.96~~ $3,877.86 plus 4.34% of amount over ~~$109,250~~ $128,500
Over ~~$166,500~~ $195,850 but not over ~~$297,350~~ $349,700	~~$5,944.61~~ $6,800.85 plus 5.04% of amount over ~~$166,500~~ $195,850
Over ~~$297,350~~ $349,700	~~$12,539.45~~ $14,554.89 plus 5.54% of amount over ~~$297,350~~ $349,700

c. Married filing separately.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$22,600~~ $31,850	2.10%
Over ~~$22,600~~ $31,850 but not over ~~$54,625~~ $64,250	~~$474.60~~ $668.85 plus 3.92% of amount over ~~$22,600~~ $31,850

Over ~~$54,625~~ $64,250 but not over ~~$83,250~~ $97,925	~~$1,729.98~~ $1,938.93 plus 4.34% of amount over ~~$54,625~~ $64,250
Over ~~$83,250~~ $97,925 but not over ~~$148,675~~ $174,850	~~$2,972.31~~ $3,400.43 plus 5.04% of amount over ~~$83,250~~ $97,925
Over ~~$148,675~~ $174,850	~~$6,269.73~~ $7,277.45 plus 5.54% of amount over ~~$148,675~~ $174,850

d. Head of household.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$36,250~~ $42,650	2.10%
Over ~~$36,250~~ $42,650 but not over ~~$93,650~~ $110,100	~~$761.25~~ $895.65 plus 3.92% of amount over ~~$36,250~~ $42,650
Over ~~$93,650~~ $110,100 but not over ~~$151,650~~ $178,350	~~$3,011.33~~ $3,539.69 plus 4.34% of amount over ~~$93,650~~ $110,100
Over ~~$151,650~~ $178,350 but not over ~~$297,350~~ $349,700	~~$5,528.53~~ $6,501.74 plus 5.04% of amount over ~~$151,650~~ $178,350
Over ~~$297,350~~ $349,700	~~$12,871.81~~ $15,137.78 plus 5.54% of amount over ~~$297,350~~ $349,700

e. Estates and trusts.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$1,800~~ $2,150	2.10%
Over ~~$1,800~~ $2,150 but not over ~~$4,250~~ $5,000	~~$37.80~~ $45.15 plus 3.92% of amount over ~~$1,800~~ $2,150
Over ~~$4,250~~ $5,000 but not over ~~$6,500~~ $7,650	~~$133.84~~ $156.87 plus 4.34% of amount over ~~$4,250~~ $5,000
Over ~~$6,500~~ $7,650 but not over ~~$8,900~~ $10,450	~~$231.49~~ $271.88 plus 5.04% of amount over ~~$6,500~~ $7,650
Over ~~$8,900~~ $10,450	~~$352.45~~ $413.00 plus 5.54% of amount over ~~$8,900~~ $10,450

f. For an individual who is not a resident of this state for the entire year, or for a nonresident estate or trust, the tax is equal to the tax otherwise computed under this subsection multiplied by a fraction in which:

(1) The numerator is the federal adjusted gross income allocable and apportionable to this state; and

(2) The denominator is the federal adjusted gross income from all sources reduced by the net income from the amounts specified in subdivisions a and b of subsection 2.

In the case of married individuals filing a joint return, if one spouse is a resident of this state for the entire year and the other spouse is a nonresident for part or all of the tax year, the tax on the joint return must be computed under this subdivision.

g. For taxable years beginning after December 31, ~~2001~~ 2007, the tax commissioner shall prescribe new rate schedules that apply in lieu of the schedules set forth in subdivisions a through e. The new schedules must be determined by increasing the minimum and maximum dollar amounts for each income bracket for which a tax is imposed by the cost-of-living adjustment for the taxable year as determined by the secretary of the United States treasury for purposes of section 1(f) of the United States Internal Revenue Code of 1954, as amended. For this purpose, the rate applicable to each

income bracket may not be changed, and the manner of applying the cost-of-living adjustment must be the same as that used for adjusting the income brackets for federal income tax purposes.

SECTION 13. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the city, county, and school district and the amount of legislative tax relief credit that applies against the school district levy for the mobile home under section 57-01-20. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 14. APPROPRIATION. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of $80,000,000, or so much of the sum as may be necessary, to the state treasurer to be allocated in equal amounts in each year of the biennium for legislative tax relief credit payments to school districts under section 57-01-20, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 15. LEGISLATIVE INTENT - LEGISLATIVE COUNCIL STUDY. It is the intent of the sixtieth legislative assembly that enactment of this Act will initiate an increase in the state's share of elementary and secondary education funding to secure immediate and future benefits to the citizens of the state. These benefits include relief from the expanded property tax burden that has created disparity within the tax structure of the state, enhanced equity of funding to support elementary and secondary education students, enduring property tax reductions, and returning to taxpayers a substantial measure of revenue collections augmented by a robust state economy. It is the further intent of the sixtieth legislative assembly that enactment of this Act will produce a reduction in property tax burdens which, with continued efforts of future legislative assemblies, will result in reduction of each annual property tax bill to an amount that is not more than one and one-half percent of the true and full value for any parcel of property.

The legislative council shall study, in each legislative interim through 2012, compliance with, and future funding sources for, the shift in education funding and taxation policy initiated by enactment of this Act. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to each subsequent legislative assembly.

SECTION 16. EFFECTIVE DATE. Sections 1 through 11 and 13 of this Act are effective for taxable years beginning after December 31, 2006, for ad valorem

property taxes and for taxable years beginning after December 31, 2007, for mobile home taxes. Section 12 of this Act is effective for taxable years beginning after December 31, 2006."

Renumber accordingly

2032
4-17 am

#2

70102.0651
Title.

Prepared by the Legislative Council staff
April 17, 2007

MOTION FOR DO PASS RECOMMENDATION FOR REENGROSSED
SENATE BILL NO. 2032

In lieu of the amendments as printed on pages 1560-1570 of the House Journal, that Reengrossed Senate Bill No. 2032, as amended by the amendments adopted by the House as printed on pages 1304-1309 of the House Journal, DO PASS.

Renumber accordingly

#2
4-17
2032
(these were the amendments Rep. Pinkerton proposed)

70102.0653
Title.1200

Prepared by the Legislative Council staff for
House Appropriations - Minority Report
March 27, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

In lieu of the amendments adopted by the House as printed on pages 1304-1309 and as printed on pages 1560-1570 of the House Journal, Reengrossed Senate Bill No. 2032 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20 and two new subsections to section 57-15-01.1 of the North Dakota Century Code, relating to allocation of school district property tax relief funds and levy limitations for school districts; to amend and reenact sections 57-15-14, 57-15-31, 57-20-07.1, 57-20-09, 57-20-21.1, 57-32-03, 57-51.1-07.2, subdivision b of subsection 1 of section 57-55-03, and section 57-55-04 of the North Dakota Century Code, relating to school district levy limitations, contents of property tax statements, payment of real estate taxes, mobile home taxes, and continuing appropriation of funds from the permanent oil tax trust fund for school district property tax relief; to provide a statement of legislative intent; to provide for a legislative council study; to provide a continuing appropriation; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. State-paid property tax relief allocation. The tax commissioner shall allocate funds appropriated under section 57-51.1-07.2 for property tax relief as provided in this section.

1. The superintendent of public instruction shall determine an adjusted combined education mill rate for each school district by September first of each year. For purposes of this section, "combined education mill rate" means up to two hundred mills of the combined number of mills levied for taxable year 2006 by a school district for the general fund and for high school tuition and high school transportation.

2. To determine the number of mills eligible for state-paid property tax relief, the superintendent of public instruction shall subtract one hundred thirty mills from each school district's combined education mill rate. The eligible mills may not be reduced to less than zero mills. By September fifteenth of each year, the superintendent of public instruction shall provide the tax commissioner the number of mills eligible for state-paid property tax relief for each school district.

3. The tax commissioner shall divide the eligible mills determined for each school district under subsection 2 by two and multiply the resulting number of mills times the current taxable valuation of property in the school district to determine the property tax relief allocation in dollars for the school district. The resulting amounts must be prorated as necessary to allocate total property tax relief of fifty million dollars among school districts for each year.

4. The tax commissioner shall certify to each county auditor by October first of each year the number of mills of state-paid property tax relief determined under this section for each school district in the county. By August first of each year, the tax commissioner shall certify to each school district the

amount of the allocation under this section for the school district for the next budget year and shall certify the same information to each county treasurer for each school district in the treasurer's county.

5. The tax commissioner shall certify to the state treasurer for payment to county treasurers of amounts determined under this section for school districts to provide for payment of ninety percent of the amount by March first and the balance of the amount by June fifteenth following the taxable year for which the claims are made.

6. After payments to counties under subsection 5 have been made, the tax commissioner shall settle any amounts payable to or received from counties due to errors, abatements, compromises, omitted property, or court-ordered tax adjustments.

7. The county treasurer shall allocate the amounts received under this section among the school districts entitled to the funds.

SECTION 2. Two new subsections to section 57-15-01.1 of the North Dakota Century Code are created and enacted as follows:

The base year amount used for a school district determining its levy limitation under this section must be increased by the amount of the school district's property tax relief allocation under section 57-01-20 for the base year to the extent that allocation exceeds the amount of the school district's property tax relief allocation under section 57-01-20 for the budget year.

The base year amount used for a school district determining its levy limitation under this section must be reduced by the amount of the school district's property tax relief allocation under section 57-01-20 for the budget year to the extent that allocation exceeds the amount of the school district's property tax relief allocation under section 57-01-20 for the base year.

SECTION 3. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. Tax levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus ~~eighteen~~ nine percent up to a general fund levy of one hundred ~~eighty-five~~ fifty-seven mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been approved by fifty-five percent of

the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the ~~eighteen~~ nine percent increase which is otherwise permitted without voter approval by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

5. The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to twenty percent of the number of persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 4. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.

2. Estimated revenues from sources other than direct property taxes.

3. The total estimated collections from tax levies for previous years.

4. Such expenditures as are to be made from bond sources.

5. The amount of distributions received from an economic growth increment pool under section 57-15-61.

6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.

7. The amount certified to a school district and the county treasurer by the state tax commissioner as the school district's property tax relief allocation for the year under section 57-01-20.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 5. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of state-paid school district property tax relief for the parcel under section 57-01-20. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 6. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, after deduction of any credit allowed under section 57-01-20, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 7. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to

the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of state-paid property tax relief credit made by the state must be applied to taxes for the year for which the state-paid property tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 8. AMENDMENT. Section 57-32-03 of the North Dakota Century Code is amended and reenacted as follows:

57-32-03. Tax statements prepared by state tax commissioner - When due and delinquent. On or before the thirty-first day of March in each year, the tax commissioner shall provide each company assessed under the provisions of this chapter a statement of its taxes due for the preceding year, with the valuations and taxes assessed in each case. The tax statement must include two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of state-paid school district property tax relief for the parcel under section 57-01-20. Such taxes are due upon the fifteenth day of April next following the date of the statement of taxes due. The taxes become delinquent on the first day of May next following the due date and, if not paid on or before said date, are subject to a penalty of two percent and, on June first following delinquency, an additional penalty of two percent and, on July first following delinquency, an additional penalty of two percent and, an additional penalty of two percent on October fifteenth following delinquency. From and after January first of the year following the year in which the taxes became due and payable, simple interest at the rate of twelve percent per annum upon the principal of the unpaid taxes must be charged until such taxes and penalties are paid, with such interest charges to be prorated to the nearest full month for a fractional year of delinquency. All the provisions of the law respecting delinquency of personal property assessments generally so far as may be consistent with the provisions of this chapter are applicable equally to the assessments and taxes provided for in this chapter.

SECTION 9. AMENDMENT. Section 57-51.1-07.2 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of distribution formula - Continuing appropriation for property tax relief. All revenue deposited in the general fund during a biennium derived from taxes imposed on oil and gas under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars must be transferred by the state treasurer to a special fund in the state treasury known as the permanent oil tax trust fund. The state treasurer shall transfer interest earnings of the permanent oil tax trust fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the members elected to each house of the legislative assembly.

If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in this section by the same percentage increase or decrease in the amount of revenue allocable to the general fund after the change in the allocation formula, and transfers to the permanent oil tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the transfers to the permanent oil tax trust fund is not increased or decreased merely because of changes in the distribution formulas.

To the extent moneys are available in the permanent oil tax trust fund, fifty million dollars is appropriated to the state treasurer each February first as a standing and continuing appropriation to provide property tax relief payments to county

treasurers under section 57-01-20. To the extent moneys in the permanent oil tax trust fund are insufficient to fully fund the allocation under section 57-01-20, the amount of any deficiency is appropriated as a standing and continuing appropriation from the state general fund.

SECTION 10. AMENDMENT. Subdivision b of subsection 1 of section 57-55-03 of the North Dakota Century Code is amended and reenacted as follows:

b. If the tax imposed by this chapter is paid in full within thirty days after the mobile home is purchased or moved into this state, the county treasurer shall allow a five percent discount, after deduction of any credit allowed under section 57-01-20. However, if the tax is not paid within forty days it is subject to a penalty and interest. The penalty is one percent of the tax. The interest is one-half percent of the tax for each full and fractional month of delay.

SECTION 11. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the mobile home by the city, county, and school district and the amount of state-paid school district property tax relief for the mobile home under section 57-01-20. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 12. LEGISLATIVE INTENT - LEGISLATIVE COUNCIL STUDY. It is the intent of the sixtieth legislative assembly that enactment of this Act will initiate an increase in the state's share of elementary and secondary education funding to secure immediate and future benefits to the citizens of the state. These benefits include relief from the expanded property tax burden that has created disparity within the tax structure of the state, enhanced equity of funding to support elementary and secondary education students, enduring property tax reductions, and returning to taxpayers a substantial measure of revenue collections augmented by a robust state economy. It is the further intent of the sixtieth legislative assembly that enactment of this Act will produce a reduction in property tax burdens which, with continued efforts of future legislative assemblies, will result in reduction of each annual property tax bill to an amount that is not more than one and one-half percent of the true and full value for any parcel of property.

The legislative council shall study, in each legislative interim through 2012, compliance with, and future funding sources for, the shift in education funding and taxation policy initiated by enactment of this Act. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to each subsequent legislative assembly.

SECTION 13. EFFECTIVE DATE - EXPIRATION DATE. This Act is effective for the first two taxable years beginning after December 31, 2006, for ad valorem property taxes and for the first two taxable years beginning after December 31, 2007, for mobile home taxes, and is thereafter ineffective."

Renumber accordingly

Date: 4-17
Roll Call Vote #: 2032 #1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House Finance & Tax Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass As Amended & Minority Report (Rep Pinkertons Amendment) (Appropriations Amendments .0653)

Motion Made By Rep. Pinkerton Seconded By Rep. Vig

Representatives	Yes	No	Representatives	Yes	No
Chairman Belter		✓	Rep. Froelich	✓	
Vice Chairman Drovdal		✓	Rep. Kelsh	✓	
Rep. Brandenburg		✓	Rep. Pinkerton	✓	
Rep. Froseth		✓	Rep. Schmidt	✓	
Rep. Grande		✓	Rep. Vig	✓	
Rep. Headland		✓			
Rep. Owens		✓			
Rep. Weiler		✓			
Rep. Wrangham		✓			

Total (Yes) 9 No 5

Absent 0

Floor Assignment

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

Motion Fails

2032
4-17 Am

#1

70102.0650
Title.

Prepared by the Legislative Council staff for
House Finance and Taxation
April 16, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

In lieu of the amendments adopted by the House as printed on pages 1080-1084 and 1304-1309 and as printed on pages 1560-1570 of the House Journal, Reengrossed Senate Bill No. 2032 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20 of the North Dakota Century Code, relating to allocation among school districts of legislative tax relief credit funds; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-14, 57-15-31, 57-20-03, 57-20-04, 57-20-07.1, 57-20-09, and 57-20-21.1, subsection 1 of section 57-38-30.3, and section 57-55-04 of the North Dakota Century Code, relating to homestead credit, notice of assessment increases, school district levy limitations, form of the tax list, the abstract of the tax list, contents of property tax statements, payment of real estate taxes, and mobile home taxes; to provide appropriations; to provide for a legislative council study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. Legislative tax relief credit allocation. The tax commissioner shall allocate funds provided by legislative appropriation for tax relief among taxing districts as provided in this section.

1. The tax commissioner shall allocate to each county an amount equal to five and nine-tenths percent of the amount in dollars levied by the county and all taxing districts within the county against residential, commercial, agricultural, mobile home, and railroad property in taxable year 2006. The amounts must be prorated as necessary to allocate total legislative tax relief credits of forty million dollars among counties for allocation among property taxpayers for the designated classes of property for each year.

2. The tax commissioner shall certify to each county auditor by August first of each year the amount of legislative tax relief credits determined under this section for each county.

3. The county auditor shall allocate the credits among the county and taxing districts within the county in the proportion that current taxable year property taxes in dollars levied by the county and each taxing district in the county bears to all current taxable year property taxes in dollars levied in the county against residential, commercial, agricultural, mobile home, and railroad property. The county auditor shall certify the allocation of credits under this subsection to the county treasurer for payment to the county and taxing districts within the county upon receipt of payment from the state treasurer.

4. The tax commissioner shall certify to the state treasurer the amounts determined under this section for payment to counties by March first following the taxable year for which the credit applies.

5. Payments received by school districts under this section do not constitute increases in state aid for purposes of determining baseline funding under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

Payments received by school districts under this section do not constitute new money for purposes of teacher compensation increases under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

SECTION 2. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

      (2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

      (3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

      (4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

      (5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 3. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more than seven percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than thirty days before the meeting of the local

equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 4. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus ~~eighteen~~ nine percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the eighteen percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ~~twenty~~ ten percent of the number of ~~persons enumerated~~

~~in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required~~ electors who cast votes in the most recent election in the school district. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 5. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.
2. Estimated revenues from sources other than direct property taxes.
3. The total estimated collections from tax levies for previous years.
4. Such expenditures as are to be made from bond sources.
5. The amount of distributions received from an economic growth increment pool under section 57-15-61.
6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.
7. The amount allocated to the taxing district as a legislative tax relief credit allocation for the year under section 57-01-20.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 6. AMENDMENT. Section 57-20-03 of the North Dakota Century Code is amended and reenacted as follows:

57-20-03. Form of tax list. The tax list must be made out to correspond with the assessment books as respects ownership and description of property, with columns for the valuation and for the various items of tax included in the total amount of all taxes set down opposite such description of property. The tax list must include the mailing address for the owner of each parcel of property. If the owner is an individual or more than one individual and the mailing address is not the individual's or individuals' primary residence, the tax list must also include the individual's or individuals' primary residence address. The amounts of special taxes must be entered in appropriate columns, but the general taxes may be shown by entering the rate of each tax at the head of the proper column without extending the same, in which case a schedule of the rates of such taxes must be made on the first page of each tax list. The tax lists also must show, in a

separate column, the years for which any piece or parcel has been sold for taxes, if the same has not been redeemed or deeded for such taxes.

SECTION 7. AMENDMENT. Section 57-20-04 of the North Dakota Century Code is amended and reenacted as follows:

57-20-04. Abstract of tax list to be sent to tax commissioner. The county auditor, on or before December thirty-first following the levy of the taxes, shall make and transmit to the state tax commissioner, in such form as the tax commissioner may prescribe, a complete abstract of the tax list of the auditor's county. The abstract must include the total number of individually assessed parcels of property in the county within each property classification, the total true and full valuation of all property within each property classification, and the true and full valuation of all property within each property classification owned by nonresidents of this state.

SECTION 8. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of legislative tax relief credit that applies against the taxing district levies for the parcel under section 57-01-20. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 9. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, after deduction of any credit allowed under section 57-01-20, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 10. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of a legislative tax relief credit must be applied to taxes for

the year for which the legislative tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 11. AMENDMENT. Subsection 1 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

1. A tax is hereby imposed for each taxable year upon income earned or received in that taxable year by every resident and nonresident individual, estate, and trust. A taxpayer computing the tax under this section is only eligible for those adjustments or credits that are specifically provided for in this section. Provided, that for purposes of this section, any person required to file a state income tax return under this chapter, but who has not computed a federal taxable income figure, shall compute a federal taxable income figure using a pro forma return in order to determine a federal taxable income figure to be used as a starting point in computing state income tax under this section. The tax for individuals is equal to North Dakota taxable income multiplied by the rates in the applicable rate schedule in subdivisions a through d corresponding to an individual's filing status used for federal income tax purposes. For an estate or trust, the schedule in subdivision e must be used for purposes of this subsection.

a. Single, other than head of household or surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$27,050~~ $31,850	2.10%
Over ~~$27,050~~ $31,850 but not over ~~$65,550~~ $77,100	~~$568.05~~ $668.85 plus 3.92% of amount over ~~$27,050~~ $31,850
Over ~~$65,550~~ $77,100 but not over ~~$136,750~~ $160,850	~~$2,077.25~~ $2,442.65 plus 4.34% of amount over ~~$65,550~~ $77,100
Over ~~$136,750~~ $160,850 but not over ~~$297,350~~ $349,700	~~$5,167.33~~ $6,077.40 plus 5.04% of amount over ~~$136,750~~ $160,850
Over ~~$297,350~~ $349,700	~~$13,261.57~~ $15,595.44 plus 5.54% of amount over ~~$297,350~~ $349,700

b. Married filing jointly and surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$45,200~~ $63,700	2.10%
Over ~~$45,200~~ $63,700 but not over ~~$109,250~~ $128,500	~~$949.20~~ $1,337.70 plus 3.92% of amount over ~~$45,200~~ $63,700
Over ~~$109,250~~ $128,500 but not over ~~$166,500~~ $195,850	~~$3,459.96~~ $3,877.86 plus 4.34% of amount over ~~$109,250~~ $128,500
Over ~~$166,500~~ $195,850 but not over ~~$297,350~~ $349,700	~~$5,944.61~~ $6,800.85 plus 5.04% of amount over ~~$166,500~~ $195,850
Over ~~$297,350~~ $349,700	~~$12,539.45~~ $14,554.89 plus 5.54% of amount over ~~$297,350~~ $349,700

c. Married filing separately.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$22,600~~ $31,850	2.10%
Over ~~$22,600~~ $31,850 but not over ~~$54,625~~ $64,250	~~$474.60~~ $668.85 plus 3.92% of amount over ~~$22,600~~ $31,850
Over ~~$54,625~~ $64,250 but not over ~~$83,250~~ $97,925	~~$1,729.98~~ $1,938.93 plus 4.34% of amount over ~~$54,625~~ $64,250
Over ~~$83,250~~ $97,925 but not over ~~$148,675~~ $174,850	~~$2,972.31~~ $3,400.43 plus 5.04% of amount over ~~$83,250~~ $97,925
Over ~~$148,675~~ $174,850	~~$6,269.73~~ $7,277.45 plus 5.54% of amount over ~~$148,675~~ $174,850

d. Head of household.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$36,250~~ $42,650	2.10%
Over ~~$36,250~~ $42,650 but not over ~~$93,650~~ $110,100	~~$761.25~~ $895.65 plus 3.92% of amount over ~~$36,250~~ $42,650
Over ~~$93,650~~ $110,100 but not over ~~$151,650~~ $178,350	~~$3,011.33~~ $3,539.69 plus 4.34% of amount over ~~$93,650~~ $110,100
Over ~~$151,650~~ $178,350 but not over ~~$297,350~~ $349,700	~~$5,528.53~~ $6,501.74 plus 5.04% of amount over ~~$151,650~~ $178,350
Over ~~$297,350~~ $349,700	~~$12,871.81~~ $15,137.78 plus 5.54% of amount over ~~$297,350~~ $349,700

e. Estates and trusts.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$1,800~~ $2,150	2.10%
Over ~~$1,800~~ $2,150 but not over ~~$4,250~~ $5,000	~~$37.80~~ $45.15 plus 3.92% of amount over ~~$1,800~~ $2,150
Over ~~$4,250~~ $5,000 but not over ~~$6,500~~ $7,650	~~$133.84~~ $156.87 plus 4.34% of amount over ~~$4,250~~ $5,000
Over ~~$6,500~~ $7,650 but not over ~~$8,900~~ $10,450	~~$231.40~~ $271.88 plus 5.04% of amount over ~~$6,500~~ $7,650
Over ~~$8,900~~ $10,450	~~$352.45~~ $413.00 plus 5.54% of amount over ~~$8,900~~ $10,450

f. For an individual who is not a resident of this state for the entire year, or for a nonresident estate or trust, the tax is equal to the tax otherwise computed under this subsection multiplied by a fraction in which:

(1) The numerator is the federal adjusted gross income allocable and apportionable to this state; and

(2) The denominator is the federal adjusted gross income from all sources reduced by the net income from the amounts specified in subdivisions a and b of subsection 2.

In the case of married individuals filing a joint return, if one spouse is a resident of this state for the entire year and the other spouse is a nonresident for part or all of the tax year, the tax on the joint return must be computed under this subdivision.

g. For taxable years beginning after December 31, ~~2001~~ 2007, the tax commissioner shall prescribe new rate schedules that apply in lieu of the schedules set forth in subdivisions a through e. The new schedules must be determined by increasing the minimum and maximum dollar amounts for each income bracket for which a tax is imposed by the cost-of-living adjustment for the taxable year as determined by the secretary of the United States treasury for purposes of section 1(f) of the United States Internal Revenue Code of 1954, as amended. For this purpose, the rate applicable to each income bracket may not be changed, and the manner of applying the cost-of-living adjustment must be the same as that used for adjusting the income brackets for federal income tax purposes.

SECTION 12. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable

valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the city, county, and school district and the amount of legislative tax relief credit that applies against the taxing district levies for the mobile home under section 57-01-20. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 13. APPROPRIATION. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of $80,000,000, or so much of the sum as may be necessary, to the state treasurer to be allocated in equal amounts in each year of the biennium for legislative tax relief credit payments to counties under section 57-01-20, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 14. APPROPRIATION. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of $3,604,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 15. LEGISLATIVE COUNCIL STUDY. The legislative council shall study, in each legislative interim through 2012, the feasibility and desirability of property tax reform and providing tax relief to taxpayers of the state. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to each subsequent legislative assembly.

SECTION 16. EFFECTIVE DATE. Sections 1 through 10 and 12 of this Act are effective for taxable years beginning after December 31, 2006, for ad valorem property taxes and for taxable years beginning after December 31, 2007, for mobile home taxes. Section 11 of this Act is effective for taxable years beginning after December 31, 2006."

Renumber accordingly

Date: 4-17
Roll Call Vote #: 2032 #2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House Finance & Tax Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Betters amendment .0650 Do Pass As Amended

Motion Made By Rep. Drovdal Seconded By Rep. Grande

Representatives	Yes	No	Representatives	Yes	No
Chairman Belter 1	✓		Rep. Froelich 2		✓
Vice Chairman Drovdal 2	✓		Rep. Kelsh 3		✓
Rep. Brandenburg 3	✓		Rep. Pinkerton 4		✓
Rep. Froseth 4	✓		Rep. Schmidt 5		✓
Rep. Grande 5	✓		Rep. Vig 6		✓
Rep. Headland 6	✓				
Rep. Owens 7	✓				
Rep. Weiler		✓			
Rep. Wrangham 8	✓				

Total (Yes) 8 No 6

Absent

Floor Assignment Rep. Drovdal

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

REPORT OF STANDING COMMITTEE (MAJORITY)

SB 2032, as reengrossed: Finance and Taxation (Rep. W. Belter, Chairman) A **MAJORITY** of your committee (Reps. Belter, Drovdal, ~~Brandenburg~~, Froseth, Grande, Headland, Owens, Wrangham) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS.**

In lieu of the amendments adopted by the House as printed on pages 1304-1309 and as printed on pages 1560-1570 of the House Journal, Reengrossed Senate Bill No. 2032 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20 of the North Dakota Century Code, relating to allocation among school districts of legislative tax relief credit funds; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-14, 57-15-31, 57-20-03, 57-20-04, 57-20-07.1, 57-20-09, and 57-20-21.1, subsection 1 of section 57-38-30.3, and section 57-55-04 of the North Dakota Century Code, relating to homestead credit, notice of assessment increases, school district levy limitations, form of the tax list, the abstract of the tax list, contents of property tax statements, payment of real estate taxes, and mobile home taxes; to provide appropriations; to provide for a legislative council study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. Legislative tax relief credit allocation. The tax commissioner shall allocate funds provided by legislative appropriation for tax relief among taxing districts as provided in this section.

1. The tax commissioner shall allocate to each county an amount equal to five and nine-tenths percent of the amount in dollars levied by the county and all taxing districts within the county against residential, commercial, agricultural, mobile home, and railroad property in taxable year 2006. The amounts must be prorated as necessary to allocate total legislative tax relief credits of forty million dollars among counties for allocation among property taxpayers for the designated classes of property for each year.

2. The tax commissioner shall certify to each county auditor by August first of each year the amount of legislative tax relief credits determined under this section for each county.

3. The county auditor shall allocate the credits among the county and taxing districts within the county in the proportion that current taxable year property taxes in dollars levied by the county and each taxing district in the county bears to all current taxable year property taxes in dollars levied in the county against residential, commercial, agricultural, mobile home, and railroad property. The county auditor shall certify the allocation of credits under this subsection to the county treasurer for payment to the county and taxing districts within the county upon receipt of payment from the state treasurer.

4. The tax commissioner shall certify to the state treasurer the amounts determined under this section for payment to counties by March first following the taxable year for which the credit applies.

5. Payments received by school districts under this section do not constitute increases in state aid for purposes of determining baseline funding under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

Payments received by school districts under this section do not constitute new money for purposes of teacher compensation increases under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

SECTION 2. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

c. The exemption must be determined according to the following schedule:

(1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

(2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

(3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

(4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

(5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five

hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 3. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more than seven percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than thirty days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 4. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus ~~eighteen~~ nine percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007,

approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the ~~eighteen~~ nine percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ~~twenty~~ ten percent of the number of ~~persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required~~ electors who cast votes in the most recent election in the school district. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 5. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.
2. Estimated revenues from sources other than direct property taxes.
3. The total estimated collections from tax levies for previous years.
4. Such expenditures as are to be made from bond sources.

5. The amount of distributions received from an economic growth increment pool under section 57-15-61.

6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.

7. The amount allocated to the taxing district as a legislative tax relief credit allocation for the year under section 57-01-20.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 6. AMENDMENT. Section 57-20-03 of the North Dakota Century Code is amended and reenacted as follows:

57-20-03. Form of tax list. The tax list must be made out to correspond with the assessment books as respects ownership and description of property, with columns for the valuation and for the various items of tax included in the total amount of all taxes set down opposite such description of property. The tax list must include the mailing address for the owner of each parcel of property. If the owner is an individual or more than one individual and the mailing address is not the individual's or individuals' primary residence, the tax list must also include the individual's or individuals' primary residence address. The amounts of special taxes must be entered in appropriate columns, but the general taxes may be shown by entering the rate of each tax at the head of the proper column without extending the same, in which case a schedule of the rates of such taxes must be made on the first page of each tax list. The tax lists also must show, in a separate column, the years for which any piece or parcel has been sold for taxes, if the same has not been redeemed or deeded for such taxes.

SECTION 7. AMENDMENT. Section 57-20-04 of the North Dakota Century Code is amended and reenacted as follows:

57-20-04. Abstract of tax list to be sent to tax commissioner. The county auditor, on or before December thirty-first following the levy of the taxes, shall make and transmit to the state tax commissioner, in such form as the tax commissioner may prescribe, a complete abstract of the tax list of the auditor's county. The abstract must include the total number of individually assessed parcels of property in the county within each property classification, the total true and full valuation of all property within each property classification, and the true and full valuation of all property within each property classification owned by nonresidents of this state.

SECTION 8. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement

applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of legislative tax relief credit that applies against the taxing district levies for the parcel under section 57-01-20. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 9. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, after deduction of any credit allowed under section 57-01-20, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 10. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of a legislative tax relief credit must be applied to taxes for the year for which the legislative tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 11. AMENDMENT. Subsection 1 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

1. A tax is hereby imposed for each taxable year upon income earned or received in that taxable year by every resident and nonresident individual, estate, and trust. A taxpayer computing the tax under this section is only eligible for those adjustments or credits that are specifically provided for in this section. Provided, that for purposes of this section, any person required to file a state income tax return under this chapter, but who has not computed a federal taxable income figure, shall compute a federal taxable income figure using a pro forma return in order to determine a federal taxable income figure to be used as a starting point in computing state income tax under this section. The tax for individuals is equal to North Dakota taxable income multiplied by the rates in the applicable rate schedule in subdivisions a through d corresponding to an individual's filing status used for federal income tax purposes. For an estate or trust, the schedule in subdivision e must be used for purposes of this subsection.

   a. Single, other than head of household or surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$27,050~~ $31,850	2.10%
Over ~~$27,050~~ $31,850 but not over ~~$65,550~~ $77,100	~~$568.05~~ $668.85 plus 3.92% of amount over ~~$27,050~~ $31,850
Over ~~$65,550~~ $77,100 but not over	~~$2,077.25~~ $2,442.65 plus 4.34% of amount

~~$136,750~~ $160,850	over ~~$65,550~~ $77,100
Over ~~$136,750~~ $160,850 but not over ~~$297,350~~ $349,700	~~$5,167.33~~ $6,077.40 plus 5.04% of amount over ~~$136,750~~ $160,850
Over ~~$297,350~~ $349,700	~~$13,261.57~~ $15,595.44 plus 5.54% of amount over ~~$297,350~~ $349,700

b. Married filing jointly and surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$45,200~~ $63,700	2.10%
Over ~~$45,200~~ $63,700 but not over ~~$109,250~~ $128,500	~~$949.20~~ $1,337.70 plus 3.92% of amount over ~~$45,200~~ $63,700
Over ~~$109,250~~ $128,500 but not over ~~$166,500~~ $195,850	~~$3,459.96~~ $3,877.86 plus 4.34% of amount over ~~$109,250~~ $128,500
Over ~~$166,500~~ $195,850 but not over ~~$297,350~~ $349,700	~~$5,944.61~~ $6,800.85 plus 5.04% of amount over ~~$166,500~~ $195,850
Over ~~$297,350~~ $349,700	~~$12,539.45~~ $14,554.89 plus 5.54% of amount over ~~$297,350~~ $349,700

c. Married filing separately.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$22,600~~ $31,850	2.10%
Over ~~$22,600~~ $31,850 but not over ~~$54,625~~ $64,250	~~$474.60~~ $668.85 plus 3.92% of amount over ~~$22,600~~ $31,850
Over ~~$54,625~~ $64,250 but not over ~~$83,250~~ $97,925	~~$1,729.98~~ $1,938.93 plus 4.34% of amount over ~~$54,625~~ $64,250
Over ~~$83,250~~ $97,925 but not over ~~$148,675~~ $174,850	~~$2,972.31~~ $3,400.43 plus 5.04% of amount over ~~$83,250~~ $97,925
Over ~~$148,675~~ $174,850	~~$6,269.73~~ $7,277.45 plus 5.54% of amount over ~~$148,675~~ $174,850

d. Head of household.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$36,250~~ $42,650	2.10%
Over ~~$36,250~~ $42,650 but not over ~~$93,650~~ $110,100	~~$761.25~~ $895.65 plus 3.92% of amount over ~~$36,250~~ $42,650
Over ~~$93,650~~ $110,100 but not over ~~$151,650~~ $178,350	~~$3,011.33~~ $3,539.69 plus 4.34% of amount over ~~$93,650~~ $110,100
Over ~~$151,650~~ $178,350 but not over ~~$297,350~~ $349,700	~~$5,528.53~~ $6,501.74 plus 5.04% of amount over ~~$151,650~~ $178,350
Over ~~$297,350~~ $349,700	~~$12,871.81~~ $15,137.78 plus 5.54% of amount over ~~$297,350~~ $349,700

e. Estates and trusts.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$1,800~~ $2,150	2.10%
Over ~~$1,800~~ $2,150 but not over ~~$4,250~~ $5,000	~~$37.80~~ $45.15 plus 3.92% of amount over ~~$1,800~~ $2,150
Over ~~$4,250~~ $5,000 but not over ~~$6,500~~ $7,650	~~$133.84~~ $156.87 plus 4.34% of amount over ~~$4,250~~ $5,000
Over ~~$6,500~~ $7,650 but not over ~~$8,900~~ $10,450	~~$231.49~~ $271.88 plus 5.04% of amount over ~~$6,500~~ $7,650
Over ~~$8,900~~ $10,450	~~$352.45~~ $413.00 plus 5.54% of amount over ~~$8,900~~ $10,450

f. For an individual who is not a resident of this state for the entire year, or for a nonresident estate or trust, the tax is equal to the tax

otherwise computed under this subsection multiplied by a fraction in which:

(1) The numerator is the federal adjusted gross income allocable and apportionable to this state; and

(2) The denominator is the federal adjusted gross income from all sources reduced by the net income from the amounts specified in subdivisions a and b of subsection 2.

In the case of married individuals filing a joint return, if one spouse is a resident of this state for the entire year and the other spouse is a nonresident for part or all of the tax year, the tax on the joint return must be computed under this subdivision.

g. For taxable years beginning after December 31, ~~2001~~ 2007, the tax commissioner shall prescribe new rate schedules that apply in lieu of the schedules set forth in subdivisions a through e. The new schedules must be determined by increasing the minimum and maximum dollar amounts for each income bracket for which a tax is imposed by the cost-of-living adjustment for the taxable year as determined by the secretary of the United States treasury for purposes of section 1(f) of the United States Internal Revenue Code of 1954, as amended. For this purpose, the rate applicable to each income bracket may not be changed, and the manner of applying the cost-of-living adjustment must be the same as that used for adjusting the income brackets for federal income tax purposes.

SECTION 12. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the city, county, and school district and the amount of legislative tax relief credit that applies against the taxing district levies for the mobile home under section 57-01-20. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 13. APPROPRIATION. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of $80,000,000, or so much of the sum as may be necessary, to the state treasurer to be allocated in equal amounts in each year of the biennium for legislative

tax relief credit payments to counties under section 57-01-20, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 14. APPROPRIATION. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of $3,604,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 15. LEGISLATIVE COUNCIL STUDY. The legislative council shall study, in each legislative interim through 2012, the feasibility and desirability of property tax reform and providing tax relief to taxpayers of the state. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to each subsequent legislative assembly.

SECTION 16. EFFECTIVE DATE. Sections 1 through 10 and 12 of this Act are effective for taxable years beginning after December 31, 2006, for ad valorem property taxes and for taxable years beginning after December 31, 2007, for mobile home taxes. Section 11 of this Act is effective for taxable years beginning after December 31, 2006."

Renumber accordingly

REPORT OF STANDING COMMITTEE (MINORITY)

SB 2032, as reengrossed: Finance and Taxation (Rep. W. Belter, Chairman) A **MINORITY** of your committee (Reps. Pinkerton, Froelich, S. Kelsh, Schmidt, Vig) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS.**

In lieu of the amendments adopted by the House as printed on pages 1304-1309 and as printed on pages 1560-1570 of the House Journal, Reengrossed Senate Bill No. 2032 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20 and two new subsections to section 57-15-01.1 of the North Dakota Century Code, relating to allocation of school district property tax relief funds and levy limitations for school districts; to amend and reenact sections 57-15-14, 57-15-31, 57-20-07.1, 57-20-09, 57-20-21.1, 57-32-03, 57-51.1-07.2, subdivision b of subsection 1 of section 57-55-03, and section 57-55-04 of the North Dakota Century Code, relating to school district levy limitations, contents of property tax statements, payment of real estate taxes, mobile home taxes, and continuing appropriation of funds from the permanent oil tax trust fund for school district property tax relief; to provide a statement of legislative intent; to provide for a legislative council study; to provide a continuing appropriation; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. State-paid property tax relief allocation. The tax commissioner shall allocate funds appropriated under section 57-51.1-07.2 for property tax relief as provided in this section.

1. The superintendent of public instruction shall determine an adjusted combined education mill rate for each school district by September first of each year. For purposes of this section, "combined education mill rate" means up to two hundred mills of the combined number of mills levied for taxable year 2006 by a school district for the general fund and for high school tuition and high school transportation.

2. To determine the number of mills eligible for state-paid property tax relief, the superintendent of public instruction shall subtract one hundred thirty mills from each school district's combined education mill rate. The eligible mills may not be reduced to less than zero mills. By September fifteenth of each year, the superintendent of public instruction shall provide the tax commissioner the number of mills eligible for state-paid property tax relief for each school district.

3. The tax commissioner shall divide the eligible mills determined for each school district under subsection 2 by two and multiply the resulting number of mills times the current taxable valuation of property in the school district to determine the property tax relief allocation in dollars for the school district. The resulting amounts must be prorated as necessary to allocate total property tax relief of fifty million dollars among school districts for each year.

4. The tax commissioner shall certify to each county auditor by October first of each year the number of mills of state-paid property tax relief determined under this section for each school district in the county. By

August first of each year, the tax commissioner shall certify to each school district the amount of the allocation under this section for the school district for the next budget year and shall certify the same information to each county treasurer for each school district in the treasurer's county.

5. The tax commissioner shall certify to the state treasurer for payment to county treasurers of amounts determined under this section for school districts to provide for payment of ninety percent of the amount by March first and the balance of the amount by June fifteenth following the taxable year for which the claims are made.

6. After payments to counties under subsection 5 have been made, the tax commissioner shall settle any amounts payable to or received from counties due to errors, abatements, compromises, omitted property, or court-ordered tax adjustments.

7. The county treasurer shall allocate the amounts received under this section among the school districts entitled to the funds.

SECTION 2. Two new subsections to section 57-15-01.1 of the North Dakota Century Code are created and enacted as follows:

The base year amount used for a school district determining its levy limitation under this section must be increased by the amount of the school district's property tax relief allocation under section 57-01-20 for the base year to the extent that allocation exceeds the amount of the school district's property tax relief allocation under section 57-01-20 for the budget year.

The base year amount used for a school district determining its levy limitation under this section must be reduced by the amount of the school district's property tax relief allocation under section 57-01-20 for the budget year to the extent that allocation exceeds the amount of the school district's property tax relief allocation under section 57-01-20 for the base year.

SECTION 3. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. Tax levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus ~~eighteen~~ nine percent up to a general fund levy of one hundred ~~eighty-five~~ fifty-seven mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority

of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills ~~that~~, which upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the ~~eighteen~~ nine percent increase which is otherwise permitted without voter approval by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

5. The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to twenty percent of the number of persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 4. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.

2. Estimated revenues from sources other than direct property taxes.

3. The total estimated collections from tax levies for previous years.

4. Such expenditures as are to be made from bond sources.

5. The amount of distributions received from an economic growth increment pool under section 57-15-61.

6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.

7. The amount certified to a school district and the county treasurer by the state tax commissioner as the school district's property tax relief allocation for the year under section 57-01-20.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 5. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of state-paid school district property tax relief for the parcel under section 57-01-20. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 6. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such

discount applies, after deduction of any credit allowed under section 57-01-20, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 7. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of state-paid property tax relief credit made by the state must be applied to taxes for the year for which the state-paid property tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 8. AMENDMENT. Section 57-32-03 of the North Dakota Century Code is amended and reenacted as follows:

57-32-03. Tax statements prepared by state tax commissioner - When due and delinquent. On or before the thirty-first day of March in each year, the tax commissioner shall provide each company assessed under the provisions of this chapter a statement of its taxes due for the preceding year, with the valuations and taxes assessed in each case. The tax statement must include two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of state-paid school district property tax relief for the parcel under section 57-01-20. Such taxes are due upon the fifteenth day of April next following the date of the statement of taxes due. The taxes become delinquent on the first day of May next following the due date and, if not paid on or before said date, are subject to a penalty of two percent and, on June first following delinquency, an additional penalty of two percent and, on July first following delinquency, an additional penalty of two percent and, an additional penalty of two percent on October fifteenth following delinquency. From and after January first of the year following the year in which the taxes became due and payable, simple interest at the rate of twelve percent per annum upon the principal of the unpaid taxes must be charged until such taxes and penalties are paid, with such interest charges to be prorated to the nearest full month for a fractional year of delinquency. All the provisions of the law respecting delinquency of personal property assessments generally so far as may be consistent with the provisions of this chapter are applicable equally to the assessments and taxes provided for in this chapter.

SECTION 9. AMENDMENT. Section 57-51.1-07.2 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of distribution formula - Continuing appropriation for property tax relief. All revenue deposited in the general fund during a biennium derived from taxes imposed on oil and gas under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars must be transferred by the state treasurer to a special fund in the state treasury known as the permanent oil tax trust fund. The state treasurer shall transfer interest earnings of the permanent oil tax trust fund to the general fund at the end of

each fiscal year. The principal of the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the members elected to each house of the legislative assembly.

If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in this section by the same percentage increase or decrease in the amount of revenue allocable to the general fund after the change in the allocation formula, and transfers to the permanent oil tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the transfers to the permanent oil tax trust fund is not increased or decreased merely because of changes in the distribution formulas.

To the extent moneys are available in the permanent oil tax trust fund, fifty million dollars is appropriated to the state treasurer each February first as a standing and continuing appropriation to provide property tax relief payments to county treasurers under section 57-01-20. To the extent moneys in the permanent oil tax trust fund are insufficient to fully fund the allocation under section 57-01-20, the amount of any deficiency is appropriated as a standing and continuing appropriation from the state general fund.

SECTION 10. AMENDMENT. Subdivision b of subsection 1 of section 57-55-03 of the North Dakota Century Code is amended and reenacted as follows:

b. If the tax imposed by this chapter is paid in full within thirty days after the mobile home is purchased or moved into this state, the county treasurer shall allow a five percent discount, after deduction of any credit allowed under section 57-01-20. However, if the tax is not paid within forty days it is subject to a penalty and interest. The penalty is one percent of the tax. The interest is one-half percent of the tax for each full and fractional month of delay.

SECTION 11. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including two columns showing, for the taxable year to which the tax statement applies and the immediately preceding taxable year, the property tax levy in dollars against the mobile home by the city, county, and school district and the amount of state-paid school district property tax relief for the mobile home under section 57-01-20. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 12. LEGISLATIVE INTENT - LEGISLATIVE COUNCIL STUDY. It is the intent of the sixtieth legislative assembly that enactment of this Act will initiate an

increase in the state's share of elementary and secondary education funding to secure immediate and future benefits to the citizens of the state. These benefits include relief from the expanded property tax burden that has created disparity within the tax structure of the state, enhanced equity of funding to support elementary and secondary education students, enduring property tax reductions, and returning to taxpayers a substantial measure of revenue collections augmented by a robust state economy. It is the further intent of the sixtieth legislative assembly that enactment of this Act will produce a reduction in property tax burdens which, with continued efforts of future legislative assemblies, will result in reduction of each annual property tax bill to an amount that is not more than one and one-half percent of the true and full value for any parcel of property.

The legislative council shall study, in each legislative interim through 2012, compliance with, and future funding sources for, the shift in education funding and taxation policy initiated by enactment of this Act. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to each subsequent legislative assembly.

SECTION 13. EFFECTIVE DATE - EXPIRATION DATE. This Act is effective for the first two taxable years beginning after December 31, 2006, for ad valorem property taxes and for the first two taxable years beginning after December 31, 2007, for mobile home taxes, and is thereafter ineffective."

Renumber accordingly

The reports of the majority and the minority were placed on the Seventh order of business on the calendar for the succeeding legislative day.

2007 SENATE FINANCE AND TAXATION

CONFERENCE COMMITTEE

SB 2032

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032**

Senate Finance and Taxation Committee

☒ Check here for Conference Committee

Hearing Date: 4-19-07

Recorder Job Number: 6148

Committee Clerk Signature

Minutes:

Senator Urlacher called the conference committee to order and asked the clerk to take the roll. All members present: Sen. Urlacher, Rep. Belter, Sen. Cook, Rep. Drovdal, Sen. Triplett, and Rep. Kelsch

Senator Urlacher: This meeting will be to bring us up to date with all the changes. We will call on John Walstad to go through the different versions of the bill.

John Walstad: I brought with me the 1100 version. This was putting together the House adopted and approved amendment in the bill so we can see what it looks like. This would not be the version that would be amended if this committee chooses to make some amendments. First section provides for allocation of legislative tax relief credit. The credit is determined as 5.9% of tax year 2006 property taxes. All taxing districts against residential, commercial, agricultural, mobile home and railroad property. That credit would have to be prorated to come to a total of precisely $40 million each year. 5.9% I think works out to a bit less than $40 million and so it would be prorated so that exactly $40 million is allocated. The tax commissioner certifies the relief amounts for the county. The county auditor is to allocate those credits among the county and the taxing districts lying in that county in proportion to current year. Not the 2006 year but the current year. Property taxes in dollars, each taxing district and the county

and it's on those property types only, not all property taxes but those listed property types. And then allocate the relief amounts to all the districts in the county levying property tax. I should specifically mention it does not include special assessments. Those are not property taxes. At the bottom of Section 1, page 2 in Subsection 5 on line 12 a couple of provisions relating to SB 2200. First of all the payments that go to school districts would not be considered as increases in state aid for baseline funding determinations under that bill. And these payments to the extent they go to school districts would not be considered to be new money which in SB 2200 is required to go 70% for teachers. I think that's all that's necessary to make sure that 2200 and this bill do not interfere with one another.

The second section is homestead credit. I think everybody is pretty familiar with that. The income limit is increased from $14,500.00 as a maximum income to qualify to $17, 500.00 and proportionate increases are provided in each of the five eligibility categories. The maximum amount of property that can be exempted is increased as well. If you look at page 3, line 5 that taxable valuation increase amount translated into real terms in true and full value that is $75,000.00. Current law that taxable valuation amount translates into $67, 511.00. That is just the way it works out. That is about the only changing going on with the Homestead Credit. Jumping over to page 6 current law requires that if a property assessment for a parcel is increased by 15% or more from the previous year written notice of the increase has to be mailed to the property owner. This section would amend that, reduce the threshold for that written notice from 15% increase to a 7% increase and would require that the notice has to be delivered not less than 30 days before the meeting of the local Board of Equalization. Local meaning township or city.

On page 7, this section of law is the general fund levy limitation for school districts. Current law says 185 mills. This bill would not change that. 185 would remain the general fund levy limit.

Current law says under 185 mills a school district can increase its general fund levy up to 18% in dollars as compared to the previous year. The amendment would reduce that to a 9% maximum increase up to 185 mills. At the bottom of page 7 that underscored language in Subsection 3 obviously also a new provision. This section of law allows voter to approve on a ballot measure unlimited general fund levy authority for schools or increased levy authority above 185 mills. What is provided here is that after June 30th of this year, in any election for that increased or unlimited authority, the ballot has to specify the number of mills being requested, the percentage increase in dollars levied as an option if it is not a number of mills, or that this measure calls for increased unlimited levy authority. And the number of years for which voter approval of that increase would apply. In addition any approval by voters of an increase or an unlimited levy could not be effective for any more than 10 years.

On page 8 is the other significant change with regard to the school district general fund and this relates only to ballot approved increase or unlimited levy authority. Current law says if the voters have previously approved an increase or an unlimited levy for the school, voters can petition and put the question back on the ballot to reconsider that decision. Current law says that petition has to be signed by 20% of the persons enumerated in the school census for that district. This bill would change that and reduce the number of signatures to a minimum of 10% of the votes cast in the most recent election in that school district.

Page 9: When the levy is determined the taxing districts submit a budget, the amount that it needs to operate for the next year. The county auditor makes the determination of the levies. This section of law requires subtraction from the amount needed to operate, funds on hand, anticipated revenues from other than property taxes, those kinds of things. An additional subtraction is required here for the amount allocated as the legislative tax relief credit. What

that means is that amount comes off the property tax that is going to get levied for the taxing district.

Section 6 of the bill is a change to the information that must be contained on the tax list. A tax list is prepared by the county auditor. The list has to include, the underscored language, these are new requirements. I don't know what the current tax list has on it but the list now would be required to have the mailing address for each owner of a parcel of property and if the owner is an individual or more than one individual, and the mailing address is not that individual's primary residence then the tax list would also have to have primary residence and this relates to the problem that legislators have expressed frustration about trying to determine residence and non-resident ownership of property.

The same issue is dealt with on page 10 in Section 7. The abstract of the tax list has to include individually assessed parcels of property, total true and full value of all property in each classification and the value of property in each classification owned by non residents so that information on the tax list would be used to identify non-resident ownership and then the abstract of the tax list that is sent to the tax commissioner's office would identify the share of non-resident ownership in each classification of property in each county.

Section 8 relates to the tax statement. The new requirement toward the bottom of page 10, the underscored language, tax statement has to either include on its face or be accompanied by a separate sheet showing for the tax year for which the statement applies and the two preceding tax years property tax levy in dollars against the parcel, for the city, county and school district and the amount of legislative tax relief credit that applies for that property under section one of this bill.

Page 11 of the draft: If you pay your property taxes by February 15th you get a 5% discount. What this provision provides is that the property tax relief credit is applies against your property tax liability after that 5% early payment discount is applied.

Section 10. Current law says any money that comes in for taxes on a parcel of property first has to be applied against any delinquent taxes against that parcel. This amendment says "no, that the legislative tax relief credit would apply against current year taxes only and not to fade out any delinquency.

Section 11: The Individual Income Tax Form. The only significant change here is on page 12, lines 20-21. That dollar amount that is underscored, $63,700.00, that amount if you look at the bracket above that on lines 9 and 10 that is the lowest income bracket for single filers $31,850.00. If you double $31,850.00 you get $63,700.00. This relates to the marriage penalty. It eliminates marriage penalty up to $63,700.00 of income. Now there is a lot of confusion about what that means. The current bracket limit for married filing jointly would be $53,200.00. From $53,200.00 to $63,700.00 under current law that amount of income would be taxable at the second rate, the 3.92% instead of the 2.10% and it's only that range of income that is affected but .... That's the other thing everybody seems to think people with income higher than that would not be affected by this. They would. Anybody over $53,200.00 filing a joint return would feel the marriage penalty relief from this change because their income within that range is taxed at a lower rate and as income rises that amount is still a reduction for them because they are taxed in that range.

Bottom of 14: This section relates to the tax statement for mobile homes. There is a separate chapter of law and a separate provision relating to the tax statement on mobile homes. The same information would be required for the statement for mobile homes that was required earlier in the bill for other types of property on tax statements.

Section 13 provides the appropriation for the legislative tax relief credit. The amount of the appropriation is $80 million. The source of the appropriation is the permanent oil tax trust fund and the amount is to be allocated in equal amounts $40 million each year for allocation under Section 1 of the bill draft.

Section 14 is another appropriation section. The source of the appropriation is the permanent oil tax trust fund. $3.604 million is appropriated for the biennium. It goes to the tax commissioner which is the distribution center for payments to political subdivisions for revenue lost to subdivisions as a result of the Homestead Credit. Because of the increased eligibility and valuation application in the bill this is the amount of money needed to cover those payments on top of the amount already appropriated to the Tax Commissioner and the Tax Commissioner's appropriation bill.

Section 15 calls for a Legislative Council study. The language is a bit different than we have seen in previous versions. It is to study property tax reform and provide tax relief to tax payers in the state. Everything is effective this tax year except mobile home taxes begin next year. The reason for that is that mobile home taxes are paid on a current year basis and property taxes assessed this year get paid next year.

Representative Kelsch: There have been questions from a couple of county auditors with regard to page 9, Section 6. What defines an individual? Does that mean an individual? Is a corporation considered an individual?

John Walstad: Person is defined by law to include any kind of entity including a government agency, a corporation, etc. and that is why the word person is not used here. Individual is what we think of as a person.

Representative Kelsch: Does that just apply to residential property because the word residence is in here or does it apply to all property tax payers?

John Walstad: The only reason residence is mentioned is with regard to mailing address. It is not to limit to residential property. It is any parcel of property for which the owner is a person, individual.

Senator Cook: Page 2, Subsection 5 of Section 1 on line 12. We're sending 5.9% that is on either tax statement I believe. I see this payments received by school districts under this section did not constitute increases in state aid for various reasons. Were we required to have this in 1051? In that bill we did very similar. Was this language required for 1051?

John Walstad: It was not and it was never incorporated in HB1051 but I think throughout the whole session we have realized that when the session draws to a close we needed to look at SB 2200 and whatever tax relief package is provided and make sure there isn't some kind of a problem. This is what the problem could be: If 1051 was to be resurrected I think a provision like this should be in there.

Senator Cook: I would like to ask Dee Wald some questions on the marriage penalty.

Dee Wald, Legal Counsel for the Tax Commissioners Office:

Kathryn Strombeck, Research Analyst for the Tax Commissioner:

Senator Cook: The first one I passed down to you I received from your office and I just wanted to clarify that I understood you correctly. See attachment # 1. I thought when we made changes to the marriage penalty that we had at that time in HB 1051 that the changes we made reduced the fiscal note from $20 million to $16 million and it also would reduce people in the upper brackets by approximately $179.00

Kathryn: That is correct. The first one you passed down was a version where the marriage penalty relief was carried through all brackets. And this one had about a $20 million fiscal note.

Senator Cook: So I was correct when I said that basically what that would do was reduce the upper bracket by about $179.00.

Kathryn: This one reduces the upper bracket by about $800.00 when the marriage penalty relief was carried throughout. This is the broader of the two. This is one year fiscal effect. You double it for a biennium. This is the $20 million version.

Senator Cook: That's the $20 million version? OK, and the other one is the...

Kathryn: The other one actually has both on it. This first column is the $20 million dollar through all brackets, this second column is the version that only in the lowest bracket which is the current version of 2032.

Senator Cook: So now the most deduction somebody will get from the marriage penalty bill that we have in there, the greatest relief that somebody will get is $175.00 or something like that.

Kathryn: That is correct. Right around $180.00

Senator Cook: Now I'm going to go back to the way we had it in 1051 when we passed 1051. Is that the case in 1051? That the greatest benefit somebody would have gotten is $175.00?

Kathryn: I believe both versions were in 1051 at one point. There were two fiscal notes. One at $20 million, one at $16 million.

Senator Cook: The one that we took to the floor was $16 million.

Kathryn: That would have capped at about 180.

Senator Cook: Really? OK.

Representative Kelsch: I have a question for Marcy Dickerson. Section 1 requires auditors additional duties in administering this bill. Can you tell me what kind of financial obligation and what kind of work load that puts on the county auditors?

Marcy Dickerson, State Supervisor of Assessments: In my opinion Section 1 is actually impossible for the auditors to calculate the way it is described. Actually it is a circular

reference. It makes you do one thing that you can't do until you've done the other thing first. And you can't do the other thing first until you've done the other thing. They have to allocate on the basis of the current year taxes. If you are looking at 5.9% relief based on 2006 taxes but then you're going to allocate it on the basis of the current year taxes, well you can't get the basis of the current year taxes until you have deducted this relief from the budget so that all the taxing districts don't double up the levy on both the relief and on the taxpayers. Well, you don't have the relief because you have to calculate the relief based on the taxes which you can't calculate until you've calculated the relief so I don't think it is possible to do it. The taxes aren't available until after the budget is done and if it could be based possibly on current year taxable value instead of current year taxes it might be possible to put through. But even the taxable value I see a timing problem because by the time even the taxable values are available to the counties it is usually late September at the earliest or maybe mid October and budgets cannot be revised after October 10th. For the county auditor to get those values in time to make all those calculations to advise all the taxing districts what has to be deducted from their budget, I think even basing it on the current year's taxable value would be a really tight time frame and might be impossible. Basing the allocation on the current year's taxes in my opinion is totally impossible.

Rep. Drovdal: The way we understood this bill when we put it in was that the 5.9% tax refund is based on 2006 taxes period. We know what that 2006 is. We can figure 5.9. Then whatever that figure is per subdivision is subtracted from the 2007 and 2008 taxes no matter what those taxes are. They can raise them. It is still based on 2006. What is so complicated about that?

Marcy: What is complicated is that this bill says that it has to be distributed. The county auditor has to take the county amount of dollars. That 5.9% of 2006 has to be distributed among all the taxing districts and the county based on 2007 taxes levied which cannot be

calculated until the budgets are reduced by this amount that's to be distributed to each taxing district. And that can't be done because of the timing. You can't do both of them first. It's the 2007 tax being included in here that makes it impossible.

Senator Cook: Marcy has obviously never seen a dog catch his tail, but I would think that you could come up with a solution to the challenge that we've got here.

Senator Urlacher: We'll recess the meeting.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2032

Senate Finance and Taxation Committee

☒ Check here for Conference Committee

Hearing Date: April 19, 2007

Recorder Job Number: 6168

Committee Clerk Signature Sharon Renfrow

Minutes:

Senator Urlacher opened the conference committee on SB 2032. All members were present: Senator Urlacher, Senator Cook, Senator Triplett, Representative Belter, Representative Drovdal, and Representative S. Kelsh.

Senator Cook gave an overview of concerns. The first challenge is to know whether to compare Re-engrossed SB 2032 to HB 1051 that we sent out or to SB 2032 that we sent out. There are parts that we need to compare to SB 2032 and parts that we had in HB 1051. Specific differences were discussed (meter 01:26). The biggest difference is the difference between percentages. That issue will need to be discussed. Other points that will need to be discussed were reviewed (meter 02:19): Section 1, why the airports were left out; Section 2, the Homestead Tax Credit; Section 3, the merits of dropping the assessment notification from 15 to 7 and the effective date; Section 4, the reduction in mill levies that are allowable for school districts 18 to 9; Section 6, the tax list, what we are asking them to do, and the benefits; Section 8, the disclosure; Section 10, relative to the delinquent taxes.

Representative Belter (meter 05:00) commented on Section 9 and stated that the deduction of any credit needs to be reviewed to make sure that the tax payer is not losing any of that credit.

Senator Cook continued with the overview of points that will need to be discussed (meter 05:34): Section 11, the marriage penalty; Section 12, the mobile home; Section 13, regarding sustainability and the removal of language for a continuing appropriation from HB 1051; Section 14, the Homestead Tax Credit appropriation; Section 15, the Legislative Council study that has been condensed; Section 16, the effective date relative to Section 3. These are the issues that need to be discussed.

Senator Urlacher asked if the committee members had any other areas of concern that had not yet been mentioned.

No further concerns were identified.

Representative Belter addressed the question brought up on Section 1 regarding the difference in the way the taxes are paid back. The original SB 2032 went through the interim committee and that was prior to SB 2200. The heart of this bill from the sponsors was that it was to be an equity bill. After SB 2200 came into effect, it was the position of the House that equity and education was taken care of in SB 2200 and that SB 2032 should only be treated as a mechanism to return a given amount of money to the tax payer (meter 07:27). The data shows that a number of the school districts that are not receiving money in SB 2200 are the same ones that would not receive tax relief under the Senate plan. The House's thought was to make a return of tax payer's money as equitable as possible. If the assumption is going to be made that the money will be passed back based on the amount of property tax they pay, all tax payers should receive the same percentage of taxes back that they paid in (meter 09:05). That was the main reason for the deviation from the Senate plan.

Senator Triplett asked for a response from the others who were on the interim finance and tax committee regarding the original intent of the bill: tax equity or property tax relief bill? (meter 09:47)

Senator Urlacher answered, stating that they backed away from the equity portion due to SB 2200 (meter 10:21). We have to recognize the equity within SB 2032 because there are problems in a lot of districts.

Senator Cook stated that SB 2032 is a result of a study request that was put in last session. It was specific to address property taxes as a means of funding schools to address equity and lower property taxes (meter 10:58). The bill that came out of there did just that. When SB 2032 was introduced to the Senate, the people who were behind the bill asked for amendments that removed the dollars from SB 2032 relative to equity and increased the appropriation. Details on the appropriation increase were given (meter 11:45).

Senator Triplett stated that her impression was that by the time SB 2032 got out of the Senate it was not as much an equity bill as it was a property tax relief bill; it just focused toward education funding. It seems that there is a philosophical difference about how we are perceiving our own work here (meter 12:23). Property tax should not be delivered through the school because that is where the main problem has been. The problem is in the schools and it developed because of the declining percentage of the total that has been paid by the state over the last couple of decades. From a practical perspective, the focus of attention should be on delivering property tax relief primarily through education (meter 13:07). In terms of the main body of this bill, that is where we need to start talking.

Representative Drovdal served on the interim committee where this bill was discussed quite intensely and in the House last session where the roots of this bill came from. At that time it was to try to address equity. The House got this bill at the same time as SB 2200 which passed. Explanation of the mill levy was given (meter 14:01). The House looked at this strictly as a way to return some of the money that we had collected above our projection back to the tax payers. The idea was to give equally to those who paid in and the property was used as a

formula. The intent was not to address equity in this bill. Further explanation was given (meter 14:35).

Senator Urlacher commented on the equity (meter 15:21).

Representative Belter responded to Senator Triplett's comments and stated that the House would not necessarily be opposed to using just the education portion of tax as the formula for paying this money back. However, it is not acceptable to give one school's tax payers more than another's. Every tax payer should receive the same percentage of tax rebate equally. That is what this does. The other formula was an equity, but this is not an equity bill (meter 16:50).

Senator Cook stated that using the mill levy could become the simplest way to do it. Past examples regarding mill levy reductions were given (meter 17:22).

Representative Drovdal stated that the House had a concern about sustaining this if it was done as an equitable fund.

Discussion regarding sustaining the funding followed (meter 17:53).

Senator Triplett commented that the committee seemed to be in agreement about trying to do property tax reform, not equity.

Representative Drovdal spoke regarding airports (meter 18:45). We need to verify if the property tax paid by airports goes back to aeronautics and not to the local government.

Marcy Dickerson, State Supervisor of Assessments, answered the airport tax issue (meter 19:40). She clarified that the tax referred to is actually airline or air transportation companies, not airports. They do pay property tax, but it does not go to the school districts or any of the political subdivisions that property tax ordinarily goes to. It is paid to the state and sent out to the airport authorities. The tax rate, the mill rate, on the airports is the average of the mill rates of the cities that are served by scheduled airlines. So there is a school tax component in there.

Further explanation was given (meter 20:06). Technically airlines are not paying school tax; however, they do pay property tax. If you are giving property tax relief, federal law requires airlines to be treated the same as commercial property.

Senator Triplett asked if the committee should come back to this issue at the end.

Marcy Dickerson stated that it is a relatively small amount of money. Specifics were given (meter 21:39).

Senator Cook spoke regarding the difficulty in Section 1 and asked Marcy if she had any suggestions.

Representative Belter stated that it was not the intent of the House to complicate this. We are well aware of the problem and will work to resolve it.

Senator Cook stated that this is an unintended consequence of trying to focus on a dollar amount first. Explanation was given (meter 23:13).

Marcy Dickerson stated that the problem in Section 1 is that the distributions by the county auditors to the various political subdivisions were based on 2006 tax levy, which is already calculated. Further explanation was given (meter 23:47). It cannot be levied until after this distribution is done.

Senator Cook stated that many people at the local level are questioning the wisdom of this plan. He asked if they would be able to come up with a remedy that will help those concerns.

Marcy Dickerson stated that that is just one of the issues at the local level.

Senator Triplett asked what the cost would be for the auditors of the local government to manage this whole process.

Marcy Dickerson stated that they do not have a good estimate of that cost. A lot of the problem would be computer programming costs and personnel costs. The 30-day advance mailing problem was explained (meter 25:55).

Senator Triplett expressed concerns over the layout of how this is being delivered in terms of costs to local government (meter 27:23).

Senator Cook suggested discussion on the merits of the ideas in Sections 3 and 4.

Representative Belter stated that tax payers state-wide are concerned about all taxes and property tax has probably gone to the forefront. It is important that the tax payers be given more information on what is happening to their property tax. That is why the House decided that maybe it is necessary for people to be notified in advance that they are going to have a significant increase in their true and full value of assessments. It is also important that they have more time to respond to it when it is received. Examples were given (meter 30:07).

Representative Drovdal spoke of situations where tax payers were not notified of substantial tax and mill increases (meter 30:55). We felt that we needed to keep the citizens informed.

Senator Urlacher asked if the committee was in agreement with the amendment.

Senator Triplett said no, they were not.

Senator Cook stated that in Section 3 and Section 8 they are trying to get more information to the tax payer about property taxes, but also to bring accountability to local political subdivisions. The sections are related and they both create a new burden on local government. We should take a look at the disclosure mechanism in Section 8 so that we do not need to put this other burden on the local government. Section 3 not only affects county government but city government as well. Concerns with Section 3 were shared (meter 33:11).

Representative Belter shared an incident in which citizens were upset because of the increased assessments (meter 33:37). The local citizens need to get involved where there are taxing problems. That is one reason why it would be beneficial to let people know in advance instead of waiting until they get their tax statements.

Senator Urlacher asked about filling the gap on Section 8.

Representative Belter stated that they could look at that, but he does not have a problem with leaving Section 3 in.

Senator Triplett stated that Section 3 has two issues: dropping from 15% to 7% and the issue of the 30-day notice. We have to be careful not to make the delivery method so cumbersome for local governments that they end up having to add extra part-time employees to make it work (meter 35:15). The point of this is to benefit tax payers, not to burden local government. Further comments regarding this issue were shared (meter 35:30).

Representative Belter commented on the percentage decrease and stated that it would raise costs from the standpoint of notification. However, the 30-day notice issue is just a timing issue as to when they being their assessment process. They will not spend any more or less time doing their assessment; it is just a matter of when they choose to begin (meter 36:20).

Senator Triplett stated that the assessment periods are well-defined by law, so there may not be much choice as to when they do them.

Marcy Dickerson stated that the assessment date is February 1. The assessors are supposed to assess property in place on February 1. If they have to start earlier, there is a chance that in certain cases property may not get assessed. There may be some omitted mistake property. Explanation was given (meter 37:21).

Representative Belter stated that that may be an issue in the initial year, but after that the assessments should be able to be done. We can change the dates if we need to.

Marcy Dickerson stated that they have to look at property every year to see any additions or changes. Explanation and examples were given (meter 38:15). It would be possible to change the assessment date and would be helpful to the local assessors if the 30-day notice is in place.

Senator Cook asked if Rep. Belter was suggesting taking out the percentage drop, leaving the 30-day notice and moving the assessment date to January 1.

Representative Belter stated the he was not in favor of taking out the percentage drop (meter 39:47).

Senator Urlacher commented on the disclosures in Section 8, stating that they are important.

Senator Triplett stated that there was lengthy discussion on this topic during the HB 1051 hearing.

Senator Cook stated that the intent in Section 8 seems to be the same (meter 42:24). The difference is that in HB 1051 we show the total credits, the total amount of relief that a tax payer receives and in SB 2032 the relief has to be broken down by taxing district. Amendments could be worked out for Section 8.

Senator Triplett stated that she did not agree with the whole scheme, but regarding just Section 8, it is an improvement.

Senator Cook suggested discussion on Section 14. The difference is that the House is taking the appropriation out of the Permanent Oil and Trust Fund and the Senate is taking it out of the general fund (meter 44:56).

Representative Belter stated that the perspective of the House was that for this biennium we would take it out of the Permanent Oil Trust Fund, not knowing what the overall general fund budgeting would be. There is nothing sacred about taking it from there as long as the money is available.

Senator Urlacher asked about the relation to sustainability.

Representative Belter stated that the Homestead Credit is funded every session. It is usually included in the Governor's budget so it has not been a real question of legislative debate (meter 46:03).

Senator Cook stated that money from the general fund has already been spent on the Homestead Credit and that it would be easier to keep everything out of the general fund (meter 46:30). The next question would be what the Governor's budget will be two years from now. Whatever we pass here should be in the Governor's budget two years from now and come out of the general fund (meter 46:52).

Representative Belter stated that it is an issue that needs to be solved, but the intent for ongoing funding is the same. It is just a case of dealing with the appropriations and making sure that the money is there.

Representative S. Kelsh referred to emails received from auditors about language in Section 6. Questions regarding the property owners on a single piece of property and how to locate the owners were asked (meter 48:04). There is a question about whether that would be an additional burden on county auditors.

Marcy Dickerson answered that that information is not currently in the county auditors' records, so it would probably be a burden.

Kevin Glatt, Burleigh County Auditor Treasurer, stated that many sections of the bill will be difficult for them. In regard to this specific section, it would be difficult to locate PO Box addresses and determine primary residences. Examples and further explanation was given (meter 49:43).

Senator Triplett asked if a fair number of the parcels have multiple owners (meter 51:07).

Kevin Glatt said yes.

Senator Triplett asked, in multiple owner cases, if the tax statement is sent to just one address (meter 51:21).

Kevin Glatt said yes.

Senator Triplett asked if it would be an extra burden to send individual notices to everyone who has an ownership interest.

Kevin Glatt stated that many notices would have to be sent in that case.

Representative Drovdal stated that any changes are a burden. Many areas do not have PO Box addresses since switching to 911 addresses. Is it a burden to mail out a tax statement and include another sheet of paper asking for their permanent address (meter 52:07)?

Kevin Glatt stated that it is not, if it stops at that and if follow-ups are not required. If those sheets were not returned, follow up would be an extra burden and expense (meter 53:01).

Representative Drovdal stated that they would probably respond quickly if they knew that a tax refund was waiting for them.

Kevin Glatt asked if it was fair to not give the refund if they do not return the sheet.

Representative Drovdal stated that if they do not know who to send it to, it cannot be sent.

Senator Cook asked what all the tax list is used for today. How many parcels of property are there in Burleigh County?

Kevin Glatt stated that there are approximately 38,000 (meter 54:19).

Senator Cook clarified that there is a tax list with 38,000 entries and every entry has a legal description and an address to which the property tax bill is sent.

Kevin Glatt stated that that was correct.

Senator Cook clarified that the only information that is not known is whether that address is the primary residence of the owner. Why is the primary residence address necessary?

Representative Belter stated that there was much discussion during the interim committee about how to define a primary resident. We want property tax relief to be for residents only and we needed a way to collect the data so that we could know who the primary residents are. The intent was to gain data, not to create a burden for county government (meter 55:14).

Senator Cook asked if there is a listed requirement for people to vote in Burleigh County.

Kevin Glatt stated that you must be a resident of Burleigh County, a qualified elector, in order to vote in Burleigh County.

Senator Cook asked if there is not a benefit to know the primary residence of all of the property owners in Burleigh County (meter 57:00). Those who are qualified voters have to live on the property in the county, so would it not be beneficial for the county to understand and verify whether or not the people should be voting in that county?

Kevin Glatt explained that residency and voting are difficult issues. Not every case where you live is where you are a qualified elector (meter 58:03). Ownership of land does not make you a qualified elector.

Senator Urlacher stated that the committee would have to reconvene to continue the discussion.

Senator Triplett answered Senator Cook's question and gave example situations (meter 58:35). Residency and voting are two different issues and the lists are needed for different purposes.

Senator Cook requested the definition of "primary residence" for the next meeting.

Senator Urlacher closed the conference committee on SB 2032.

To Lbry

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2032

Senate Finance and Taxation Committee

☒ Check here for Conference Committee

Hearing Date: April 20, 2007

Recorder Job Number: 6202, 6203

Committee Clerk Signature Sharon Ferguson

Minutes:

Job 6202

Sen. Urlacher opened the conference committee on SB 2032, all members were present- **Sen. Urlacher, Sen. Cook, Sen. Triplett, Rep. Belter, Rep. Drovdal, Rep. Kelsh.**

Sen. Urlacher- you all have a listing of the different sections, I think that we need to go into some eliminations of these and take them section by section and once we agree on a section we can close that section out or if there is amendments to be had we can go on and move to the next section and keep going, unless there is objection to that.

Rep. Belter- I don't have any objection to that but just to put the task before this committee into perspective I would like to read a headline from the Fargo Forum and it says "Fargo property tax values level off" and a sub headline "property values continue to rise in Fargo" another sub heading "homeowners may experience lower tax bills this December" and then in the narrative "I would say over all people are going to see smaller increases then they did last year".

Sen. Cook- we talked yesterday about disposure in section 8 and so I had some amendments that would put us into agreement on that section, if we go through this section by section like you want would it be possible then that instead of having complete hog house amendments

that have the whole bill that we just get amendments for the particular section that we are talking about?

Sen. Urlacher- I think so as long as it relates to the section and any amendments related to that.

Sen. Triplett- my concern is that I have a problem with the overall part of the bill and I don't mind doing it section by section for the bulk of the bill for each separate topic but I do think that we do need to at least have a good conversation about the overall direction on the main piece of the property tax relief before we start into it on a section by section basis because I am not comfortable with the overall version of this bill.

Sen. Urlacher- so you want the majors first and the minors afterward?

Sen. Triplett- it might make sense to do the minors first and leave the major for the end.

Sen. Cook- I think that maybe the issue that she is raising is maybe a issue that needs to be addressed right up front to set the course for the direction that this committee is going to go. So you are thinking that you want to take property tax and tie it back into school funding?

Sen. Triplett- absolutely I think that there are so many problems and so many issues with government officials in terms of the ability of this entire skem that I am not sure that it is possible to go through line by line and fix the problem I think that it is a unworkable situation and I don't know if you all have been getting emails from the folks in local government but I think that they have been pretty clear that this is completely unworkable and almost impossible for local government and we need to go about a different way of doing this. I think that there are earlier versions of this bill that we can revert back to and I would prefer that conversation at some point before we go line by line trough this.

Rep. Kelsh- I have the amendment that addresses the concerns that Sen. Triplett is talking about and with your permission I would like to pass that out.

Sen. Urlacher- you addressed the concern that we hear those sections first?

Sen. Triplett- maybe we should here some other peoples concerns and see what they would like to do.

Sen. Urlacher- I would prefer to have the committee in agreement to go that direction.

Rep. Belter- as I stated yesterday it was certainly not the intent of the house to complicate this for the counties so from our perspective we are certainly in agreement with fixing the language so there is not a burden on the counties. I think that this particular language can easily be fixed, I think the language in there on how to distribute the money is simple and I think that it would take away the problems for the counties so that w can look at that. But I am in complete agreement that the language needs to be fixed here, it is not our intent her to cause an unnecessary problem for the counties.

Sen. Triplett- I think that the language needs to be fixed but it deals with the entire concept also.

Sen. Cook- regarding the concept cause I understand where she is going on this and I am certainly sympathetic to trying to move that direction but I think that we have made that decision already as legislators and how this thing moves forward and I certainly support property tax relief and looking at what SB 2200 is doing I believe that finding the simplest way of giving the tax dollars back to the public is the way to pursue and tying it into education is not the simplest way. There are other merits in going into that formula but I do not think that they are related to property tax relief and the biggest challenge with what we had with the education bill originally is the disparity and the amount of relief that individuals got based on the effort that the school district put towards leveling property taxes and that disparity was from a lot of districts and a lot of people getting zero relief to some folks in high tax districts getting a lot of

relief. With that being said I would certainly be willing to take a look at Rep. Kelsh's amendments.

Sen. Urlacher- great hand them out.

Sen. Triplett- I just need to respond to something that Sen. Cook said which is that the legislator has made the decision that we are not going in that direction. I don't think that is true at all the Senate passed SB 2032 in a very different form, the house has made the decision to go in a different direction but I think that the senate voted clearly that we want to go in a different direction and I think that we have a obligation to discuss both of them against each other as a big picture before we start working on the line by line language that the house developed.

Sen. Cook- that is a good point but I carried that bill and I know how much begging I had to do just to get barely enough votes to pass it at that time in that version, but I understand her point,

Rep. Kelsh- I have the amendments for the committee to pass out I think that the amendments greatly simplify the process it is a hog house bill and I would like to ask **Mr. John Walstad** to explain them.

John Walstad explains amendments (9:48- 13:20)

Sen. Cook- how would a individual property owner in a particular school district know how much their tax relief was going to be with this bill?

John Walstad- that would not be known until each year when the average daily membership count is determined and the amount allocation is determined and then even at that point within a district you wouldn't know the reduction until the first student payment is subtracted from the levy for the district, so it would take awhile for tax payers to find out what the relief is going to be in percentages or dollars either way.

Rep. Belter- so the 100 million dollars is gong to be put out there and the school districts are required to lower their mill levy to compensate for that 100 million?

John Walstad- that is correct.

Rep. Belter- but what is there to stop them form increasing their existing mill levy prior to this money being put out and then deducting, and so you still have an increase in your taxes?

John Walstad- that is correct, as long as that district has authority under other law to increase this levy or gets that kind of authority by approaching the voters with a ballot measure.

Rep. Belter- when it is put out on a weighted per unit, what impact would that have on SB 2200 because we have this equity issue that we have been struggling with and supposedly 2200 is suppose to fix equity and now we injected another new formula into this and I don't know what impact that would have but I would think that it would have some consequences.

Rep. Kelsh- this is direct property tax relief from the state.

Rep. Belter- I know that it doesn't attempt to address equity but it affects it.

Rep. Kelsh- we have on both sides been trying to find the perfect bill and there is no such thing, what we are looking for is simplification in trying to take the burden off of people and put it in subdivisions and this is one of the cleanest and simplest ways of getting property tax relief.

Sen. Triplett- I think that the language in section 4 may need some work with the folks from the education commission who have been working on the equity to make sure that the language is right but in terms of the underlining concept I would agree that this property tax relief to give additional money to the schools it is the area where the problem has developed in terms of local property taxes being out of control so I think that t responds directly to the problem it responds to the need it responds to the state ongoing long term expectation that we should be funding a higher level of public education and the language needs work in terms of how to match it in with SB 2200 or how to match it in with equity we certainly could do that.

But I think form a concept stand point that it is certainly preferable to what we are looking at in SB 2032 right now.

Sen. Cook- I have to agree with Rep. Kelsh this is a simple way of delivering property tax but it reflects I think that real answer of why SB 2032 has turned into what it has before us today and there has been a lot of attempts throughout the session to tie relief into education funding, to tie relief into the way we fund education there was a concept from the very beginning that maybe SB 2200 and 2032 would somehow merge, I think what we have seen happen is that SB 2200 is going forward to deal with equity and educational funding and SB 2032 is to just offer property tax relief.

Sen. Triplett- I think that the whole equity conversation in this bill would be eased considerably if there was just a little more money in the system and this certainly would put a little more money in it.

Sen. Urlacher- so we nee to lay this aside until there is something with SB 2200.

Rep. Kelsh- I would move the amendment.

Sen. Triplett- I would second it.

Rep. Kelsh motioned to pass the amendments and was seconded by **Sen. Triplett**, roll call vote: Senators 2 nay, 1yea, 0 absent Representatives 2 nay, 1 yea, 0 absent. Motion fails.

Sen. Triplett- I don't have this drafted up but I would just like to propose a motion that we delete the portion of this bill that we have in front of us that relates to the marriage property tax.

Rep. Kelsh- I will second that.

Sen. Triplett- we are trying to prove here what we have all been talking about for the entire session of property tax relief and providing relief to high income earners in income tax is not something that anyone ran on the last legislative campaign and not something that I haven't gotten any single email or call or letter about suggesting that it was important to anyone. I

think that the income taxes in this state are very low and very reasonable and I just don't think that this is a issued and who are we proposing to spend 60 million dollars not just this session but every session out into the future on the marriage penalty reduction and I think that it has no place in this bill. Some people thought it was an important bill that we could have brought as a stand alone bill and we could have had this discussion about it but I think that we don't think that it is a relevant part of this discussion and whatever we do with the rest of this bill I think that the marriage penalty issue should be out of it.

Rep. Belter- I think from the house view point we look at this bill as a complete or more comprehensive package of tax relief for the people of ND and I think the very fact that there is a penalty within our tax rates that penalizes people who are married is not equitable now it may not be a hot political button but I think for those middle income people and we are dealing with people here that are making $53,000 or less there is not a marriage penalty but we do have a lot of working people now that's salaries are between or more then that figure. I just find it a little bit hard to understand why we would want to penalize those people for being married. The other thing that I would like to inform the committee is that I am awaiting some amendments from the tax department which I hope can get done soon, they would significantly change the cost of this very issue. I would hope that this committee would keep this issue alive until we get a chance to look at some new data from the tax department.

Sen. Triplett- I think that married and filing separately is already a option do I think that the tax code has opportunity for the people to make choices about how they file their taxes and I would also say in support of the senate position we have this piece of the marriage penalty tax was part of HB 1051 and we killed that in the senate so I think that we have support from the senate side that this is not something that the senate is interested in. I am happy to table the

matter until we see your amendments I don't have a problem with that but I do think that the whole issue should be gone from this bill.

Rep. Drovdal- we are here to represent the people of ND and that is what the house finance and tax committee and the house itself has decided that we are here to do to make sure that things are equal to everyone.

Rep. Kelsh- that was a stand alone bill and was defeated in the house and then they took the option of putting it into HB 1051 and that is where we voted on it twice but depending how you look at how the income is split there is actually a marriage bonus for many couples that file jointly in some cases the changing of that would actually increase the bonus for married couples depending on their income split and income level, we would like to see some information from the tax department.

Sen. Triplett- I will withdraw my motion.

Sen. Urlacher- the motion has been withdrawn. Any further portions of the bill we will address section 1 and if there are any amendments dealing with that particular section it is open for discussion.

Sen. Cook- I have amendments that make some changes to section 1, I don't want to offer them at this time but they come with the amendments that I will be offering with section 8 when we get there but I want to hold off on these until we have another option for section 1 then we can look at both of them at the same time if that is alright. I would like to discuss some points in section 1 if I could. (discusses with committee 30:05-33:24) I would like to make a motion to put 20 million dollars back into the bill.

Sen. Triplett- you want to look at section 13 under the appropriation where it was changed?

Sen. Cook- it would affect section 13 also it will affect as we move forward with amendments in section 1 the percentages that you see here, those are the two that those would affect here.

What we did here is that the house put 80 million dollars and tied everything to it, I want to adjust these percentages and get it closer to 100 million dollars which I think property tax that we had in SB 2032 would have come over to the folks.

Sen. Urlacher- do you understand the intent?

Rep. Drovdahl- I guess my vote on whether we increase it to 100 million dollars depends on what we end up doing with the property taxes, I would like to wait until we make that decision.

Sen. Cook- respect to that and what we had earlier I offer the table this motion to but I want it on the table so we know that this is a direction that we are going to be going.

Sen. Triplett- I would have the same position as Rep. Drovdahl I would have the same position, if we can get ride of the 16 million in the marriage penalty I would be comfortable supporting the addition of 20 million in the basic part of the property tax relief. I think that they are related to each other.

Rep. Belter- I would like to leave it open.

Sen. Triplett- I understand that Sen. Cook has amendments that he is not willing to share with us yet but I think that we just have to make a note of the fact that we cant just leave section 1 in its current form because I think that Marcie Dickerson is very very clear that it is unworkable. We are passing over it because we are not ready.

Sen. Cook- I motion that we approve section 2 just as it is in SB 2032.

Rep. Drovdahl- I second it.

Sen. Triplett- I really do think that all of these things are interrelated and I think that the homestead credit as we have it right here is a little light and I would say that as I voted for Rep. Kelsh's motion I think that there is a good argument for putting a little more money into homestead credit. These are the most vulnerable people in our society, the people that are disabled and over 65 and we all want those people to be able to stay in their homes and I think

that everyone aggress that where we are right now with the homestead credit in current law is definitely to low and we have had at least 6 different proposals through this session of what level to increase it to. I am not sure what the right dollar amount is but I really think that it needs to be a little higher then it is. If we could get rid of the marriage penalty I could see adding a couple million. I am willing to vote in favor of having the homestead credit in this bill but I am not comfortable with settling on the dollar amount at this point. I think I could vote for this but not a dollar amount at this time and if we could adjust that later.

Sen. Urlacher- that would work.

Sen. Triplett- at least we would get the concept in place.

Rep. Drovdahl- I am very glad that we are adding this into this, is it enough? I don't know, it is just about double what it was before and that had been increased last session.

Voice vote 6 yea, 0 nay, 0 absent.

Sen. Urlacher- section 3 any discussion?

Sen. Cook- I would be prepared to make a motion on that but I think we need to discuss section 8 or I know what is going to happen with it. If you would like to go to section 8 I could make some amendments there, section 3 isn't going to go anywhere until we deal with section 8.

Sen. Urlacher- if that is what it takes fine section 8.

Sen. Cook handed out amendments and went over with committee 42:16-47:19.

Sen. Cook motioned to move amendments in section 8 and section 12 and was seconded by **Rep. Belter**, roll call vote Senators 2 yea, 1 nay, 0 absent Representatives 2 yea, 1 nay, 0 absent motion passes.

Sen. Urlacher- lets discuss section 3.

Sen. Cook- this is the one that we had quite a discussion on yesterday and this is one that is generating a lot of our emails from our friends at the local level, I was hoping that maybe if we collected section 8 that I understand that what we did in section 8 is going to impose some burden on the counties and that we just consider removing that section.

Rep. Belter- I would be opposed to removing section 3 I think that it is very important that tax payers be given prior information to their increase in true and full value assessments and that I certainly would be opposed to deleting this we could look at a different number or something but not completely delete it. I don't know what the history is of when 15% came up but it seems like in the last 2 years that increases have become so rapid that I think that it is important that we have a better method of informing our tax payers what is happening with their property taxes so that is why I feel pretty strongly that we need to keep this as a right of tax payers to know in advance and I think that the 15% is really high.

Sen. Cook- do you feel that strongly about changing the time on the notice?

Rep. Belter- I think with the 30 days that I would probably need some comment from Marcy about the timing of that but I am just wondering if there cant be a timing change made by the counties to comply with the 30 days. Are we doing something in code that makes the 30 days a problem vs. the 10 day notice and if that is the case can we make the necessary changes so that 30 days is not a problem?

Marcy Dickerson, state supervisor of assessments- the 30 days does cause a problem because it shortens the assessment period that the assessors have to get their work completed, assuming that they do have to get all the new property and all the changes in property that are in place on February 1st that gives them until then to the second week in April for the hearings if you have to give a notice that only gives them from February 1 to the second week in march to do their work and that is not sufficient time to get that work done. If you are

going to leave in the 30 days it has been suggested that perhaps the assessment date could be moved back to January 1 which gives them the 30 days between February 1 and January 1 to continue their work. I don't know if there would be any ramifications with any other statue as far as I know with changing the dates would not be a problem but I haven't researched the entire century code to see if there is something tied to that to see if it would create a problem. To the best of my knowledge there isn't and I don't know if it will.

Rep. Belter- am I understanding you that they do all their assessing between February 1 and March 15?

Marcy Dickerson- that is correct except the March 15 wouldn't be the date at the present time, they have up until 10 days before the second Monday or second Tuesday in April. They do preliminary work prior to February 1 but actually making sure that you have gotten all the new property improvements and such February 1 is the date that they want to be sure that they caught everything that has come physically there by February 1, if they have to get all their work done sooner then that there could be some new additions and improvements and things that would not get assessed for the year and we don't want that.

Sen. Triplett- could I ask you to talk about the interrelationship between sections 3 and section 16, if we leave section 3 in tact section 16 is the effective date regarding sections 1-10 and 12 could you just discuss what the asses could be on what the government if we put number 3 in place and leave that section date as it is?

Marcy Dickerson- it is true that the work has been done in fact the local hearings have already been held, the township and city board hearings have already been held in the second week of April, so to make anything like this effective for this year complies with the impossible and I guess the courts would be complying with something that is impossible to do. At this

point there is no way that the notice that they sent out 30 days in advance has been sent out according to the existing law and you can't make it retro active now it is done.

Rep. Drovdal- you are saying that the assessments for this year are already completed and no more can be put on that assessment? And I guess where I am coming form is that last summer the assessors from home came out and assessed my home again during the summer and that was on the taxes immediately, so how does that work?

Marcy Dickerson- I am not quite sure what that situation may be, the regular procedure is that all assessments have to be done by April 1st because they are acted upon by the local boards the second week of April and then the next hearing is at the county board level in the first 10 days of June, after that all assessments are acted upon by the state board of equalization their hearing is on the 2nd Tuesday in august. Subsequent to hearings in august there can be some investigations is someone appeals to the state board of equalization tax department personal to investigations and maybe go out and reappraise property and make a recommendation to the state board and they can change the value on it for that current year. The value as of February 1 can be changed by the state board of equalization up until September but as far as local assessors just gong out and assessing property if they are going to do a reassessment, they would be going measuring properties and doing preliminary work and all during last fall but that would not show up until your evaluation as of February 1 2007.

John Walstad- Marcy was talking about speeding up the assessment process by 30 days to accommodate this notice period in making all those changes for what assessors do seems to me that it would be a lot easier to push the board of equalization meeting back 3 weeks to accommodate the extra 20 days with notice I don't know if there would be a problem with that.

Marcy Dickerson- I don't know if there would be any problem with and that hasn't been brought up before but I guess the local board of equalization could lean more toward the end

of April and there would still be time to work between the local board and county board. You might want to refer to Kevin Glatt who knows about these things.

Sen. Urlacher closed the conference committee.

Job 6203

Sen. Urlacher opened the conference committee on SB 2032, all members present.

Kevin Glatt- pushing back the township board and city boards of equalization 3 weeks would create a very difficult situation for the county commissions sitting as the county boards of equalization that first week in June, it is the duty of county boards of equalization and the local and county tax directors to equalize the values between the different townships and cities and the have a considerable amount of analysis to do between the time the township boards of equalization are completed and the time when we receive those books back from the township in order to make a recommendation to the county board of equalization that first 10 days of June, this is really narrowing the period. This will push back a lot of things and cause a lot of problems.

Sen. Triplett- this is the really finely tuned process that has been in place for a long time and there aren't any gaps in the process, this is a year long process that these people work to make this thing work and if you want to add three weeks into the calendar so that we all get three more weeks to finish our work you could probably make this work but this process has been working for a long time the way it is and I just think that by trying to insert 3 extra weeks into the process we are looking at a lot of unattended consequences and making life difficult for everyone. I would move that we delete section 3.

Rep. Drovdal- I will not support that.

Rep. Belter- neither will I.

Sen. Triplett motions that section 3 be deleted and was seconded by **Sen. Cook** 4 nay, 2 yea, 0 absent, motion fails.

Sen. Triplett- the fact that motion to delete section 3 failed, I think there are still issues about fixing this so I don't know if we should move away from this section like we have resolved that.

Sen. Urlacher- so you want to address section 3 again?

Sen. Cook- I know that there needs to be more discussion on it but I don't know if we want to vote on it anymore today I think that it is one that we need to come back and revisit.

Rep. Belter- I would agree I think that I need to get some more information here.

Sen. Cook- section 4 I would look at page 7 line 9 where we changed 18 to 9 I would move that we leave it at 18. So we would leave it at 18%, also on line 10 on page 8.

Rep. Belter- I would second it for discussion purposes, is that the only change that you were gong to make on this section?

Sen. Cook- I would be willing to make more changes to this section if that was the will of this group.

Rep. Belter- I guess I would like to have some idea of what you would like the change in the rest of section before we go to far if there is any changes.

Sen. Cook explains 9:35-10:37.

Rep. Belter- I guess from my perspective this would go along with the changes on the percentage and I wouldn't have a problem with that, the changes on line 10.

Sen. Cook motioned to make the changes to the section and was seconded by **Rep. Belter,** Voice vote: 6 yea, 0 nay, 0 absent.

Sen. Triplett- I would like to delete section 4 by deleting it we would be cleaning it up.

Rep. Drovdal- I disagree with the motion.

Rep. Belter- it seems like there has been some very strong feelings by some of the legislators from larger school districts that have a unlimited mill levy or a higher mill levy that has been set and it seems to me that changing these requirements should be something that is good for the tax payers in ND and I do not feel that it would be harmful to the school district and I think that it offers a opportunity for people to become more involved and for school boards and school administrators to be more involved with the tax payers so I am not going to support any deletion of this section.

Sen. Triplett motioned to delete section 4 and was seconded by **Rep. Kelsh,** roll call vote 3 yea, 3 nay, 0 absent, motion fails.

Sen. Urlacher closed the conference committee

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032**

Senate Finance and Taxation Committee

☒ Check here for Conference Committee

Hearing Date: April 20, 2007

Recorder Job Number: # 6207

Committee Clerk Signature Sharon Jensen

Minutes:

Sen. Urlacher called the conference committee to order and all members present: Sen. Urlacher, Sen. Cook, Sen. Triplett, Rep. Belter, Rep. Drovdal and Rep. S. Kelsh

Sen. Cook: I don't have a problem with section 5; I'm content with it **and would make a motion that we approve section 5,** second by Rep. Belter.

Sen. Triplett: I would just request that someone from the committee or Marcy explain exactly what perceived just to be met by the section so we're all on the same page.

Rep. Belter: I think this idea actually came out because of the work that when we were working on 2032 in the interim. It seemed like there was a lack of good information as far as what people owned and what is their primary residence vs. other residents that they may own and I think the thought was that if in the future. Scratch that, that's not on section 5 I got to read here a minute.

Rep. Drovdal I believe section 5 that new language indicates and gives the tax payers the knowledge that they are getting and how much they are getting is tax credit off of this refund.

Marcy Dickerson: Tax Dept., are you talking about the amendment in section 5? Yes, subparagraph 7 with the added information.

The way I understand that you want to call it Legislative Tax or Relief Credit or whatever name it's been used for used by. Whatever amount of that is given to a taxing district has to be that amount has to be deducted from the dollars that they otherwise would anticipate raising from property tax, so they've moved up a bit.

Sen. Triplett: so it's a dollar for dollar limitation?

Marcy; that's the way I understand it.

Sen. Urlacher: any other clarification? If not call the roll

Voice vote: **5-1-0 motion passes** Sen. Triplett voted no.

Sen. Urlacher: let's go to section 6. Discussion?

Rep. Belter: again now that I'm on the right section, I think the whole idea there is to get more information on what is people's primary residency, and in the event that we are giving tax credits on property tax relief if are to do that in the future, because we would only want to do that on the individual's primary residence unless we can get that kind of information its pretty hard to do anything, so that was the basis of trying to get more information.

Sen. Triplett: there are lots and lots of property out there that have more than one owner and the ___ well right now only requires the county to send tax statements to one address for a group of owners and this is another one of those incredibly burdensome sections I believe, it references individual or individuals it obviously referring to all the owners of land including parcels that are owned by multiple persons and this has got to be an enormous work load for the counties and for what purpose I just don't see that why we would ask county government to do this kind of work, people move land ownership changes, nothing is static in this world and whatever information we gather this year is going to be out of date 2 years from now, I mean you may be able to get some generic statistical information out of it, you may be able to analyze it a little bit for how much property tax relief you might be giving the out of state people

but you know what people who live out of state pay property taxes to the state too if they own property here and I don't know why we would be discriminating against them anyway. I just don't know what we're trying prove relative to the burden what we're asking the counties to assume here. I would think we would be better off deleting this section in its entirety and in fact if we don't have a motion on the **floor I will Move that we delete Section 6, second by Rep. Kelsh.**

Sen. Cook: that motion might be correct at some point but I don't think its ready today and I see some value in having the mailing address of the owner of the property on the tax list. I see some value in that and I think the problem we have here is where do we place the burden of having that done and you even look back into section 3 where its required to send the property tax statement out, it's the owners last known address so we relieve the county of all responsibility to make sure that the address is even correct and maybe the right solution is to just get some of this responsibility onto the property owner and maybe now is the time to do it if the property owner wants to get any property tax relief. She might be right that it's the time to delete but I'm not ready to do it today and I would vote to no.

Sen. Triplett: people who own property have a self interest in continuing to own property and they understand that they have to pay their taxes if they want to go on owning the property as least within a reasonable time period and I think in a different bill if we shortened that up from the 5 yrs to the 3 yrs in terms of the counties being able to take that property back for lack of payment of taxes so there is assumed self interest on the part of the property owners to make sure their taxes are paid and the way they get their taxes paid by staying in touch with the county in terms of the addresses and such. There is a mailing address already in the system for every parcel of property that is taxed but there is not a requirement that the county keep track of every legal owner and maybe Marcy could answer the question and I don't know if she

knows or not but in terms of how many of parcels have multiple owners living in multiple addresses and what kind of burden this would put on people.

Rep. Belter: I think the intent was not to make this burdensome I think that all that it would really require is that it would probably require that the counties probably need to change their tax form and they may need to have a check point on there that says is this your address of permanent residence and you check yes and if you check no they have an area where you can write in your permanent residency and so I think the biggest thing it would be is that the counties would have to change their form.

Marcy: we don't know how many parcels may have multiple owners I guess my concern was Rep. Belters' suggestion, sounds like a good suggestion but what happens if the property owner just doesn't comply doesn't mark it who is going to be responsible for that? I can see the counties could send that out, if the property owners do not comply then the counties won't have any better information than they had before and I think the only way you can make a property owner have in an interest in complying is letting him some benefit for complying or doing him some harm for not complying and I don't see if that is in any proposal. If it were something like a MN homestead residence availability or something for a credit, then if you had a reason to apply and to provide this information cuz you would be eligible for some kind of benefit, then you'd have more of an incentive to provide the information. Some people probably will but I'll bet a whole lot won't if they don't' have an incentive.

Sen. Cook: I would guess that it would not be too difficult for me if I had property in multiple places or states to have property in Nevada that I declared as my primary residence when I did my income tax, property in Mandan, ND that I would declare as my primary residence if I was going to try to get a property tax relief and even property some where else that I wanted to declare as primary residence when it was time to vote. I think its very easy right now to do any

of that and is that a problem? I don't know, maybe not if I'm avoiding income tax but some where along the line, to me here this would not be that difficult I think it's a one time effort and then its just an effort of keeping it up to date and I would put the responsibility on somebody, I mean it doesn't necessarily all have to go down to the county and maybe this is too late in the game to get this done and get it done right but I see no reason why the tax list should not have the address of the primary residence.

Sen. Triplett: the primary residence of whom? Of all of the owners, what you have an estate where it's owned by the 12 children of George and Edna who have died?

Sen. Cook: do they all live there, is that their primary residence?

Sen. Triplett: No, but aren't you asking the primary residence of all of them? Of all of the owners of property, you want to know where they live, that's what this is saying, you want to know where the owners of property live and that would mean all of the owners, why do you care? You should be caring that the taxes get paid. That's the purpose of this tenant information is to make sure that the taxes on the parcel get paid, that's what the tax statement is about is sending it somewhere so that someone who is responsible pays the taxes, if this intended to be a policing sort of thing or some kind of tool for the Attorney General to find out if tax fraud is going on, that's a whole different topic and I don't perceive that as being any part of what we're about here. I just don't see the function of it in the overview of this bill and I see it as being enormous burdensome for our government.

Sen. Cook: she may ultimately be right but I'm sticking with it for a while here.

Roll call vote: 2-4-0 Motion fails.

Sen. Urlacher: We can move onto section 7.

Sen. Cook: I think section 7 is kind of tied right in with section 6 and they probably should be moved along together.

Rep. Belter: I would agree that we just not act on this at the present time because they are closely related.

Sen. Urlacher: Section 8, we did that. Section 9.

Rep. Belter: I think there is and I cannot explain the mistake to you but I think that the way this is written there would be a penalty to the tax payer for paying his taxes early and we want to ensure that that is not and we thought that we had the language correct but I think the last information I got was that this is not correct and I would need Mr. Walstad here to I believe to clarify that for us. Maybe Marcy can.

Rep. Drovdal: our intent was that the discount for the tax payer should be on the full amount and the deduction for the state refund come after the discount. In other words the tax payer will get his ___ on the full amount ____ given away money.

Rep. Belter: Marcy, my concern is that it was in the intent that the tax payer should get the full credit of paying the early discount. If you pay the early discount you should not lose any of that early discount because of this tax refund that we are proposing in 2032 and the last information I got was that the way this is written that the tax payer would not receive the full benefit of that with a 5% discount.

Marcy: yes is the way its intended, that's the way it was in 1051 because when your tax relief in here called the legislative tax relief and in 1051 I believe it was called state paid property tax relief, when that's taken off that reduces your tax regardless of whether your going to take the early discount or not it just reduces your tax. So then if you choose to take the early discount the intent was that you'd get 5% off like you always do but off of the amount you owe which is the amount minus the credit that the state or legislature has provided. Whether you take the early discount or not you're getting a reduction in tax because of this proposed legislation, the amount you owe then would be reduced by 5%, not the gross amount you would have owed

before the discount but the amount that you actually owe would be reduced just as it is today and that was the intent.

Rep. Belter: that was not our intent; our intent was that the tax payer gets the full credit off of the total tax bill, that was our intent.

Marcy; you mean the credit from this legislation, right?

Rep. Belter: yes

Marcy: well that's what I'm saying, the credit from this legislation would be taken off the entire tax bill then the person would have the option of paying it by February 15th and getting the 5% discount just as he does now or of paying it after February 15th and paying the amount that's already been reduced by the credit from this legislation. If you go the other way and let them have the 5% discount on the total amount what he only owes something less than the total amount he's actually getting something more than the 5% discount for early payment and I don't think that was the intent.

Rep. Belter: Mr. Chairman, that was our intent.

Marcy: okay so they get 6% discount for early payment, what the heck I'll take it.

Rep. Belter: John would you comment on that?

John Walstad: I don't think so cuz I just got in the door.

Sen. Urlacher; would you take the podium and answer some questions?

John: the discounts and the credits? What are we talking about?

Rep. Belter: Mr. Chairman, we're in section 9.

John: whether the discount applies first or the credit applies first?

Rep. Belter: yes

John: the way it's been written since the outset was that the early payment discount applies after the deduction for the credit. The early payment discount, the 5% discount for paying by

February 15th applies after deductions whatever credit might apply against the property, the tax relief payment.

Sen. Cook: this is the section in law that deals with early discount, that's the discount that apples after the deduction of credit.

Sen. Triplett: say somebody owes $3,000 in taxes this might be kind of a common number in the sort of middle income in North Dakotan's and the 5% discount ended up being $150 and then the 5.9 that's where we end up, $8.85 and I haven't figured it the other way around but I bet it would come out pretty close to that so we're probably arguing about $2.00 or something is that your intension that we should sit here and argue about $2 or am I missing something.

Rep. Drovdal: the way I see it initially that we are giving the tax payer back some of his money and we are doing it by paying some of his property taxes so therefore he deserves the discount on the full amount because we are not lowering his taxes, now we're paying the bill for him, helping him pay a bill, so the discount should have been on the full amount otherwise he loses some discount.

Sen. Cook: it is on the full amount. This language here is identical to the language that was in 1051 and we put this language in here in 1051 it wasn't 5 and 5.9 it was 5% early discount and 10% residential discount. So if your property taxes are $3000, the way this reads you take your 10% discount, your discount is $300, that leaves $2700 of taxes to pay, if you pay it in time, you take a 5% discount off of the $2700, that's the way its written and that's the way you want it. That's not the way you want it?

Sen. Triplett: you want a bonus for the early payers that's what I'm hearing.

Rep. Belter: No, I guess our intent was that if you've got $1000 and you pay the early discount, that's going to be deducted, you'll get the full discount of that. The taxpayer will get the full discount.

Sen. Cook: First, and then you get the property tax credit second.

Rep. Belter: yes

Marcy: if you give a person the discount on the full original amount of the tax prior to any tax reduction because of the state paying it, you'll actually be getting this individual a discount on the portion that the state paid as well as on the portion that he paid. Give 5% to the State, we had the same thing years ago before you changed the law on the riggers refund. At one time we gave a refund on the portion of the rent that was the government subsidy then you changed the law so that we gave the refund only based on the rent of the individual pays out of his own pocket. The way this is worded still the same thing your giving the tax payer the refund or the discount, the 5% discount on what he's paying out of his own pocket rather than also giving him 5% of what the State pay for him.

Sen. Cook: unless Rep. Belter is trying to give both discounts off of the full amount of tax, unless that is what your trying to do, the answer is the same no matter you do it. If you start on a $1000 worth of tax, you take $1000 times .9 times .95 your going to get the same answer as if you take $1000 times .95 times .9. We can come back to that.

Sen. Cook: I **Move that we approve Section 10**, try that one, second by Sen. Drovdal.

Rep. Triplett: I think that since we didn't have the benefit of discussion, those of us from the Senate side on this language, I would just like for the record a brief description, I understand what you all think it means but there has been so many misunderstandings here already so if one of you think you can explain it that would cool otherwise I would have Marcy explain it.

Sen. Cook: we had this section 10 in 1051. The only difference is legislative tax relief vs. state paid property tax relief credit.

Rep. Drovdal: I guess the House looked at this as a refund, tax refund through the property tax levies, not a property tax deduction and that particular portion in the current law, any

payment the county gets is applied automatically towards most delinquent tax. That change says that he payments that come from the state under this program apply on the current

Sen. Triplett: a question for Marcy, do you think that's going to cause a problem for auditors when they are so used to applying money that comes in against the oldest part of the debt in terms of helping the process or software or anything like that or is that program an issue or do see it as a problem?

Marcy: I don't think that would be a problem because this money will be coming from the state where most of the payments come from the tax payer or someone on behalf of the tax payer. I think it would be easy enough to separate it out that this has to be treated specifically as stated here and I think this is a good provision, otherwise a state paid tax relief legislative relief could or would have to be applied to an earlier delinquent tax and then the full amount of this current tax would still be owing against the property, so there really wouldn't be any tax relief this year on this property, like everybody else gets. I don't think this would be a problem if you want to ask Kevin Glatt who works with this.

Kevin Glatt: this is the least of my worries.

Sen. Urlacher: we have a motion and a second, any further discussion? If no further discussion, all if favor say aye, opposed?

Voice vote: **6-0-0 Motion carries**.

Sen. Urlacher: section 11

Rep. Belter: I do not have the amendments, they are coming.

Sen. Cook: you can go back to section 1 if you want

Rep. Belter: what's 13?

Sen. Cook: well, 13, 14 are appropriations, 15 is a study. Regarding the study I just think it should be expanded a little bit, I'll bring down some amendments to get that started.

If you want to go back to section 1 I'm ready.

Sen. Triplett: I don't want to lose track of section 16 either on that effective date because we clearly have an issue there relative to some relationship with section 3, Marcy was pretty clear that that's an impossibility for this year with the work already having been done, so I think if we are going to leave section 3 than then we have to back that up by a year so it gets in 2007. If a Motion would be in order **I would Move the effective date on section 16 either 2006 be paid in 2007 and then put mobile homes 2007 be changed to 2008**, second by Rep. Kelsh.

Rep. Drovdal: Sec 1

Sen. Triplett: Rep. Drovdal points out that maybe my motion would maybe mess section 1, maybe we should wait until we are done with the rest of them, because the section numbers have to be changed too, as long as we don't lose track of that. **I'll withdraw my motion**.

Sen. Cook: earlier this morning you had amendments handed out to you that dealt with section 8 and12 (amendments 0655) you'll see on the front page of those amendments 0655. I'll hand these amendments out but I think it might be easier to, we've got through the end of the bill, I think this is the best piece of action we can work on but I would move we adjourn so that we can sit down and I want to look at both of these so I understand them both completely, I just got this one down here, I never did look at this one.

Rep. Belter: I would just like to go back to which section is the early discount? Section 9, the point I would like to make there is that if you are going to give the state paid portion after a person has paid their discount then that person is not receiving their fair share of the discount because the state is reimbursing that tax payer after they've paid their taxes when they've taken the discount. So its not a big deal but your losing in a sense and it doesn't amount to a lot of money, but you are not getting the person who pays their discount in advance is not getting their fair share of the states reimbursement where the person who doesn't take the

discount is and that's where I think I don't think this language I want to make sure that there is not a disincentive to pay that.

Sen. Cook: if you would say what you said again, we got 2 discounts here we are talking about so when you say discount, I don't know which one your talking about, so say the same thing again. __ State discount of early payment discount.

Rep. Belter; there's the early discount so if a tax payer pays the early discount they receive that benefit to themselves, when the state comes along and reimburses if the state reimburses at the discounted level instead of at the gross assessment the early payer loses that early discount credit, that portion. Are you following me? What I'm saying is you got 2 tax payers, 1 takes the early discount, the other payer doesn't when the state comes along and if they reimburse you after you've taken the discount.

Sen. Cook: reimburses who?

Rep. Belter: I should not say reimburses, when the state share is paid to the county and if its paid after the discount is taken the person who doesn't take the discount, more of their taxes is going to be paid by the state then the person who took the discount.

Sen. Urlacher: by a difference of 5%

Rep. Belter: it would be the difference on the 5% and that's a gain to the county.

Rep. Drovdal: if somebody paid $3000 in taxes and we sent our 6% state payment back subtracting that out it would be $20 to $120 that that tax payer would go on, we gave him the 5% discount on that, it would come to like $141 and the other scenario if we paid out $3000 and we gave him 5% discount, the county did it would be $2850, then if we gave him 6% of the $3000 he'd end up paying $9 less. If we gave him 6% of the $2850 under this bill the county would get $9 more, so there is a $9 difference on $3000.

Sen. Cook: there's no difference in what the tax payer pays in taxes the difference is what the county benefits from a state payment, that's where the difference is, is what your saying. I'm still going to make my same motion and that's that we adjourn.

Sen. Triplett: before we do that, if you have things to pass out, can we have them before we adjourn? Is there any expectation we will meet again today?

Sen. Urlacher: we will meet at 4:30

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2032

Senate Finance & Taxation Committee

☒ Check here for Conference Committee

Hearing Date: April 20, 2007

Recorder Job Number: 6229

Committee Clerk Signature Sharon Renfuss

Minutes:

Senator Urlacher called the Conference Committee to order on SB 2032. All committee members were present. He said that we would address section one.

Senator Cook said that when we left we each received copies of two amendments, #655 that we used for the correction in section 8 had changes to section one and #656 and these are the ones he is offering. #656 has the language that is in the original 1051 that provided the mechanism for delivering the property tax relief in 1051. What is different here is that we make this for only North Dakota residence. For example, in Section 3 of 1051 the word homestead has been taken out and in sub section 2 it is a lot shorter, there was a lot of reference to Agriculture property that had at least 20% ownership in the property and a resident in the state. That was taken out but he has no problem putting it back in. I hope that this removes some of the difficulties the counties are having with this. He said that they left the percentages blank to fill in when we know how much money we can have available for this then we will fill the percentages in at that time.

Rep. Belter asked if we make the percentages under Section 1 and go to sub section A with 1 & 2, if we make those even percentages for all properties then Section B could be eliminated he believes.

Senator Cook agreed. Once we decide on percentages then if they are the same we can remove Section B. He said he could make a motion to do this.

Rep. Belter asked if you can put the mobile homes and that back in under items 1 & 2. There is no 3 & 4 under sub section A.

Senator Cook said correct.

Rep. Drovdal said the state code on residence is 57-20 and for mobile homes it is 57-55. Do we have to refer to that in the amendment?

John Walstad said residential mobile homes will be at the rate of residential property and commercial mobile homes will be at the rate of commercial property and then we don't need 3 & 4.

Senator Cook also addressed that they have air carrier transportation back in the bill again.

Senator Triplett said that she didn't have a problem with voting on this amendment with blanks on the theory that we would put the percentage in after we determine the total amount of the property. She thinks they should have a discussion on it before they vote on it on the relative percentage of whether they are going to be equal or one is going to be twice as much of the other or will there be some other type of disparity. We should know where we are going before we vote.

Rep. Belter said that all classes of property be treated equally. Rep. Drovdal and Rep. Herbel agreed.

Senator Cook said that is not his position. It is obvious when we look at the major differences between the direction the House took on its final passage of the bill and the direction that the Senate had when they introduced it. This is an area where we will have to deal with the art of compromise. This is an area that we are separated and the amount of money that is in the bill. He thinks they should work out all the other details and hopefully as we work through them we

might get to a point where we don't have to fill in the blanks and we have to find the mechanism to do it.

Senator Triplett said that we can leave it and discuss it later. We will have to discuss it sometime.

Senator Cook asked to what degree we want to have the requirement that the House put on about trying to keep as much of the property tax grants in North Dakota. Is that something you want in there?

Rep. Belter asked if this was the version that came out of the Senate.

Senator Cook said that this is the version that came out of the House. You will see Homestead on line 13 and you will see some major changes on page 6. Mr. Walstad can explain it.

Mr. Walstad explained that the original Bill 1051 did not have restrictions on it with regard to residency homestead requirements. In the House Finance and Tax committee concerns were expressed about non resident property owners receiving tax relief and so in that first sub section with regard to residential property, requirements were added that it be homestead property. And the second portion with regard to agricultural property and commercial, the same requirement was add that the individual primarily responsible for management decisions regarding the property has to have an ownership interest of at least 20% in that property and that individual must also own and occupy residential property or a mobile home in this state.

Rep Drovdal said in House Fin. & Tax committee considered that the source of this money, income tax, sales tax, oil tax is raised in the state and he said they thought limiting it to residence in the state in a homestead tax credit, he believes they only did that in the intention of the residential, he doesn't believe they took the non resident out of the commercial and Ag.

Senator Cook said in version 1 they had just residential and Agriculture.

Mr. Walstad said he thinks that is what it does. It is just Ag that has the 20% ownership.

Rep. Belter said the Senate took out the residency requirements and he assumes they were looking at constitutional requirements. Were there other considerations why they were removed?

Senator Cook said his memory is that we took them all out immediately and we put back residential and agriculture.

Senator Tripplet said she thought that was right.

Rep. S. Kelsh asked if there were legality issues surrounding treating commercial different than agriculture.

Mr. Walstad said perhaps some differences. One of the most significant is that commercial property you have a much different kind of ownership, usually corporate or multi-layered kind of ownership. Ag property you can usually tell who the owner is.

Rep. Belter said in the House version there was some concern dealing with Ag property and because we were using the term residency, some people would be thinking that would make Ag property not eligible because of the definition of resident or your residency. Since a farmstead is not taxed in most case. He asked John if he remember that.

Mr. Walstad said he didn't believe that is a real problem with the way the language was worded.

Rep. Belter said that in the new amendments drafted there shouldn't be any conflict.

Mr. Walstad said that the way it is written it is not limited for residential property at all and it is not limited for agriculture property but as I understand it I am going to rewrite it so there is a residency requirement in there.

Marcy Dickerson said that her problem with the language was that it said that the farm owner has to occupy residential property in ND. If it just said has to have a residence in ND she

wouldn't have a problem with it. The reason for her difficulty with it is the farm residence exemption or any farm building exemption is only possible on agricultural land not residential land. Get the word property out of there and she doesn't think there would be a problem. Mr. Walstad pointed out the definition of residential property is any property on which people live or reside. By changing the language that a farm owner has to have a residence in ND rather than say he has to reside on residency property.

Senator Cook said this is the 700th version of 1051. That is the version that offers the deals with only residential and agriculture. Commercial is out...correct?

Mr. Walstad said correct.

Senator Cook said then on page 4, turns back to the end of the section on line 4: asked why that is changed. (Highlighted).

Mr. Walstad said that language is in there so that the credit provided in this section against property taxes does not apply for property that makes payments in lieu of taxes. That was not in the original it was added in the House.

Senator Tripplet asked why we are contemplating discriminating against people who live outside of the state of ND who own property in the state of ND and have been paying property tax to the state of ND on that property. Why would we think about not including them in this relief? They are part of the economy in ND.

Senator Cook said that the answer to the question is we are trying to give property tax relief to ND citizens. It is as simple as that.

Senator Tripplet said why is that fair to the people who own property and have paid in property taxes. Why should it not be fairly distributed back to the people that have paid it?

The chairman said that they had to break and go into session.

Meeting adjourned.

9AM

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032**

Senate Finance and Taxation Committee

☒ Check here for Conference Committee

Hearing Date: April 21, 2007

Recorder Job Number: 6243

Committee Clerk Signature Sharon Lenfest

Minutes:

Senator Urlacher called the conference committee meeting to order. All members were present.

Senator Urlacher said the committee will address section 1.

Senator Cook distributed amendments .0662. The language that was in the .0700 version of HB 1051 has been added to the first amendment he gave the committee (.0656) with a few simple changes to come up with .0662. The change is the one Marcy talked about, the residence. If you read subsection 2 under section A on the front page compared to the 700 language of 1051 you will understand what has been changed. John Walstad can explain any other changes

John Walstad said that is the only change, otherwise it is identical to the House passed version of 1051. The residential property was changed to residence.

Senator Triplett said it looks like 3 and 4 are back in there.

Senator Cook said that was in 1051.

Senator Triplett said she misunderstood.

Senator Triplett asked the reason for putting them back in, she thought she heard him say yesterday that 3 and 4 were not necessary.

John Walstad said the 3 and the 4 are back in. They were in the House passed 1051 and this is identical to that except for that one word. In the 1051 as introduced version, he took a short cut and plugged mobile homes into 1 and 2 because they weren't covered specifically in the original 1051. Now we have the full explanation of those as it was passed in the House.

Senator Triplett asked why he thought they were not necessary, just acceptable to have them that way.

John Walstad said no.

Senator Triplett said yesterday he was telling us they were out because they were not necessary.

John Walstad said because he put mobile home language in 1 and 2 in yesterday's version that was not there in the introduced 1051 to cover mobile homes but now he was asked to do the House passed version and that is what this is exactly so it has the full 3 and 4 above mobile homes.

Senator Triplett said ok.

Senator Cook moved amendment .0662, understanding the percentages are still blank but it sets the direction for how we would deliver the property tax relief, seconded by Representative Belter.

Senator Cook said before we vote on the amendment he would like to have the Association of Counties speak to this change as to what degree we have resolved many of the county (issues?) Meter 4:54

Representative Drovdal said the House has voted on this bill and this language and obviously we liked it, we passed it out. The Senate killed this bill. He would like to hear what effect this language had on that bill.

Senator Triplett said we have had that discussion. The Senate democrats would prefer an entirely different mechanism for delivering property tax relief. They would prefer it be delivered through the mechanism of providing additional funds for school funding thereby allowing schools to reduce their property taxes. That was their objection. Between what we had yesterday and what we have today, this is preferable to her because it takes care of a lot of the concerns of local government for administration.

Senator Cook said his hope is that maybe the county's only concern would be one that was raised regarding subsection B, if you have a parcel of land with different classifications of property on it and they basically said they don't have a problem with the fact that this would not be needed if the amount of credit was the same percentage for all classifications. To ease that problem if it is not the same for all classifications, we could make conditions for when there are multiple classifications on one property the discount would be at the lowest percentage and the problem would go away that way too.

Terry Traynor, Association of Counties, said he has not seen the amendment but what Senator Cook is discussing is the problem. The 1051 language is significantly less complicated for the counties to administer. With different percentages for the different classes of property, it does create great difficulty in those parcels that have multiple classes within them. Someone could have a residence but also farmland or a commercial operation on farmland, you could have all three classes in the same parcel. By giving different refunds to that parcel, it would make computation for those thousands of parcels very difficult. If, as Senator Cook mentioned, in the case of multiple classifications on one parcel it would be one percentage that would make it easier. One amount across the board would be easiest.

Senator Cook said very, very difficult sets one picture in his mind and more time consuming sets another picture in his mind. He asked if Terry Traynor meant more time consuming.

Terry Traynor said that would be the correct way to say it.

Senator Cook said we have the language that was put in 1051, basically the mechanism that was introduced to the public in September of 2006, it had a hearing in the House, it had a hearing in the Senate with different percentages in the bill. When did they realize this was going to be a problem. He doesn't think he testified against it in the hearing.

Terry Traynor said he, who has never done this before, did not realize that there were parcels with multiple classes. They were not aware it was going to be a problem.

Senator Triplett asked if more time consuming suggests they would have to do manual computations on each parcel with multiple classifications if we do not resolve this problem.

Terry Traynor said he suspects some of the smaller counties would have to go that route, depending on how many parcels they are talking about. The larger counties, if they have a lot of those parcels, would try to program that in. He doesn't really know.

Senator Triplett asked about commercial property and whether or not it should be in here.

Representative Scott Kelsch was bringing up some points regarding that issue. If we were to eliminate commercial property we could give more tax relief to residential and agriculture and there is some kind of an argument that anyone who lives here and is owns commercial property probably also has residential or agricultural property. If we are trying to give an amount of tax relief that feels more significant, something that gives more in the range of 10% or more on residential and agricultural and nothing for commercial. At some level this feels like it would be such a large amount of work and we will end up with such tiny amounts that people will scoff at it. It would feel more significant on a per parcel basis.

Senator Urlacher said that has been discussed on the commercial is a feeling of the pass through as well.

Representative Drovdal said on the House side they felt if they paid taxes, they deserved their nickel equal to what they paid. If we take the commercial out, why not take the agricultural out as well.

Representative Scott Kelsch said he can understand that philosophical viewpoint but as **Senator Triplett** said, if we are going to offer property tax relief, we can offer more to the residents by taking commercial out of here and that would be a good move from a policy point of view.

Representative Scott Kelsch made the motion to delete commercial, seconded by Senator Triplett.

Senator Cook asked if they think this would be a better bill if we just offered tax relief to residential, agricultural and centrally accessed.

Senator Triplett said yes, she does think that.

Senator Cook said if we were going to take commercial out of there, why would you not also take out centrally assessed? Why would the same argument not also apply to centrally assessed?

Senator Triplett said maybe it would. Residential is the most significant because those are people who have no income source to apply against their real property tax. Their residence is their home and it is not an income producing piece of property for them. Commercial, those people are clearly making a living off their property and they are selling a product or commodity or service out of their facilities and they have an ability to set prices commensurate with their expenses and so have an opportunity to recover their taxes by the sale of their services. Representative Drovdal asked how we distinguish that from agricultural property but we all know farmers in North Dakota have very little control over the prices they get for their products. It really is a separate kind of commerce, heavily managed and controlled by the

federal government and federal farm policy. There is a distinction. Also, farm people frequently live on their farmsteads. She takes Senator Cook's point that if we take commercial out, we should probably centrally assessed out as well.

Senator Cook said there was some consideration of that but the problem he has is if you want to get more relief to residential, that is what you should focus on, He would be happy to pursue that avenue, to deliver all of it to residential but he doesn't think that is where we are going to go. He doesn't see the difference between commercial and agricultural. They are both taxes on property that is designed to help one make a living. For fairness, you either go all the way or strictly residential.

Senator Triplett said she disagrees.

Representative Scott Kelsch said he also thinks agriculture is another squeaky wheel. We have been talking about it in this assembly for years. Certainly one can make the argument that relief really ought to be granted to those property owners that have been abused by higher property taxes. He has not heard from commercial interests about property taxes as much as residential property taxes.

Representative Scott Kelsch amended his motion to remove centrally assessed property.

Senator Triplett said that is acceptable to her as the seconder of the motion.

Senator Cook said in regards to agriculture being a squeaky wheel, and there is no doubt they squeak, for the record he wants to point out in his county in 1981, the average assessment value of all agriculture land in Morton County was $145.05. In 2005 it is $10 less, $135.62. Over a period of 24 years, from 1981 to 2005, the average assessed value of all agriculture land in Morton County has gone from $145 down to $135. He can tell you what residential property has done during that same period. He is sensitive to the high taxes that everybody

pays but the facts are here, this is part of our tax policy and we have to recognize that if there is a classification that truly has a right to squeak and squeak very loudly, it is residential.

Senator Triplett said she suspects Senator Cook will propose to give a higher percentage of relief to residential and a lower percentage to agriculture and she does not have a serious problem with that. That speaks to the concerns Senator Cook is bringing up. If we made the correction that the Association of Counties is asking for, we could be coming to a place where there is some consensus. If we are trying to get money to the people of North Dakota, in a quantity they will notice and not scoff at, it is important to remove the commercial property or the numbers will seem so small it will seem it is not worth the effort.

Representative Belter said he thinks the commercial property should remain in the bill. We can have examples of very large businesses that will get a break but we also have a lot of small businesses in North Dakota. He thinks we should be as equitable as possible. This bill is a way of returning money to the people of North Dakota. We want to do that in the most equitable way we can. To delete one class of property is, to him, not correct and he will not support removing the commercial property.

Representative Belter asked for a clarification exactly what the motions are.

Representative Drovdal said he is confused. Representative Belter and he are from rural districts and they argue that commercial should be put in there and two people from the districts with more commercial argue it should not.

Senator Urlacher said **the motion is to remove commercial and centrally assessed property.**

The motion failed.

Senator Urlacher said we are back to the original motion.

Senator Triplett asked if the committee is voting on the concept without the numbers being in there.

Senator Urlacher said that is his understanding.

Senator Triplett asked if the committee should assume there are going to be different numbers and make the correction that the Association of Counties has asked for or if we vote in favor of this, would he be willing to make the adjustment later?

Someone said he is not willing to assume there are going to be different numbers. (Meter 24:24)

Senator Cook said he would be perfectly happy to leave subsection B until we discuss the numbers.

Senator Triplett clarified the committee is voting on this as it is written with two blanks and leaving B out of it for now.

Senator Cook said leaving B in it, we can move B later.

Senator Triplett said she would rather do it before she votes on it.

Senator Cook said on B?

Senator Triplett said she doesn't understand why we can't just fill in the blanks now and have that conversation and then vote on an intact document.

Senator Urlacher said there might be some (can't hear) down the road on some of the sections. (meter 25:10)

Representative Belter said we should vote on the concept and then we decide what we want to do with the percentages. If we make them equal, then we delete B. If we are going to have a differential, we leave B in.

Senator Triplett said if we make them different, we are going to have to modify B to take care of the problem with the local folks managing it.

Senator Cook further amended his motion so that in subsection B it says if a parcel of property contains different classifications of property the exemption or the credit would be based on the lowest percentage. John Walstad can put the right language in it. Then we can leave it alone because it will apply no matter what we do with the percentages. If the percentages are the same, the lowest percentage is going to be the one that is applied. If they are different it is going to be the same thing. That will solve the problem.

Senator Triplett said we could still delete it if it became completely unnecessary.

Senator Cook asked John Walstad if he understood it and could give us some language right now.

John Walstad said Senator Cook did well and he is clear with the motion.

Senator Urlacher clarified **we are voting on the amendment to the motion.**

The motion passed 6-0.

Senator Urlacher said **now we have before us the motion as it was originally made,** leaving the blanks open.

The motion passed 4-2.

Representative Belter said he would like to resolve the percentages at this time.

Representative Belter moved all percentages be treated equally, seconded by Representative Drovdal.

Representative Drovdal said he can visualize where we have a lot of people who have moved out of town live on a 10, 40 or 160 acre piece and their house is appraised at full market value just as residents in town are and yet the classification, if we have it at two different levels, they would receive less than people in town. One case is his own. His house is appraised at full market value just like it was in town. Yet if this passed and it was separate,

he would get his credit calculated at the lowest level. In the House, they thought if you paid a dollar, you got an equal amount of credit back.

Senator Triplett said that is not the intention. If his house is taxed as residential property it would not have the agricultural exemption.

Representative Belter said they are equal and that is why he is supporting this amendment.

Senator Triplett said if he lives on a parcel of property out in the country and does not qualify as a farmer for the farm exemption then by this he would qualify for the residential rebate.

Representative Belter said there is only one tax statement, on the agricultural land.

Senator Triplett said then he is not paying on the residence.

Senator Cook said if you are getting one tax statement on the agricultural land and you are paying taxes on your home it is added into the tax statement, it is in there. That is a function of what the local county decides to tell you. If you live in West Fargo, for example, you are going to get a tax statement that shows the value of the land and the value of the home that is on that land. There are people who live in the city, your county has elected not to do that but the dollars that you are being taxed is in that statement which is why they said they had a challenge in separating it out. He will get his discount.

Representative Belter said if a parcel contains two different classifications, it will be taxed at the lowest of the two classifications so he would get less. It isn't right. He is just using himself as an example because he is familiar with it.

Representative Drovdal said there are a large number of people that own small parcels and no longer qualify because of the income level and to say this is personal...

Representative Scott Kelsch said it was a joke.

Senator Cook said the motion before us is for all percentages to be the same.

Senator Urlacher said if we have a problem, it is with the previous motion.

Senator Cook said he thinks Representative Drovdal is speaking to the previous motion.

Senator Cook said regarding having the percentages all the same, he and Representative Belter have had a lot of conversations on this, as far back as last summer, and he is surprised he is changing his spot because he was a prime sponsor of 1051 which had two different percentages, he thinks he voted for it too.

Senator Urlacher said we do have different ways of thinking sometimes.

Representative Belter said we are not voting on 1051, we are voting on 2032.

Senator Cook said as a point of clarification they are about property tax and how we deliver it to the people in North Dakota in a fair and equitable manner.

The motion failed 3-3-0.

Senator Cook said the fiscal note on this bill right now is $83 million. 1051 originally had $116 million in it for property tax relief. Now we have 2032, it had about $100 million for property tax relief. Now we are down to $80 million for property tax relief and $3 million for the homestead tax credit. When are we going to have a discussion of the amount of money this conference committee wants put in to 2032?

Representative Belter said the House is not prepared to put a dollar figure in yet. They have to determine where spending levels are on other issues before they can make a commitment to the spending level in 2032.

Senator Triplett said we are running out of time. Will the House be prepared before the end of the day?

Representative Belter said the House is working very hard at trying to tie down the spending levels and the only way to get them tied down is by the House and Senate working together.

Senator Cook said he hopes we could move forward and have a discussion and bring this to an end with what we think is the right level of spending and let the rest react to us. It is clear

there is going to be competition for dollars out there and he would just as soon put in the bill what he thinks is the right amount before there is nothing left and he thinks that is what is going to happen. He is not afraid to move ahead with what we think is the right amount. The sooner we do that the better. The vast majority of this comes out of the trust fund and as we move forward it is not only the amount of money we put in there but to what degree does it come out of the general fund and the oil trust fund.

Representative Belter said they are not prepared to put a dollar figure in there at this time.

Senator Urlacher asked if we are talking about marriage penalty.

Senator Cook said there are other things in the bill we can try to finish up but sooner or later we are going to have to finish up.

Representative Belter distributed amendment .0658 dealing with the marriage penalty. He asked Kathy Strombeck to come up and explain them. It is his understanding this amendment would fix the marriage penalty, it reduces the amount of the fiscal note from $16 million to around $8 million.

Kathy Strombeck, analyst from the office of the tax commissioner, said she has not seen the amendments but she knows that the intent was. The intent was to target the marriage penalty relief to those taxpayers who actually are penalized by the existing code bracket structure. They talked about using a Minnesota model. Minnesota allows the brackets to continue to have the married and joint brackets which do not change at all. In fact, you create a tax credit by using a separate schedule to target the earned income of the joint taxpayers to determine the additional tax they would pay under the married and filing joint scenario in current law and create a tax credit to adjust for that amount. It is a very targeted approach. When Minnesota enacted this, the fiscal impact they estimated was cut in half by this targeted approach

because you are targeting only those who actually have the marriage penalty and you are concentrating on earned income only. (meter 29:09)

Senator Urlacher asked if it is complicated to administer in Minnesota.

Kathy Strombeck said no, there is a tax schedule would be part of the ND1 form. It does cause the tax payer to jump through some hoops. Minnesota said they did not have a lot of complaints.

Senator Triplett asked for an example of how it would play out. She gave two hypothetical couples, one with a total income of $70,000 where the husband and wife both make equal amounts and one with a total income of $70,000 where one makes $60,000 and the other makes $10,000.

Kathy Strombeck said that is exactly the type of scenario this targets. The couple with $70,000 income, $35,000 each pays a significant marriage penalty. The other couple where it is all earned by one spouse, the computations on the schedule would indicate they pay no marriage penalty so there would be no tax credit.

Senator Triplett said it is dependent highly on the relative income.

Kathy Strombeck said it is completely on the relative share of earned income by the two persons in the couple.

Representative Belter said we need copies but the estimated fiscal impact, the way the amendments are written if we use this targeted approach, we would eliminate any marriage penalty up to an income of $175,000. The cost for that would be $8.1 million vs. the $16.2 million that is currently in 2032. We have two significant things here: we have greatly increased the number of taxpayers that are unfairly treated because of the penalty and we are able to do it for $8.1 million instead of $16.2 million.

Senator Cook asked the limits on the income.

Representative Belter said it would eliminate the penalty up to $175,000.

Senator Urlacher asked if it would free up money for property tax relief.

Representative Belter said it certainly could do that.

Representative Belter moved amendment .0658, seconded by Senator Cook.

Representative Belter said he hopes the committee will look favorably on this. This is just one more aspect of trying to make an equitable tax reduction for the people of North Dakota. There are a number of bills dealing with them here, the homestead credit, the pay back to people based on property tax paid, the 2% fuel tax which is $11.6 million. There are a number of tax reductions that are in the process here and he thinks fixing this inequity that was created when we decoupled should be a priority. He can't think of a good reason we should expect married couples be penalized because of an oversight in the way we structured our tax after we decoupled.

Senator Urlacher clarified the motion does not recognize the movement of those funds to property tax.

Senator Triplett said she will vote against the motion because of the position she stated yesterday. She thinks the marriage penalty should not be in this bill at all. We are talking about property tax relief here. She does appreciate the work and it is better than the previous one.

Representative Belter said we are looking at tax relief for all North Dakotans. This bill is more than just property tax relief. We are only using the property tax formula as a way of distributing some money. In the House there was a separate bill to fix the marriage penalty and we decided to package this which is why it ended up in 1051. This is an addition that should be made to our entire legislative tax reduction package.

Senator Urlacher said it does put a little more balance in the bill.

Senator Triplett said if the change is made and becomes part of the tax policy, it would be $8 million out of the budget every year. The rest of the bill would be one time expenses.

Representative Drovdal said currently the way it is written that is true, it is the full intent of the House that the homestead tax credit is a permanent fix. In 2001 when we decoupled, we unknowingly created the marriage penalty. It is time to right a wrong that we created, this is the year to make the adjustment.

Representative Belter asked John Walstad if this motion passes would it become permanent or would the language sunset it?

John Walstad said there is not sunset in the amendment, it would be a permanent income tax provision.

Senator Cook said the appropriation is in section 13 for the property tax portion of this bill. The continuing appropriation has been removed and is something we need to put back in the bill so we are making a commitment to sustain the property tax relief. He is going to support the amendments to the marriage penalty because it is a great improvement. As we move forward, it is his hope the $8 million in revenue that will no longer come back to the state will in no way affect the amount of money in property tax, he does not want them to compete. Representative Scott Kelsch asked if this amendment was defeated in the Senate as part of 1051. He would like a sense from the Senators as to what impact this will have on the bill passing in the Senate.

Senator Triplett said she cannot speculate. The democrats rejected 1051 as a package.

Senator Cook said he is not too sure anyone voted red on 1051 because of the marriage penalty. However we make our final decision, this is a great improvement.

Senator Triplett said it is not clear in how it is written, she presumes .0658 is intended as a substitute for section 11.

Representative Belter said yes, that is his intent.

Senator Triplett asked John Walstad in section 11 of the version of 2032 that we working from, the 100 version, at the end of section 11 it talks about timing and this one doesn't have a beginning date so something needs to be done on the effective date.

John Walstad said he doesn't think so.

Senator Triplett asked for an explanation.

John Walstad said this would become section 11. The bracket requires the updating of the schedules each year for inflation. The numbers look different because we have not done that since 2001. If the brackets go out of the bill, the brackets will continue to be indexed. When the statements go out each year the actual brackets are incorporated.

Senator Triplett said ok.

The motion passed 4-2-0. (meter 58:54)

Senator Urlacher said we can't set the percentage until we know there is a transfer of funds for the property tax.

John Walstad said in the information sheet that Representative Belter was reviewing, he spoke of marriage penalty relief up to $175,000 of income. That is not in the amendment that was just adopted. The amendment that was just adopted is identical to the Minnesota law which does not such a cap. If that is the intention, an additional change is needed. Kathy knows the amount that would have to be plugged in there to have that limit.

Representative Belter said it was his intent to cap at the $8.1 million per year. We need the necessary language.

John Walstad said one very short sentence would do it.

Senator Urlacher said that was the intent, is that the understanding of the intent in the committee?

Senator Triplett said yes, that is how it was presented.

Senator Urlacher confirmed the motion is acceptable as written with adjustment.

John Walstad read the amendment with the correct wording. In the lead in sentence in section 1, a married couple is allowed a credit insert of up to $180.00 per couple and then it continues. That sets the cap right away.

Senator Urlacher said that will be accepted as part of the motion.

Representative Belter distributed amendment .0659 that deals with the discount in section 9. The intent is to change the language so there is no penalty for paying the discount.

Representative Belter **moved amendment .0659**, seconded by Representative Drovdal.

Representative Belter said if you don't have this language, the individual who chooses not to take the discount in advance is getting the state to pay a bigger percentage of their tax than someone who takes the discount. It is not big dollars but it is a fairness issue.

Representative Drovdal said when this was in House Finance and Tax it was his understanding that this wording was to this effect and the committee thought so too. It is only .3%. It is a fairness issue.

Senator Triplett said she heard Marcy say yesterday it makes no difference to the taxpayer whether its done before or after, it might make some small amount of difference in what the county gets in terms of reimbursement, we have talked about it long enough.

The motion passed on a voice vote, with one no vote, Sen. Triplett No

Senator Cook said he knows it doesn't change what the taxpayer gets. Who gets the $5 now on every $1000. We took it away from the county, who gets it. Does the state get to keep it?

Senator Triplett said she thinks so. We should ask Kathy.

Kathy Strombeck said she thinks the state gets to keep it.

Representative Belter said he does not believe the state is the recipient of that. He believes the county and the political subdivision is the recipient of that. The important thing is the person who pays their discount is treated equitably.

Senator Triplett said they were under the previous version too.

Representative Belter said there is some controversy on 6 and 7 and whether we want to keep them in there or incorporate them into a study and the committee could think about that before we meet next time.

Senator Urlacher said the committee will recess until 1:00 PM.

To Cory

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032**

Senate Finance and Taxation Committee

☒ Check here for Conference Committee

Hearing Date: April 21, 2007

Recorder Job Number: # 6254

Committee Clerk Signature Sharon Ferguson

Minutes:

Sen. Urlacher called the conference committee to order. All members present

Rep. Belter: could we back up beyond that. We voted to approve the marriage penalty and I mistakenly I guess, maybe I didn't mislead you but what I said certainly could have mislead you but what I am going to propose that (handed out). If you look at this I would propose if you look at this what we did was pretty close to item A which would only really benefit those people at $63,700 or less and that had a fiscal note of 8.094 million dollars and by just increasing it to 8.85 we can and capping it at 300 we can help those tax payers up to $154,200 and for that little bit of money I would think it would be prudent include that group because that is a growing number of working people are certainly in that income category and if we can help them out for the fiscal note difference I think it would be good to do that.

Sen. Triplett: so the information we received this morning from both you and Kathy Strombeck were incorrect, is that right? When we were told that the 8.2 buy us up to $180 per couple for people whose income was up to $175,000, neither one of those was right?

Rep. Belter: Kathy did not I was the one that made the $175,000 mistake, she did not imply that.

Sen. Triplett: can you explain the difference why section a is in reference to maximum reduction of $191 but on section b you have it calculated for an unassumed cap of $300, why not just stick with the 180 to 190 or something, why are we changing the cap?

Rep. Belter; I'm not sure why if she capped it at those levels maybe she's on her way and explain that or maybe Dee could explain it too. I suspect that that's where a break took place in the different income categories. Maybe John Walstad could explain that.

John Walstad: the number s there, if you look at the a item the second number there in the column $63, 700 that is the amount if you recall in the bill that the married filing jointly lowest bracket would have gone to on the high end and this would replace changing those brackets with this credit and so Kathy used the $63,700 there. Example b you can see that second number is $154,200 that's double the second single bracket of $77,100 and so the bottom bracket would provide marriage penalty relief in the two lowest income brackets. Item would just be the lowest income bracket. I might mention another thing, if the committee chooses this approach the credit will not be indexed unless we do something to do that, the brackets are indexed and will rise every year with inflation, so these credits targeted to those bracket numbers will only be right for one year until the brackets move on. It would be possible to use the same inflator on this credit limit amount so that it rises as brackets rise by the same percentage.

Sen. Cook: the amendments we passed this morning 0658 they are to example a, is that correct? Do we have to have new amendments?

Rep. Belter: I guess I would have to ask Kathy Strombeck for technical assistance on that.

Kathy: I think the amendment you passed today earlier was the version that was lowest bracket and by verbage only added the $180 cap the more technically correct cap and I think John may have covered that is actually more $191 and then the version that goes up to a

higher level of income of $154,000 would required the $100 cap which would require a new amendment.

Rep. Belter: then all we would need to do is raise the cap to $300 that would be the only requirement, we'd need a new amendment but to changing it to 300 would basically take place in the amendment?

Kathy: Yes

Rep. Kelsh: so we are essentially adding another bracket the second to the bottom bracket as an inclusion in this amendment?

Rep. Belter: yes, I would **Move that we amend the marriage penalty section to include the cap of $300 and that it be indexed so that it will stay current as time goes on**, second Rep. Drovdal.

Sen. Cook: I assume that this motion will bring down some amendments then that we will actually look on and vote on is that correct?

Rep. Belter: if the committee wants to see some amendments, its my understand that the amendment really won't change other than putting in the $300 cap and that we are indexing it.

Roll call vote: **4-2-0 Motion passes**

Sen. Urlacher: go to Section 6 and 7

Sen. Triplett: I think that the discussion that we were just starting into with the possibility of maybe deleting the amendments to 6 and 7 in favor of putting the topics into an expanded study resolution, is that correct, its got that more in terms of the legislative council study at the end of section 15 at the __ and talk about what we want to add in there, would that be a productive way to do it? I think if we had a broader version of the study in 1051.

Sen. Urlacher: we're considering combining 6 and 7 into the study?

Sen. Triplett: that would be my choice and we are also thinking of talking about using the earlier version of the study.

Sen. Cook: I think there's maybe 2 or 3 issues we need to discuss during the study and I've got the study that was in the original 2032 as it was introduced and came out of the conference or the interim committee, got the study that's in 2032 now and I've got the study that was in 1051 for legislative council and I want to start the study that's before us right now in 2032 makes a statement that the council shall study each legislative interim through 2012, the feasibility and desirability of property tax reform in providing tax relief to tax payers of the state and we set a goal that we're going to do this to 2012 and report back in 2012 until 2012 and we try to reduce property tax. That's basically what you see and the bill before us right now that was in the original study but the only difference really in what was in the original 2032 is they set a goal and the goal was that the intent is that we study this and come up with a way so that nobody pays more than 1 ½% and I think that's kind of a it would be nice to put back into here and we are studying it with a purpose and the purpose is that nobody in the state pays more than 1 ½ % in property tax of the true and full value.

Sen. Triplett: the other topic that was in the earlier version of 2032 is in spending education funding the intent of the 60th Legislative Assembly _____ initiated increase in the states share of elementary and secondary education funding to remove any future benefits of the citizens of the state. I think if we are going to ask for a broad study on this topic I certainly think we ought to include the notion of what is the states appropriate share, education funding.

Sen. Cook: Sen. Triplett raises a good point and I think it is somewhere else and I wonder maybe we can't find that out real quick. So we have the educational study to what degree we put some intent in there as far as our goal and then we certainly have the question on the tax list and I think the whole question about how is the assessment process done.

Sen. Triplett: I think one of the questions is does another bill that's already passed have a study resolution regarding encouraging a study of the states share of elementary and secondary education.

Sen. Cook: I think all we have to do is take a peek at 2200 and it will probably answer our question.

Sen. Triplett: but that hasn't passed out of any committee yet has it. It doesn't really matter if we end of up with 2 statements of a study in slightly different bills and slightly different forms like this legislative council package is going to decide what they are going to study anyway but I think its important as one of the topics we wanted considered.

Rep. Drovdal: we did mention it earlier but we didn't want to include in that study the goals we are trying to get at are in sections 6 and 7 and try to get a uniform employee base on property tax and ownership, resident and non-resident basically we'd like to have that included in the study also.

Rep. Belter: I certainly concur with Sen. Cook on the part about the achieving the goal of a certain percentage, I guess I do not necessarily support the language about educational funding, I think that we can deal with in the education study and not combine it with the tax study and I'm just a little uncomfortable with the intent here.

Sen. Urlacher: I take there's not a request to put the whole sections in __

Sen. Triplett: I think we were just talking about maybe listing the topic areas that are __ material in 6 & 7, maybe we could delete sections 6 and 7 and reference the topic areas and these resolution (?). 19.39

Sen. Drovdal: that'd be acceptable

Sen. Cook: I'll **Move that we ask the council to redraft the legislative study language** so that it reflects that its our intent to study it with a goal of reaching 1 ½% that nobody pays more

than 1 ½% and that we have instruction to put language in there so that we can study the topics of assessment tax list and the assessments in section 6 and 7.

Second: Rep. Drovdal.

Sen. Triplett: (substitute motion) I would **Move to amend the motion to add the reference to education funding which is found in the early version of 2032**, second by Rep. Kelsh.

Rep. Belter: which version are you in the 0500 version.

Sen. Triplett: in 2032 it looks like to me that it's exactly the 400, 500, 600, 700 and 800 and it probably doesn't change until the 1000 version. I think we'll be fine because they are all the same.

Sen. Cook: is it you intent that we say in this study that we're going to increase the State's share of elementary and secondary education? Was that your intent?

Sen. Triplett: it was my intent to use the same language

Sen. Cook: that's been in the bill?

Sen. Triplett: yes

Sen. Urlacher: more discussion on the substitute motion?

Sen. Triplett: initially an increase doesn't apply to the amount of increase and I don't know that there's anyone who thinks were enough.

Sen. Cook: well Mr. Chairman, I don't have a real problem with studying that whole concept but you make reference to this act, this act has nothing to do with sending money to education.

Sen. Triplett: I understand that but I also understand we're running short of vehicles and I think we're close enough. __ and ___ are saying that there isn't a study resolution in 2200.

Jack Dalrymple: Mr. Chairman if I could just add some information, the 2200 does include the language that continues the work of the commission on education improvement for another 2 years and there has never been any disagreement about that by knowledge I'm sure it will stay

in the bill that will now move onto studying the adequacy of state education funding as its primary topic and I think that that will clearly be the biggest activity out there on that subject. If you wanted to talk about taxation as it relates to education it might be a little bit better to target it to a study of a relative share of local vs. state resources, district by district, that would be more relative to the tax issues.

Sen. Cook: I just want to make sure I understand because I'd like to vote for the amendment to study education in here but I don't want it to be exactly the same language that was in 2032 I don't think that's even applicable so if we can just, if Mr. Walstad has some freedom here and flexibility to draft a study language for education funding that's relative to taxes I'm pretty comfortable with that.

Rep. Triplett: were you taking notes from the governor's comments. If I may **I would substitute my substitute amendment to include that kind of ____.**

Sen. Urlacher: would **you withdraw your original motion** and start over?

Sen. Triplett: okay, **it's still an amendment to Sen. Cook's Motion** we'll do it that way and not confuse Sharon too much. You want to restate your thoughts succinctly if you think you can for Mr. Walstad?

Jack Dalrymple: well Senator, succinctly would be a study of the variability of local taxation and revenues raised for schools from local taxation versus state resources and in degree of __ across the state. That becomes a policy question then.

Sen. Triplett: **that's my Motion.** Second by Rep. Kelsh.

Rep. Belter: now are those other sections in included in this council study then?

Sen. Cook: 6 and 7 are yes.

Sen. Triplett: I think we would just be voting on my amendment to the motion.

Sen. Urlacher: any further discussion then?

Voice vote: 6-0-0 Unanimous

Sen. Urlacher: Now Sen. Cook would you restate your motion?

Sen. Cook: we have a motion on the floor I believe to have the study on this 2032 reflect the language in the education, the language that's in here with some intent language that we reach 1 1/2 % and that it also includes section 6 and 7.

Sen. Urlacher: do want the amendment drafted or do you want to act on it

Sen. Cook: just a Motion to instruct him to draft it and then we will look at it.

Sen. Urlacher: okay that's your motion to instruct him to draft the amendment, second Rep. Belter.

Sen. Cook: it was already moved and seconded

Rep. Kelsh: just so we're clear we are not voting on the actual Motion to adopt that language just to have him drafted and then we will come back and vote on it again.

Yes.

John: the language that's in the study now about property tax reform and combining property tax relief, that part is okay and we're gonna just add these other things and then what about the language about each interim through 2012.

Sen. Cook: leave it

Rep. Kelsh: are we also deleting section 6 and 7 with this amendment?

Not yet, not with this amendment no.

Sen. Urlacher: when we vote on the amendment we'll delete or are we doing it now.

Rep. Drovdal: No.

Sen. Urlacher: any further discussion? All if favor

Voice Vote: 6-0-0 Passes

Sen. Cook: one other unfinished piece of work we got here in this is section 3 and especially if we don't do something to section 3 then I believe we gotta do something to section 16, the effective date so I was just wondering if we could go to section 3 and maybe see if we can put this issue behind us. We got it changes are from $15,000 to $7,000, 15% to 7%, long day and then it changes the notice from 10 days to 30 days and I'll offer a compromise, I'll go 15% to 10% and leave the notice to 10 days, second by Sen. Triplett.

Sen. Urlacher: that's your motion?

Sen. Cook: that's my motion and I think maybe we could solve the concern of the 30 days by moving the assessment date from February 1st to January 1st, I still I think I'm pretty sensitive to the I don't know if we're going to really make the improvement that we're trying to make for tax payers by going from 10 to 30, I think 10 days is actually better and I'm still mad by the time it goes to 30 days I might have calmed down and I just as soon go see em when I'm a little mad but I'm serious.

Sen. Triplett: a technical correction I think of Rep. Drovdal for something I'm not sure if the tape would have picked it up but I think he said instead of saying going from 15 to 10 what you really mean is where it said sub and right now you need to increase that to 10?

Sen. Cook: Yes, that's what I meant.

Sen. Triplett: line 17 its page 6.

Sen. Urlacher: is that the Motion and second?

Rep. Belter: is a **substitute Motion** in order? **I would Move that we change the 30 to 15, I'll go with the 10 and 15 days, 10% and 15 days,** second Rep. Drovdal.

Rep. Belter: that gives a person who is out of state enough time it gives em an extra 5 days to get home to protest their taxes and I don't think it will impair the counties, I don't think 5 days

will make much of a burden I would have liked to seen 8 ½% instead of 10 but I'm okay to compromise.

Sen. Urlacher: we have a substitute Motion to change it to 15 and seconded, discussion.

Sen. Triplett: I would just like to ask Marcy Dickerson if she has an opinion on the substitute motion.

Rep. Belter: 31.29

Marcy: sometimes people ask me to speak when they know darn well what I'm going to say. I do favor that motion I think it would create much less burden on the local assessing people probably a little more difficult but I don't think it's insurmountable. If Terry or anybody thinks it is speak now or forever hold your peace.

Sen. Cook: we keep making compromises this we're going to be singing Kum bye ya yet.

Voice vote: 6-0-0 Substitute Motion passes

Rep. Drovdal: now you have to vote on the full motion now don't you.

Rep. Triplett: probably, I think the substitute motion was to change the 10 days to 15 days which I think is something we just voted on and should probably vote again.

Sen. Cook: I got one other question though, we still will have to change the effective date.

Sen. Urlacher: all in favor of the original motion?

Voice vote: 6-0-0 Motion carries.

Sen. Cook: we gotta go to section 16. We're at 10% and 15 days.

Rep. Drovdal: no we voted the 15 to 10 to further amend the amendment 30 to 15 days and then we voted on the amendment that had both the 10% and the 15 days.

Sen. Urlacher: the voice vote when to 15 days the first one.

Sharon: the second motion was?

Wes and Dwight: for 10% and 15 days

Sharon: so not your original motion of 10 and 10

Sen. Cook: the original motion was amended to 10 and 15.

Sen. Urlacher; your addressing section 16.

Sen. Cook: what do we have to do the effective date then, make a separate line for section 3?

John: let's walk through there and see what needs to be delayed. 3 needs to be delayed, 4 would need to be delayed, 5 would not need to be delayed, 6 and 7 is gone or on life support, 8 doesn't need to be delayed, 9 does not need to be delayed, 10 does not need to be delayed, 11 is marriage penalty, 12 is already delayed is the mobile home thing, I believe 3 needs to be backed up by 1 year otherwise its okay, make sense.

Sen. Triplett: should we have a motion for the record that we asked him to do that?

Sen. Cook: there is one other issue I'd like to bring up here if I could and that is the issue of SB 2172 which is a homestead tax credit bill for disabled veterans, this is a bill that was introduced in the beginning of the year that had a fiscal note of 10.2 million dollars, it removed the income requirements, it's the same thing as the regular homestead tax credit but only its for disabled veterans and it's a little bit different. They wanted to remove the income limitations and they wanted to remove the true and full value limitations that are in the homestead tax credit they wanted to raise that $200,000, when the Senate had we took out the raise and the true and full value limitations but we passed the bill then without any limitations on the income, the House then did basically the same thing only they raised the true and full value from $75,000 which is where we had it to $100,000 and now its come out of an interim committee where the value of the homes have been raised to $160,000 and that gives it a 9.1 fiscal note. The problem I have with this is this particular the homestead tax credit that we have in this bill that's for the disabled and elderly low income, we reimburse local governments for it, this particular homestead tax credit for disabled veterans, we do not. This is a 9.1 million

dollar burden on local governments and I voted for the conference committee report but I made it clear at that conference committee that I felt that we needed to fund this if we were going to as a state policy makers make a decision to offer an increase a financial benefit to disabled veterans that we had the responsibility to fund it and I believe that I think as we try to put caps and try to reduce the property taxes I think its wrong for us then in the same hand to pass a 9.1 million dollar mandate on it. So I would like to see and request that we bring this issue into 2032 so that we might find a way to fund it so that if we're going to decide to do it, it's not an unfunded mandate on local government. I don't know how we'd like to go along I'd like to the Motion I would probably consider making is that we simply move SB 2172 into 2032 is what I'd be hoping we could do.

Rep. Belter: I would ask you maybe to or maybe consider that it probably not be germane although we do probably things that aren't often germane in these conference committees but there was a conference committee appointed for this particular bill and I think there are some changes that wanted to be made, I think they should be done in the conference committee for 2172 and I know that that committee has had a final report but we can certainly put that conference committee back together again and have the conferees take a 2nd look at 2172 would be the correct way to handle that and just keep that as a separate issue instead of incorporating it into 2032.

Sen. Cook: however we do it Mr. Chairman but they both deal with chapter 57-02-08 that makes it germane in my mind, your saying it's non-germane because there's another conference committee on it or?

Rep. Belter: I think what we need to do is have that conference committee meet again and which we could do I visited with the House Majority leader and he is certainly in agreement that

they take a second look at that measure and I would rather see it be handled in that manner than to complicate it into this.

Sen. Urlacher: it's a question of being germane than that's the route to go to take it back to conference committee.

Sen. Cook: I'm perfectly willing to do that if we can you're the two chairman of the finance committees the conferees answer to you or are appointed by you but the reason I've brought it here is I'm trying to find some money this is where the money is and so but if that's your wishes that's where I will take my argument.

Sen. Urlacher: well I think that's the direction we'll go.

Sen. Triplett: on the topic of the homestead tax credit we approved in concept yesterday and I asked if I could have permission to revisit the dollar amount and we got near the end and I don't know if you want to do that now or if we need to have a larger discussion on the numbers and percentages of the other people first but I will pass these out and if Marcy is in the room Marcy and Mr. Walstad indicated that the blank line in my amendment for appropriation would have to be filled in by you, any possibility that we could get that by the end of the day?

Marcy: yes senator if I can see the amendment.

Sen. Urlacher; I don't think we will be going too long as of now.

Sen. Cook: you're in section 2 again.

Sen. Triplett: yes, I just think we need to be a little more generous and so I asked Mr. Walstad to produce amendments that increase the left everything else the same, the 55 years, the true and full value the mechanism and everything just changes the numbers bumps them up a little bit and I apologize for the fact that I don't have a dollar amount so I'll just pass them out now and when we get that blank filled in I will move them at that point and time. Kind of

intended to be a compromise between where we are now and the burden that Rep. Kelsh proposed yesterday.

Rep. Belter: what you've done you've kept the home value the same you've just increased the income?

Sen. Triplett: yes, the 100% exemption would go to people whose income was not in excess of 16 thousand and going down to I think $28,000 at the top side. It will be something more than we need now in dollars but something less than Rep. Kelsh's amendment from yesterday. But I'm holding that until we have the appropriation line filled in.

Sen. Urlacher; would everyone be free around 5:00 today and go another round?

Sen. Triplett: other than the missing percentages I think we've have forced our way through all of the topic areas, I mean is there any reason that we couldn't or just ready to discuss the terms of the percentages if we had that then we could let the staff produce a bill.

Sen. Urlacher: we need to approve the proposed amendment

Rep. Belter; in light of the spending that has taken place I think that we are limited to a 100 million dollars in this bill in total spending and from the House's perspective at this point and so I don't know if that gives any guidance to the committee but I think that's probably where the bottom line on our side and so if we're looking for a number to work with I guess that's where we would be at.

Sen. Urlacher: so are you saying we need the numbers attached to this?

Rep. Belter: I'm just saying that that would be the number that we have to work with in 2032 at this point and so it's a matter of how we allocate it.

Rep. Drovdal: I certainly voted to increase homestead tax credit over the years and we have made some strides from last session and the adjustment to have em here is a pretty good step because it would really be helping those who need it the worst. When I researched it or tried

to research it _____ ___ we are lacking somewhere because it is a quality of life issue we are seeing since these low income _____ (49.00 on meter) when I researched it where I felt that anywhere we may be short at least making a real sizable step, I think we have made a real sizable step this session we're just about doubling it already, its been at the level of the property taxes true and full assessed value, it seems working into it even in the cities where _____ values have skyrocketed they've been caught because of an income level but because of the inflations we even give em 100% funding of $10,000 income they are still paying property taxes because they are 5, 10, 50,000 dollar home they bought _____ at $150,000. I even thought about giving your amendment ___ value ___ home but I haven't done it because there are other communities from the House's perspective is as Rep. Belter _____ (50.05) if we raise the homestead value formula ___ dollars available ___ tax refund and I think the voters __ are looking for some money back too.

Rep. Belter: I have a correction on the amount of dollars, what we're looking at is a in the House perspective is a total of 100 million dollars in tax relief included in that is the 6.8 million that will be in the child support program so in this bill we're really talking about 93.2 million that is available in 2032.

Sen. Cook: how did the child support bill get into this?

Rep. Belter: it's not in it.

Sen. Cook: Mr. Chairman, I'd like to **make a Motion** I'm looking at our amendments that we put onto subsection 1 they are amendments 70102.0662 these are the amendments that we passed this morning that basically use the mechanism that was in 1051 to deliver the tax relief to the taxpayers. This is the amendments that in the way the bill is here 5.9% we have an 83 million dollar fiscal note on this I'd like to move that for subsections 2, 3, and 4 that we see on the first pages of this amendment that we write in 5.9% that's exactly what's in the bill and I'd

like to move that we add another 16 million 400,000 dollars to the bill and that it all goes to residential property and that the council could figure out what that percentage would therefore be. What I'm saying then is that we take this bill 2032 as we seen it at 5.9% we get it up to 100 million dollars which is where it came to the House and that we give the increased dollars that we put into this, we apply all of that towards residential property.

Sen. Urlacher; that goes to residential property?

Sen. Cook: that extra 17 million dollars, yes sir.

Sen. Triplett: **I'll second for the purpose of discussion**. Before I vote on that I would really like to see the calculation though because I don't have a good sense of what it's gonna be 7% or 13% and I think I'd like to know that.

Sen. Cook: Mr. Chairman, this one shows an extra 20 million dollars to it I actually added roughly 17 it would move the proposed percentage for residential it looks like up to about 6 ½% it says 6.9 but that's going to be a little bit less money, its going to be at about 7 ½%, I think that's a fair compromise, Mr. Chairman from where we started with this bill I could certainly sit here and make my arguments on why I think this is fair, I made these arguments and I'm prepared to make em if I need to but I think it's a fair compromise considering what we've gone through here and I understand that we started with 500 million dollars of surplus and I understand we spent a whole bunch of it now and so that there isn't enough to give the 168 million dollars worth of credit that we initially started with but I don't know why that means that those of us here who are sitting at this table who have the obligation right now at our table this is where the citizens of ND are going to get some property tax relief it is now in our hands and I'm not just ready to throw the towel in so I think this is motion that we could pass and that we should take it up and we should keep it there until somebody tells us why we can't do it.

Sen. Triplett: I'll agree with everything Sen. Cook said with the exception that we don't have enough money to do this. I think we have collectively put a whole bunch of money away in this session and that we absolutely have enough money to do this and more and so I'm inclined to support your motion but I still intend on bringing my motion and I'd like some support for that when it comes around to. I'm just saying if we can afford to this then we can also afford to increase the homestead property tax by a little bit. I think that if we can be giving tax relief to on the marriage penalty piece in the range of people who have 60 to 170,000 dollars can certainly afford to be giving a little bit more property tax relief to __ people who have virtually no income and are trying to stay in their homes so I think it needs to get balance between those two if we're gong to leave the property tax in place.

Sen. Urlacher: so your proposing to give residential twice as much as commercial and ag.

Sen. Cook: not at all.

Rep. Drovdal: point of clarification, when I look at these percentages and their decline based on a fixed year, one of the things 2032 is sending over is we were basing on the refund on 2006 so we __ ___ and I don't see where we give this on here so if you put 5.9% in and then don't base it on a fixed year, our calculations are going to be way off it will complicate the auditors trying to figure out what the percentage is ___ figure out what the revenue is. Am I incorrect at that?

Sen. Cook: I do believe that when we amended this this morning it's the same as 1051 we walked away from this base year concept that you had, the reason you had that is because you started with a pile of money, 80 million dollars, 40 million in each year and you said build it from here and the only way they could build it from there was to have a base year that would stay the same then, so that was what was different from the whole mechanism of 1051 which started with a percentage and off of that current year that could then change the next year of

the biennium and resulted on a certain amount of dollars that that would cost to do and that's the way 2032 is now that its amended.

Rep. Drovdal: if you put 5.9% in and the property value goes up which it does every year our fiscal note is not going to be 80 million or 96 million or whatever way we figure it out its actually end up being higher then because we haven't put a cap on the FN, am I incorrect?

Rep. Belter: Mr. Chairman I believe that Rep. Drovdal is right that we might need counsel on that.

Rep. Drovdal: if we put the 5.9% in Mr. Chairman and not base it on a fixed year based on a new evaluation we really don't know what the FN is, because its going to grow as the valuation grows.

Sen. Cook: Mr. Chairman every FN is an estimate and the appropriations in this bill would need 100 million dollars or so much as necessary to carry out the intent of the law and that's the way they all are, that's what you walked away from when you said its going to be 80 million dollars, 40 million each year.

Rep. Belter: Mr. Chairman I would disagree with Sen. Cook that we walked away from it that's why we didn't put the figures in because we knew that it had to be we had to come up with a number that we were willing to put in and then it would have to be calculated back into an estimated percentage. Is the way I believe you'd have to do it.

Sen. Urlacher; I know we had a motion on the floor but I'd like to recess and let this lay.

To Lbry

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032 Conference Committee**

Senate Finance and Taxation Committee

☒ Check here for Conference Committee **#8**

Hearing Date: **April 21, 2007 4:30 pm**

Recorder Job Number: **6268**

Committee Clerk Signature Sharon Kenyon

Tax bill

Members present:

Chair Herb Urlacher, Sen Dwight Cook, Sen Connie Triplett

Rep Drovdal, Rep. Scott Kelsh, Rep Wes Belter

Sen Triplett: Before we adjourned, I had passed out amendment .0661 showing a slight increase in the homestead tax credit.

Sen Cook: We have a motion on the table. My motion dealt with section one, I was taking the amendments we had approved for section 10662, subsections 2, 3, 4, I would write in 5.9%, and then the **motion was to take $16,400,000 what ever necessary to take the appropriation up to one hundred million for this and put in that extra 16 million plus dollars into residential and take that percentage into whatever would take us to that, around 7%. That was the motion.**

We have a new printout for that.

Roll call 3-3-0

(yeas Cook, Triplett, Kelsh) (nays Drovdal, Belter, Urlacher) Fails on a tie

Sen Cook: If I can ask the question, are we indicating with that vote that $83 Million dollars is all that the 6 of us or 3 of you are prepared on property tax relief?

Rep Belter: We are prepared to spend a little of the $93. some on tax relief. Currently right now, the current spending levels, the last projection I heard was that expenditures are exceeding projected revenues by $75 million, so if that number is correct, we are going to have to rein in here someplace.

Sen Cook: I haven't been presented any of the numbers to where this is at, you seem to be talking to, even if I had, I think again as I said before, it's our job to pass out a property tax relief package that I think is right for the people of ND, and I certainly think that the original bill that was introduced was sitting there at $116 million, and I guess I don't know why, that was a good number to start with and a good number even to end with. I understand there is other spending going on around here, and I question why it has to be at the expense of property tax payers looking for relief, and why it is that we all of a sudden concede to all of the other spending needs that are out there. I'm not ready to do that. I think we have the obligation as the conference committee, the 6 of us down here, to put out some relief and fight for it. Let those who want that money elsewhere, tell us why they should take it away.

Rep Drovdal: I can tell you why you should take it away, because $117 million got killed in the Senate, and bill 2032 only had $100 million to start with. So we lost $17 million. It would be nice to recover again, but it was appropriations that spent that $17 million real quickly. We may be out of order on this, but it did come up in the House Finance and Tax Committee, and this is a refund of dollars back to tax payers. At one time we discussed, why are we doing all the extra paperwork, over 2 years, why not all in one year? Send it back to them, put it into the economy and let the economy go, give it back in sales tax instead of doing it with paperwork in 2 years, is that something the committee might be interested in? I think at one time we did that.

Sen Urlacher: Are we going to move into that direction?

Sen Cook: One comment. Yes, 1051 was killed in the Senate, I don't think the reason it failed to get the necessary votes was because of the amount of the appropriations.

Sen Triplett: I would agree with that. That is a correct analysis, it was concern over the delivery mechanism.

Sen Cook: I would agree with that, it was a mechanism.

Rep Drovdal: That may be true, I respect your comments on it, but I think in the House, they perceived it was gone.

Rep Belter: I certainly can't disagree, the other day, that we should be putting more money into tax relief. That also should have been in the, include this bill, but a number of other tax relief bills that have come under siege or have been delayed into the next biennium that shouldn't have happened. We're just down to the point where unfortunately, our spending has got to the limit where the House's position is that we're dealing with a given number of dollars and that's what we have to work with.

Sen Urlacher: We have $75 million to revert to?

Rep Belter: $80 million in the property tax portion of it is where we would like to hold, plue the 3.6 we have in the Homestead Credit.

Sen Urlacher: At this point in time we have narrowed the Homestead Credit down $8 million.

Rep Belter: The Homestead credit is 3.6.

Sen Urlacher: So we got $80 million plus.

Rep Belter: Yes

Sen Cook: If we're going to talk about how this is relative to the ending fund balance or whatever, that we should have something, did I hear you say that we are $75 million over?

Rep Belter: That's what I was told.

Sen Cook: Do you have documents that show, where the budgets at, where education is at, I know they pretty much all end up, I think, except probably this one as far as spending bills go?

Sen Urlacher: It appears this is pretty close to the last one.

Sen Cook: Do we have some final report then to show where the budgets at that they have presented to us?

Rep Drovdal: I think there is something out there, I think the OMB bill was killed on Friday. We have a problem with that.

Sen Triplett: I agree whole heartedly with Sen Cook that is it's our job sitting in this committee to analyze the entire budget and restrain ourselves accordingly. We need to do what we think is right out of this committee and both of the houses, obviously have the right to reject the conference committee report if they think we have "overdone it" or if they think there is some problem and then we can go back to the drawing board on Monday afternoon. Our job should be to make an effort to do the right thing as we know it and not... we're not the appropriations committee, we're not leadership, we're combined Finance and Tax committee trying to reconcile two bills. I think we should limit ourselves to that position and just do what we think is right. We'll hear about it if we overstep.

Sen Urlacher: That level is what?

Sen Cook: I think that level is $116 million dollar package, and a $100 million of that should be right here in property tax. I understand we have a marriage penalty in here, I understand that we have Homestead tax credits, I can accept that as a part of the $116 million, but I don't know why.... The minimum that we should be able to have in here for property tax relief, going back to the tax payers, is $100 million, and we're $17 million short..

Sen Urlacher: I don't know if there is opposition to the $100 million, but there is opposition to the distribution. Ready for some action?

Sen Triplett: When we parted last, we were giving Legislative Council staff time to re-write some of our things, maybe we could check through some of the rest of the sections.

John, Legislative Council: Amendments are still be processed. I anticipate their arrival eminently.

Rep Dvordal: Would we want to break until the arrival of the amendments?

Sen Urlacher: It appears as though that would be the case.

Recess

14:57m - *Amendments arrived and passed out*

John, Legislative Council: I came over here because I was anticipating that we would like to have another run-thru of what we did here. Changes have been made in the title, first section of these amendments is now that 1051 provision, the blanks have been filled in, the numbers, 7% on residential, and 5% commercial and ag property. The top of page 2, I changed the provision about multiple kinds of property, if the parcel contains residential and something else, the credit on that parcel is 5% which is the lower rate. The rest of the section is basically unchanged except for the, we've got the 5 and 9/100th in subsection 2, that was missed. That's supposed to be "5%" in subsection 2.

Q: What page?

John: Page 2, up towards the top. Railroad property, it says 5 and 9/100th percent, should say 5%. Down at the bottom of page 2, was 2 statements of reconciling with 2200, I don't think this allocation to the extent that it goes to schools would be considered new money, but it doesn't hurt to put this language in here so that if anybody ever raises it, the argument is over. On page 3, Homestead credit, no change from the version you were looking at previously, page 5, section 3, is the notice of increased assessment, it is NOW, set at a level of 10% and the time is not fewer than 15 Days before the local Board of Equalization meeting. Page 6, the general

fund levy limits for school districts, that 9% that was changed is now unchanged and an 18% increase again, you can see the 18% in the top paragraph, and again, later on, subsection 4. The only changes remaining in that general fund levy limit ARE: Future elections for unlimited or increase levy authority or limited to 10 years of approval, and the petition requirements to reconsider unlimited or increased authority already provided by voters is reduced to 10% of the electors from the most recent school election. Section 5 has not been changed. Section 6 & 7 have been removed, section 6 now is the tax statement contents, no change has been made there, section 7, on page 8, discount early payment of tax, language has been added there to provide that regardless of the deduction for early payment of taxes, the amount of the discount is the applied against the FULL amount of property taxes. So 5% discount is a 5% discount against your ENTIRE tax bill, not 5% of 95% after the early payment. Section 9, is the marriage penalty credit. All those rate charts are gone from the bill draft now, instead there is a credit. This is what the committee looked at this morning. Subsection 1, the credit is limited to $300 per couple and then I have added the next sentence which says, the Tax Commissioner will adjust this credit. Each taxable year at the time and rate, adjustments are made to rate schedules under subdivision G of subsection 1, that's the section that says the Tax Commissioner shall index according to the rate applied by the Feds for federal index purposes. The $300 will be increased by the same percentage as the bracket and should stay right on target with that second bracket amount unless we start changing income taxes at some point. Section 10, this is necessary because it is the ND1 form section and the section provides that you can't have anything on form ND1 unless it is specifically mentioned in that section and so it is necessary to put in a reference to this credit. Section 11 is the mobile home language, has not been changed. 12, the $80 million dollar appropriation has not been adjusted, the homestead credit appropriation, not adjusted. Legislative council study language has been

expanded considerably. I'll let you read that at your leisure and see if it looks like what everybody had in mind. In the effective date clause, section 3 of this act is now delayed and becomes effective four tax years AFTER this year, 2008 before it actually applies. Hope that caught everything that was supposed to be in there. Questions?

Rep Drovdal: I know you put in the percentages on page 1, 2, 3,4, but we have not agreed on as it is stated here.

Sen Urlacher: No, we haven't.

Rep Belter: The appropriation, the $80 million, is this based on the 2006 tax base then?

John: The property tax relief credit that is NOW in section one of the bill is the 1051 method, it is not based on the 2006 tax year numbers, it is based on current tax year numbers as we move into the future, and the $80 million appropriation is still here although it belongs with the section that was REMOVED from the bill. Nobody told me what to do about the appropriation, so it is still there.

Rep Belter: So we have a situation there, then, it is my understanding that the way this is written would be $80 million dollars, but with the percentages we've got in, we'll probably run into a situation where we may have to pro-rate?

John: I would think that would almost certainly going to happen.

Sen Cook: Let's stay with appropriation. I had these numbers that he has put in here, of course reflect the motion I had made prior to our last recess that we had voted on. I asked for money in the bill to take it up to $100 million dollars, what we need to ask from the people in the tax department right now, if these percentages stayed, what would the appropriation need to be? I think they can answer that.

Sen Urlacher: Can someone answer that?

Marcy: The appropriation that those percentages are based on is the $80 million. That is still all contingent on how accurate our projections of 2007 and 2008 taxes paid ARE, this is based on the percentage of the future taxes as we estimate them. It's not based on the actual 2006 taxes so it's already a done deal. So, the $80 million may or may not be adequate. 1051 at one point did have an open-ended appropriation, it wasn't up to a certain amount, but it was open-ended just because if this was going to be something that comes off a person's tax bill and then you find out after all these tax bills, and most of them are paid, and you don't have enough money to reimburse the counties, either we have to find an additional appropriation somewhere or the counties are going to have to be shorted, so appropriating is not a viable option.

Sen Cook: You are saying that right now, this $80 million is the appropriation that is the dollar amount that you would say needs to be in the bill to fund at 7 & 5?

Marcy: That is correct to the best of our ability to estimate the next two year's property taxes. That includes the additional $20 million for property. Isn't that what we changed to $83 & $16? So it's $100 million.

Sen Cook: So that would have to be $100 million to reflect....

Marcy: that is correct, that includes the additional money fro residential, that's where the 7% came from. Sorry I mis-spoke on that.

Sen Cook: the study on section 14, am I missing the language for studying what was in subsection 6 & 7?

John: Toward the end of the very L O N G first sentence, "improved collection and reporting of property tax information to identify residence and property owners with minimized administrative difficulty." I tried to boil down two sections into one. Did it work?

Sen Triplett: We don't have a motion on the table, correct?

Sen Urlacher: Yes, that's right.

Sen Triplett: I would **move that we approve section 14 of the version just presented to us, version .666 and then we approve the deletion of section 6 & 7 from the prior 1100 version. Is that too complex a motion, or should I do it in two?**

Rep Kelsh: Second the motion

Sen Triplett: I think we need to contain the information that the local folks find at this present time, that we would consider deleting section 6 & 7, it is just a clean up at this point, maybe that happened.

Roll vote to make change to amendment– Unanimous "aye" vote 6-0-0 passed

Sen Cook: Like to move the amendments 70102.0666 with that change we just made and one other change and that is that 6 & 12, we change the $80 million to $100 million. Then we can all go home.

Sen Triplett: We talked about changing about taxing their own....

Sen Cook: And also that we change section 13, instead of the Permanent Oil Trust Fund that it be from the General fund.

Sen Triplett: Second

Sen Cook: I **move that we pass these amendments, .0666**, which starts that the House recede from their amendments and that we further (adopt) amend, and amend what we have here before us, with the change we've already made and two other changes, one is that we changed the 80 million to 100 million in section 12, and the second change in section 13 we change the Permanent Oil Trust fund to the General Fund.

Sen Urlacher: An improvement.

Sen Triplett: I'd like to **amend the motion to increase the amount toward the Homestead credit to approximately $7.5 million dollars. We should have expressed in .0667** which is a much better number.

Rep Kelsh: Second

Sen Triplett: Yes, I reviewed it before when it still had the blanket of appropriation. Nothing to what we have in here to dividing the tax to 65 years of age or over, people who are permanently and totally disabled, and it leaves the whole value at $75,000 as before, it just increases the income limits for each of the 5 categories so that the 100% reduction in taxes would be those people who would be under $16,000 and then going down to the way end, the 20% exemption would be for people with income below $28,000. I think those are more realistic dollars in today's environment. The Homestead tax credit ahs not really kept up in any meaningful way with the cost of living. I'll pass it around and if you look a the Homestead tax credit relative to the CPI since 1981, you can see visually that the CPI has done this and the Homestead tax credit has remained very flat and the income relative to Homestead tax credit, so the $15,000 for the 100% really does track what the CPI has done, I think it takes the commitment that was made way back way, and turns it forward that says a certain income level, people should not have to pay property taxes. Look at that and pass it around.

Sen Urlacher: That takes up how many dollars?

Sen Triplett: 7.5 in additional dollars.

Sen Urlacher: It must have shifted off from the...

Sen Triplett: so it would be additional dollars over and above what is currently appropriated.

Sen Cook: So now we're 3.6 PLUS 7.5?

Sen Triplett: No The 3.6 is moved to 7.5 because we were talking about 3.6 of new money, not 7.5 as new money.

Rep Belter: It's my only comment would be, that we've got a given an amount of dollars here to spend and trying to hold the line on this, I cannot support the proposed increases.

Sen Triplett: When you look at who's getting the marriage penalty benefit that now we have expanded it from $53,000 up to $170,000 of income, if we can afford to spend more than $8 million dollars for that income level, we ought to be able to spend $7.5 million dollars for the poor among us, if we CAN'T afford that, I would suggest we go back and deal with the penalty and back that off in terms of the reduction of revenue. There are those making $100,000 a year vs. $16,000, I would prefer to see property tax going to the property tax going to people making $16,000 a year. I agree that there are limited funds, but I think it's time to prioritize them.

Sen Cook: If I do my quick math, I see a $100 million, I see 7.5 and 8.8 we're roughly around $116 million. That is the number I feel comfortable with. I've got to ask a question, I know I've asked it before, I know the answer, somewhere, those people who qualified for the Homestead tax credit, do they also get to take the property tax credit that is in section 1 of this bill?

John: To the extent that they have a property tax liability remaining after the Homestead credit, it would be a credit AGAINST the taxes they paid on their home.

Sen Cook: So we're going to expand this so there will be more people getting an extra 10% probably. Those who qualify for only 20% might quality for 40 now? You expanded the brackets also, right?

Sen Triplett: Yes

Sen Cook: That isn't going to affect the fiscal note, in section one.

Roll vote on adjustments with .667 motion 3-3-0 Fails on Tie

Yeas: Triplett, Cook, Kelsh (neg Drovdal, Belter, Urlacher)

Sen Urlacher: Any substitute portions?

Rep Drovdal: I would like to have the motion that the refund go out equally among all classes of property and to put a percentage on it, I've got a couple percentages and it kind of depends on what we end up if we can raise that $80 million at all. Do you want me to share the percentages on $80 million?

Rep Drovdal: To come up with these percentages, what I did, I think it would be a good idea to come out of 2032, was based it all on known valuation of 2006 property taxes in ND. We'd be in control of exactly how much money is going out, that would be a million dollars. The bill currently, the percentage would be 5.86 for each classification.

Sen Urlacher: Is there some way to get up to $100 million, and then put the percentage in?

Rep Belter: Marcy, the calculations you made today for us were 5.86 and the previous calculations we came up with were 5.9, and was just wondering what the difference is there?

Marcy: The 5.86 is based on the 2006 taxes levied and includes the mobile home taxes. That 5.9 might have been before we put the mobile homes in. I'm not sure, I don't have the 5.9 calculation. But there is one comment I'd like to make and maybe Terry Trainer would like to say something about it. I'm thinking it's going to be an administrative nightmare for the counties to have to pick up the percentage of the 2006 tax for each parcel to deduct from the 2007 tax on that parcel. Especially as the values have changed from one year to the next, I think that's going to be kind of a problem, but they can address that better than I can.

Sen Cook: We solved that problem when we went to the amendments that we had in section one right now. I understand that that's the problem that that creates. That's why we put the language that was in 1051 back into this bill so that that problem was solved.

Rep Drovdal: To a point, I was under the understanding that we have to give them more flexibility in that $80 million, I think there's some percentage in there.

Sen Cook: I would move that we consider this, the appropriation in section 13, and that's exactly what it does, it makes it clear to the extent that monies are available that the necessary dollars are presented to fund the bill.

Rep Drovdal: We've put 5.85 or 5.9 or whatever percentage in there, the fiscal note would be $80 million dollars, but there would be enough flexibility so that the tax department would not short-change anybody at the end of the second year.

Sen Cook: That's right, or if it didn't cost as much as $80 million dollars then it would have a surplus, you and I wouldn't get it unless we added some more language, but...there would be a surplus.

Sen Triplett: It looks like this would rasp against the 1100 version, so it would have to be changed a little bit to fit in, referencing the wrong section of the bill. The numbers got changed.

Sen Cook: I would **move that we start Council to amend Section 12 with the language in 70102.100.** We're missing the dollar amount, I believe

Sen Triplett: It would be under section one, right and we're clear that it is blank is section one?

Sen Urlacher: So the motion is to amend section one?

Sen Cook: No, this language for the appropriation section.

Rep Drovdahl: Second

Rep Belter: What is the intent as far as the percentage?

Sen Cook: Whatever the percentage is, that we decide on, we are going to need this language, I believe. I'm silent to what my intent is right now. This was the language that was 1051.

Roll call: All in favor "aye", Opposed "nay" (Belter) Motion passes

Sen Belter: What do we have left on 2032?

Sen Triplett: I think now that we have the money approval, we need to put the percents in and the money will follow automatically.

Sen Cook: We're working off the 2032, 1100 version, is the one we're working off of. We're making an amendment to .666, is that what you're doing? That's what I just did before. The appropriation for the Homestead tax credit in section 13 of.0666, I would **move that that would come from the general fund.**

Sen Triplett: Second

Rep Belter: I will oppose that.

Sen. Urlacher: That will jeopardize the passage of the bill, that one thing, coming out of the general fund?

Sen. Triplett: This is just the piece for the Homestead credit and the ongoing piece that's already in that comes out of the general fund, and so it seems to make sense that the additional money should also come out of the general fund.

Rep Belter: The section 13 that you're using, what is the dollar figure in there?

Sen Cook: $3.6 million dollars.

You know why we need to do this. We've already taken 4.5 million dollars for this Homestead tax credit.

Sen Urlacher: I realize that.

Vote: Nay .Drovdal, Belter Yea Cook, Kelsh, Triplett, Urlacher

Passed 4 -2 -0

Rep Belter: We had talked about some marriage penalty, where are we on that? Are we like one or are we contesting it?

Adjourned

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032 Conference Committee**

Senate Finance and Taxation Committee

☒ Check here for Conference Committee

Hearing Date: **April 21, 2007 ~~1:00 pm~~**

Recorder Job Number: **6269**

Committee Clerk Signature Sharon Renfrow

Tax Bill

Attendees

Chair Herb Urlacher, Sen Dwight Cook, Sen ConnieTriplett

Rep. Wes Belter, Rep Dave Drovdal, Rep Scott Kelsh

Call the meeting back to order.

Rep Drovdal: I know it was agreed on, everything in this bill, we might be able to start singing. **I have a motion that should pass the House, and that is that we put the percentage, 1, 2, 3, 4 under Section #1, A, at 5.75% with would be just a little over $80 million, equally to all property owners. I would so move.**

Rep. Belter: Second

I guess reasoning for dropping it to 5.75 is because we're changing the appropriation in the original bill, since we were using the 2006 as a basis we had a solid number to work with and now with the changing of section 12, as I understand it, it does kind of leave it open-ended. By reducing to 5.75, we're just guesstimating because now the tax payout will be on the 2007 and 2008 which you would assume would have some inflationary; it certainly could end up being more than the $80 million dollars when it comes down to it because any shortage that 5.75 would generate, the state would be obligated to cover, and that's why we have reduced the

percentage slightly to take into account in the increase in evaluations which are out there. I would ask for head shakes if what I said was correct from the council.

Sen Cook: I guess we came to the areas where all knew we would eventually come to that separate the House version of 2032, and the Senate version of 2032. We said there are 5 essential questions that deal with this whole issue with tax relief and it occurs to me that we're down to 1 ½. That one is how much money is… I think we can do better than this if we have to stay here tonight or come back tomorrow.

Roll call on motion: 3 yea, 3 nay (nays Cook, Triplett, Kelsh) Fails on tie

Chair Urlacher: We are at a standstill, we will recess until tomorrow.

Sen Triplett: Being tomorrow is Sunday, I think it would be nice if we could come back after dinner and ask for more time, if we could work tonight and not have to work on Sunday. I'd be happy to come back for another ½ hour, and see if anyone has mellowed out over dinner.

Response from group, maybe after 8 pm that evening. Not happy about it.

8:00

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032 Conference Committee**

Senate Finance and Taxation Committee

☒ Check here for Conference Committee

Hearing Date: **April 21, 8:00 pm**

Recorder Job Number: **2032** **Start 6:04m**

Committee Clerk Signature Sharon Ferguson

Property Tax Relief

Attendees:

Chair Herb Urlacher, Sen Dwight Cook, Sen Connie Triplett

Rep Scott Kelsh, Rep Dave Drovdal, Rep Wes Belter

Sen Cook: I just got the amendments, I just don't want to present them yet, I just as soon have the chance to review them a bit and present them tomorrow, look at them tomorrow. They are brand new, I hate to have us look at these 8:00, Saturday night, so I would ask that we could come back tomorrow and look at this.

Sen Triplett: Please give us the rough amendments, I want you to give us the overview of them, if I don't like the sound of them, I will have a different option, that will get us out of here tonight.

Sen Cook: They go to a credit on our income tax. Everybody will be able to take the credit on their income tax, on ND1 form, it would be for all of the property that you own. You have residence, agriculture land, if you have commercial land, you're ND1, you take the credit on the ND1 form. The way I have it written, the draft is at 10%. Everybody gets the same percentage, and that percentage is 10%. There would be a cap, the cap is $1000. If it took you below "0", you could carry over any used credit for up to ten years. There we get around the

constitutional issue of sending money back, everybody would get to use their credit, the cap is $1000 bucks, I think it is a means of giving true relief and money back. It would help the vast majority of people. I takes away the out-of-state issue unless they are paying income tax and filing an ND1 form. It removes the obstacles of counties, removes the administrative burden, it takes $100 million dollars and is the simplest way to get it back and give relief to the tax payers of ND, and I think that's what this is all about. I just seen them, they just came off the press 5 minutes to 8, and the fiscal note would be $100 million dollars. If you went to 9%, the fiscal note would be $90 million, 8% would be $80 million dollars. I think it is a good mechanism, it is a good solution of "who gets it", and it leads us down to whether it's 80, 90, or 100 million and it's a simple way to let us finish our work and as this budget unfolds, math, it's all done. If we can keep $100 million dollars, we give 10%. If somehow there is enough money to give $90 million, we got 9%, again, I just looked at them, I can offer them, I consider them good, I think it would be wise to slept on it. This is important tax policy and I had dinner and visited with a couple of my colleagues who are not fans of 1051 or 2032, I made it very clear that they're not, and their comment was, "it looks like you finally got there."

Chair Urlacher: I think we're all going to be here tomorrow afternoon at some time for some purpose. I gotta' go back for some medications. I think it's worth looking at. We've put all this time into a lot of considerations, so I think we might as well take this one on, and take her out. I think it would eliminate the high-takers at the Wal-marts and put some balance into it. I don't think we want to go half the night deciding it.

Sen Triplett: I spent the time thinking with myself through this, and other than a small correction that Mr. Walstad has suggested to make into another version, I think I'd be prepared to change my vote on the previous motion. I think if you're willing to vote, it would take care of it in 2 minutes.

Chair Urlacher: I think there are some corrections that need to be made.

Sen Triplett: They're very straight forward according to Mr. Walstad, just a couple of deletions.

Sen Cook: Those corrections are dealing with the constitutionality. If we go this route, that problem goes away. I understand that Sen Triplett is willing to change her vote, rather than come back?

Sen Triplett: Yes

Sen Cook: I would hope, Mr. Chairman that you would change your vote, too. I don't want to be here tomorrow either. But this is why we're all here, we make a lot of sacrifices.

Chair Urlacher: I think we need to give it some consideration.

Recess until tomorrow.

10.00

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032**

Senate Finance and Taxation Committee

☒ Check here for Conference Committee

Hearing Date: April 22, 2007, Sunday 10:00

Recorder Job Number: # 6273 and # 6274

Committee Clerk Signature Sharon Lenfest

Minutes:

Sen. Urlacher called the conference committee to order, all members present: Sen. Urlacher, Sen. Cook, Sen. Triplett, Rep. Belter, Rep. Drovdal and Rep. S. Kelsh.

Sen. Cook: amendments 0668, I now have 0670 and I still need 0671 and I don't know when they will be here. Its safe to say that the changes are to identify any difficulties I think or make sure that it works much more smoother.

Sen. Urlacher: we've gone this far and we should complete this and go on from there I think we should hear it out, we've listened, adjusted and we've jumped through about every loop so I think we can give that hour to do this and go on from there, we will recess until amendments get here at 11:00.

Sen. Triplett: on many occasions in the past we have in this bill discussed concepts and made motions based on concepts and then taken the time to wait for the amendments, I don't see that there's any issue here that we couldn't have Dwight explain his amendments and have a conversation about the concepts and we figure out if we're on the same page or not and quit wasting everybody's time and if we have a vote to approve the concept then we come back in an hour and approve the amendment kick it out. I don't know why we have to wait to have that conversation, we're here.

Sen. Urlacher: we also have other amendments coming.

Sen. Cook: I'm willing to go that way. I think you know the concept its 100 million dollar appropriation, who gets the money, first off you have to have a residence of ND that you pay property tax on and you have to file your income tax, your personal income tax. Have to be a personal income tax payer, its only on ND 1 and it will be on ND 2. You will get a 10% credit on all residential property and all agricultural property that you own with a cap of $1000. If the credit takes you to a negative balance on your income tax, you have balanced out at zero and you can carry over the remaining credit for up to 10 years. It delivers I think in this plan it's the simplest plan that we've seen I think it keeps the money in the State of ND, its going to reach as many people as possible, the caps are going to eliminate any large 20, 30, 40 thousand checks or __ its going out to certain corporations or individuals and I think that's important, I think that pretty well describes the plan. The commercial property is out of there and we have to keep the commercial property out because of a commerce clause and of course all essentially assessed property is out of it. We've pretty well eliminated any administrative problems by the counties. **I would move the concept if that's the plan**.

Rep. Belter: the House also has a plan that I would like to present before the committee.

Sen. Cook: then I withdraw my motion.

Rep. Belter: what the House would propose is that we are willing to put an additional 8 million dollars into the property tax package which would bring that to 88 million in tax relief there plus the 3.6 that we currently have in the homestead credit and I don't know if Marcy has the numbers calculated but I think it would change the figure to. Marcy do you have a figure for us now, 6. Something I would guess.

Marcy: if you are basing it on the 2006 taxes like we've discussed but I thought you'd moved off of that, but if your basing it on 2006 taxes it could be 6.325% at 88 million. If your basing it

on the 2007 taxes estimated 2007 taxes it would only be 5.6% at 88 million because of the anticipated increase in taxes. I guess I wasn't sure, I thought that you had decided last thing yesterday that you were going to be looking at the 2007 tax __ percentage.

Rep. Belter: our intent was that it would be that you would make the calculations based on somewhat like the way like we did in 1051 and you would just back into a number if your best estimate that would come close to the 88 million.

Marcy: well Mr. Chairman, if its done the way it was done in 1051, it would be 5.60% that was with the anticipated tax allowance rather than staying with the 2006 tax.

Rep. Belter: so Mr. Chairman, **that would be our Motion then it, would be 5.6 for all properties**.

Marcy: Rep. Belter now that does include the commercial and the railroads and the airlines but not the pipelines and not the electric and gas.

Rep. Belter: well Mr. Chairman I just wanted to inform the committee of a proposal that we have and so Mr. Chairman whenever you call for a motion.

Sen. Urlacher; we have a few plans out there we would have to make some determination whether simplicity, explaining (?) and imbalance in the month.

Sen. Triplett: I like the proposal that Sen. Cook has presented for a couple of reasons, one is by taking the commercial out as we discussed yesterday, it really does increase the impact of the property tax relief on residential and agricultural folks and allows us to get from that 5 or 6% sown up to the 10% of which I think is really significant I think it makes of property tax exemption or property tax relief that people will notice and will not stop at and I especially like and appreciate the effort to take local government out of it, it solves 95% of the issues to local government so I think between those 2 things my preference at this point would be for the income tax plan.

Rep. Kelsh: I'm leaning towards Sen. Cook's proposal as well I think it's a way of getting at the property tax problem North Dakota's been __ that and I think the residents of North Dakota and also for the reasons that Sen. Triplett made out but I have a couple of questions for the Tax Dept. if I could. First of all what is the average tax liability for North Dakota filers?

Kathy Strombeck: Tax Dept. I believe its about $750 on the average.

Rep. Kelsh: how many filers in ND, average?

Kathy: about 317,000 filers

Rep. Kelsh: do you have an estimate on how many filers would reach the cap at $1000?

Kathy: we'd have made some assumptions, we could certainly read to see how many get $1000 or more that cap but he cap really is the 10% of their property tax, we do not know how many individuals have 10,000 or greater property tax liability. We've made some assumptions but we're used to dealing with fiscal notes that are assumptions.

Rep. Kelsh: it's a concern of mine that's about this proposal and that's there is a certain percentage of people who don't qualify for the homestead tax credit that wouldn't necessarily get an income tax credit under this proposal of low income people who do own their own home but don't qualify because they are either an elder or 65 and disabled. If there was any kind of language that could be inserted to address that and let them know the direct homestead tax credit for that tax payer.

Rep. Drovdal: I think the Senator's proposal has got some merits, its fairly new and certainly some details that have to be worked out and the problem is always in the details. Sen. Kelsh did mention a couple of concerns that I also have but one of the other concerns I have as a former so this is from experience. As a former small business person 30 some years on main street and I know a lot of other small businesses are still existing out there, they are the heart of our communities they are the people who are supporting our sporting events in every school

they are the ones that are running our fire departments and running our ambulances and city hall, they are not getting any relief on the real estate they are paying and I think that's quite a number of people, they are providing most jobs in ND and I'm just not ready at this time to write the small businesses off and I know by putting commercially we're going to include the big guys are going to get a little bit more but certainly they can write off or get a credit on the home but their business is their biggest real estate tax and they are not getting anything out of this, I don't think that's right.

Rep. Belter: I think that everybody made some very good points and I'm not going to dwell on any of those, one of the concerns I have here is now that the House is back to the 100 million dollar figure which is the way it came over from the Senate and which we've been working with and now we are at 112 in this package and until the budgets are resolved, it would be my position that the 12 million would not be the extra 12 million that's in this bill would not be acceptable to the House.

Sen. Cook: just to speak to Rep. Kelsh's comments here if I'm understanding this, somebody making under 17,500 is going to get a 20% homestead credit plus a 10% credit with this program here and your concerns are those who are making over 17.5 that they only get the 10?

Rep. Kelsh: My concern is for people who don't qualify at all for the homestead credit because of either under 65 or not disabled but are still low income but own their own home and I don't' know how many of those kind of home owners there are out there but if there was language that could be inserted into the amendment that would address that.

Sen. Cook: and what would you want to do for these people?

Sen. Kelsh: my idea would be to insert language in the homestead credit part of the bill that would make allowances for those people in that income range without regard to age or disability.

Sen. Triplett: that's a huge fiscal note.

Sen. Cook: we're kind of moving forward with that for disabled veterans only and that's a pretty healthy fiscal note and that's another issue that's sitting out here but I understand where he's at. Rep. Drovdal's comments towards our main street business folks I'm certainly sensitive to that as anybody as I am one but there's a reason why we had to do this and to eliminate one of the concerns that many of us have was the concept of giving this money back that was the consequence we had to live with. If we want to stop the $50,000 text going out of state to large commercial property owners in the state, large businesses that's this is the sacrifice we had to make and we haven't done it without communicating to some degree with the business community I think that the way we have to look at it is everybody is getting a fair amount of credit on their residence and all business owners their going to have a residence also and so I think its become a fair issue, granted they might not get on their businesses but he cap is $1000 anyway so they wouldn't be getting it on all their business anyway. Its just something that I think we got to live with.

Sen. Urlacher: we don't want to give refunds on a condition where we gotta pay income tax 30% to the federal government either.

Sen. Triplett: I think Rep. Belter raised another issue which is the __ between the two proposals and maybe we should talk about that I mean if we are going in the direction of the income tax one you said yesterday it would be priced down if the House is willing to go 90 million but not 100 million can we adjust yours adjust it down

Sen. Cook: I'm really hopeful here that when we call some votes they are going to vote for the 100 million and ya know.

Sen. Triplett: I just heard him say not, that's what I heard him say maybe I misunderstood.

Sen. Cook: he could change his mind.

Rep. Belter: **I would Move the House version,** second by Rep. Drovdal.

Roll call vote: **2-4-0 Motion fails.**

Sen. Cook: I'd **Move the income tax proposal** conceptionally with the understanding that we can come back and look at it after its finally been drafted second by Sen. Triplett.

Rep. Drovdal: I'm curious here when we do this on the income tax do we have a cost in here an auditing requirement _____ total amount of the fiscal notes going to do.

Sen. Urlacher: I don't think that'd be part of it.

Sen. Cook: that's not part of this motion right now. I think that we understand that there's probably going to be some administrative costs to this I think we understand that there's a Tax Commissioners budget is already passed and I think we understand that there's probably going to be discussion on that and there are ways to address that issue yet before we go home. The motion now is to get the tax relief to the people of ND.

Roll call vote: **4-2-0 Motion fails**

Sen. Triplett: I would **Move the same concept that Sen. Cook has proposed with a 90 million dollar appropriation, 9% instead of 10%**, second by Rep. Kelsh.

Rep. Belter: can we take a 10 minute break?

BREAK

Sen. Urlacher: we have a motion on the floor, any other discussion?

Rep. Belter: I would like to make a substitute Motion if that's in order?

Sen. Urlacher: you may.

Rep. Belter: I would like to **Move that it be reduced to 10 of 12 million dollars, down to 88 million dollars**, second by Sen. Triplett.

Sen. Urlacher: thereby reducing to?

Sen. Triplett: to 8.8%

Sen. Cook: from my understanding we're 12 million dollars apart but we're agreeing that income tax is the model that we pursued? Or you accepting this if we go down to 8 million dollars, we go down to 88 million dollars.

Rep. Belter: I guess I am willing to support your proposal here I am certainly want it clear that I am certainly not happy with the proposal, I'm really troubled with leaving the commercial businesses out. I think that the small business is the back bone of ND and I just find it philosophically really troubling to leave them out of the equation. I certainly understand that there are certain problems with putting commercial in because you are giving some tremendous tax breaks to larger businesses but on the other hand they are also paying taxes to support our schools and cities but we need to move forward and if we can get this down to the House level we'd be at 102 million in order to move this process along I'd be willing to support that.

Sen. Cook: I certainly appreciate we're moving and nice to see we're getting awful close, I think we're down to the issue is how much but we're still below what's in the budget for this issue and we're going to be here a few days yet. I'm not too sure why property tax should be the area where funds are taken from to make up other spending priorities out there at this time and I would hope that we can reject this motion.

Rep. Belter: I would also like to make it clear I do agree with what your saying, I think its very unfortunate that we are not giving more tax relief to the tax payers in ND and that includes the full funding of the 2% fuel tax and there's some other issues, oil country did not get their full

funding up front like I think they should have and so I am in agreement with you that but unfortunately there have been just too many ideas on how to spend money and not enough ideas out there on how to get money back to the tax payers.

Sen. Cook: again we are the 6 who right now can change our vote and walk away and that's a decision we made that the tax payers are going to get 12 or 15 million dollars less we're also the same 6 that could sit here and say no we're going to sit here at this table and we're going to fight to get back here tonight. I think that's where we should look at this vote right now is that the 6 of us sit here and make a commitment that we started with 116 and we should end up with 116.

Sen. Urlacher: there's always been an attempt to get as much money back to the tax payer as we can.

Rep. Drovdal: the House Finance and Tax Committee when we looked at our that's the thing we did start with 116 million that is true and we sent it over to the Senate and we still in our minds wanted to have tax relief to the tax payers of ND maybe not necessarily straight through the property tax but some long term relief that we knew were going to stay there and part of our thinking was that we were going to take over the child support and that's part of ___ because we're taking a cost away from the counties that go on a mill levy, so we are giving indirect or its direct relief. We're also gonna take over the heating bill which I guess got ___ but still we are doing that so we are giving relief to the tax payer some on a very necessity item which is heating, now is part of what we thought is our package that was going to total about 160 million and we were doing what was in this particular package with the homestead tax credit and the marriage penalty, we were doing something that we felt was unjust since 2001 and then that left us with 88 million and which would the 88 million would include the 8 million we took off the marriage penalty. That's where I think the 100 million in this bill with the other

stuff is still getting that relief to the local property tax. I am still if we can do all this other stuff we can take care of our small town businessmen so I'm still concerned that we're short changing our small town businessmen, at this time I'm not ready to support Sen. Triplett's amendments. I still think we're doing a nice package overall where the other things we're doing this session.

Rep. Belter: Point of clarification, are we voting on the bill at 8.8 or are we voting on reducing the property tax portion by 12 million dollars?

Sen. Triplett: same thing isn't it?

Sen. Cook: we're voting on the bill at 8.8

Rep. Belter: your motion was the bill at 8.8? We're voting on the bill at the 12 million dollar reduction? So we are not voting on the bill we are voting on the motion to reduce the down to 88 million property tax portion.

Sen. Triplett: whatever your motion was is what we're voting on.

Roll call vote: **4-2-0 Motion fails**

Sen. Triplett: there's no point in voting on mine now Mr. Chairman.

Sen. Cook: I do have it looks like the finished amendments for the income tax proposal and they just came here, its amendments for the whole bill but section 1 has gone from one page to three and maybe we can hand these out and at least go over them and find out to what degree we agree with to put this in. I'd like to present them for review right now and if Mr. Walstad or the Tax Dept. together wants to probably go through sections of the bill but these are 0673 amendments.

John Walstad: Legislative Council appeared to go through the sections of the bill that these amendments address. (35.07)

Rep. Belter: I've got a question back in section 1 where it says due and are paid during the income tax year, so for example if a tax payer pays their 2007 taxes in December of 2006 what is the implication there?

Dee Wald: Tax Dept. Because the 2007 taxes weren't due December 2006, the tax payer just taking that, they can't deduct that, that's just a choice the tax payer is making.

Marcy Dickerson: 2007 taxes isn't due until 2008 but you can pay them in 2007 but it's not due until January of 2008.

John Walstad: a little change in language I think will fix this problem. Lets move the and are paid phrase back in the sentence after year, now lets try it. Became due during the income tax taxable year so that would cover that 2007 situation and are paid. We don't care when you pay it as long as there paid.

Rep. Belter: so in other words so when people get their tax statement here in December of 2007 they can pay that pay it in 2007 or they can wait until 2008 to pay it and they will get.

John: exactly. Now as we discussed this morning, there is another issue with that and that's for paying in installments, you can pay in October. The situation would be if someone pays in installments pays in October, that individual could either file an amendment return later to claim the rest of the credit after paying the taxes in full or file an extension and file the income tax return in October after paying the second installment.

Rep. Belter: so people who are paying their tax in their monthly house payment through their lender, how will that work?

John: the bank will pay the taxes at the time you direct the bank to pay them. If you want the deduction speeded up they will pay them in December if you want it later on their pay them by February 15, either way they are going to get the 5% discount for early payment, but they will pay them before or after the first of the year at your direction.

Rep. Belter: I guess the question is I wonder if those financial institutions will notify or whether they will just automatically pay those taxes so they don't have to do an amended return. It's something that someone will have to address. I'm just point out here but it would seem to me you would certainly want to make sure that tax payers avoid having to file an amended return so that they can get their property tax credit.

John: I'm not sure. Let me point out something else.

Marcy: there is a statute in place that a property owner can direct the mortgage institution or bank when they want their taxes paid as long as they notify them in a certain amount of time in advance, and I'm not sure of the amount of time at this point. But so long as their escrow account is adequate and they notify the mortgage holder, they can tell them whether they want it paid before the end of the year or before February 15 or before March 1 or in halves. They can direct the institution so that language would probably take care of what you're talking about. But individuals that have to be aware that they want to notify their institution.

Rep. Belter: that would be my concern, it's certainly workable it's just that that I hope that the financial institutions grab hold of this and make sure that they are notifying their customers of what's going on.

John: let me point out one more thing about the language there, the reason the language was chosen about taxes that became due two fold. First of all payment of delinquent taxes will not entitle anyone to any kind of credit, secondly the mechanism tax payers use to get two years of property taxes into one federal income tax year will not allow two years of taxes to be used for purposes of his credit. You'll still be able to do that for Federal income tax purposes but for purposes of this credit only the one year of property taxes that became due January 1 of your income tax year qualifies for the credit for that year and the subsequent one even if you paid it in December, that's January of the next year, that goes into your next years state return. So

you're always going to have one year that's eligible here but you're not going to have two and you're not going to have delinquent taxes.

Rep. Belter: point of clarification, so the individual who doubles up on their taxes in December.

John: pay one in January and then that December speed up the other one, pay it in December so now you've got 2 of them in that year,

Rep. Belter: but they'll be able to claim one of those in one tax year and one in the other, so they won't lose anything.

John: correct, they lose any deduction that they now have, this will be a separately determined credit and the only tax year your gonna get is the tax that became due January 1 of 2007 on the 2007 tax return.

Rep. Drovdal: point of clarification, so I got my 2006 real estate taxes last November, December, they were due January 1st 2007 of this year, I paid them in December of 2006 so I got the deduction 2006 on my Federal tax return. Under this would I get credit for that payment in December because they weren't due until this year and when I get my 2007 taxes I'll pay it in 2007 even though they are not due until 2008.

John: the first part if you paid them in December they were due January 1, 2007on your 2007 State income tax return that the only year of property tax payment qualified for this credit.

Rep. Drovdal: so my rebate is actually on my 2006 property taxes?

John: on what you have just paid.

Rep. Drovdal: well my 2007 isn't due until 2008 so I can't take them in 2007 even if I pay it. This really is based on last year's property tax, so its going to be lower, a lower fiscal note.

John: Oh, are we figuring numbers into the future.

Dee Wald: we've been having some discussion about property tax taxable year and the effective date of the bill which is effective the taxable year beginning after ____.

Rep. Drovdal: so this is a fiscal note and this would be based on 2006 taxes and 2007 unless they use up their credit.

John: I agree, I just write them I don't estimate the cost.

Sen. Cook: let's continue here and when we're done I want to visit with the people in the Tax Dept. about that.

John: continued with explanation of the amendments.

Rep. Belter: I'm wondering the 10 year carry forward I'm just wondering if that isn't maybe how burdensome is that to the Tax Dept. as well as the tax payer, who keeps track of the carry forward provision?

Dee: the carry forward in the amount that is available for a carry forward is usually calculated by the tax payer subject again to audit.

Rep. Belter: so when an individual files their taxes they'll have to remember that they've got some carry forward that they need to apply for?

Dee: that's correct.

Sen. Cook: that 10 we've got in there I can of picked that out of the air, is that a good number is that something that's common in tax policy is it a number that's too long, should it be 6, should it be 5, is 10 the right number?

Kathy Strombeck: its $2000 total could probably shorten it. ??? Couldn't hear her

Dee: most of the a lot of the carry forwards are 5 years and I think 5 years would probably be enough.

Rep. Drovdal: I just can't imagine the fiscal note that we looked at the cost we think of 100 million dollar loss in revenue can be accurate basing it on the fact we are taking out all non-

residence, we are taking out all commercials and we're basing it on 2006 and 2007 instead of 2007 and 2008 property tax levels and I know there are so many variables out there, is there any way that we can get a closer track on approximate reduction in revenue?

Kathy Strombeck: I'm not sure if there is any real good way to do that, we have some known quantities in here to. We know what our 2005 liabilities were we have a long standing ability to forecast the growth and income tax. The 2 things we know, we know our 2006 levies and we know our 2005 income tax liabilities so this isn't as wide and unknown as it may be, the things we don't know are the $1000 cap, how many persons pay property tax that greater than $10,000. We've already factored in most of the non-resident issue is taken care of by keeping commercial out of it. As far as we're off in this fiscal note, a couple percent I doubt if it would be 10% off. So I mean we do know some of the outside parameters, we have a skeleton of real good data that we are basing this one. That's not to say it's going to be perfectly accurate.

Sen. Cook: after the first year will you know exactly how many credits or how much the credit was you give out after year 1?

Kathy: yes, we will sometime in November we will know exactly and we will certainly be able to examine all these factors with a little bit more clarity at that point.

Rep. Belter: I guess I need to go back and reveal for my own clarification how this cuz now we do not have an appropriation in here and so how does that taken care of in the state books.

Kathy: those would be a reduction to state general fund revenues, your right there is not appropriation it's a reduction in revenues as the credits get claimed and the checks get issued or the liability gets reduced.

Rep. Belter: so then I guess this is something that appropriations would need to deal with then or Sen. Cook.

Sen. Cook: I've had this conversation with Sen. Stenehjem and he's well aware there will be some adjustments made and probably some other expenses that are covered with the general fund that will probably have to come out of the trust fund. But it's an issue that will get taken care of. I'd like to just sit down and visit one more time with the Tax Dept. over this, unless everybody's comfortable I could certainly move the motion to but **I Move the amendments**.

Rep. Belter: I would certainly honor your request if you'd like sit down with them.

Sen. Urlacher: we will adjourn until 1:30

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Sen. Urlacher called the committee back to order.

Sen. Cook: I would like to have Kathy Strombeck speak to the challenges of bringing in commercial property.

Kathy: if the requirement stays in there in order to get the tax credit that this person this corporate entity would have to have residence in the state.

Sen. Cook: Commerce clause issue?

Kathy: I think so and you said that sort of disconnects between a residence owned by a small business it works a larger corporate entity it doesn't work as clear

Sen. Cook: Any idea what it would do to the fiscal note?

Kathy: we do have information on the commercial property, I think the $1000 cap is far more likely to be reached in the commercial area so basically 10% of the commercial is probably what your talking about in terms of the fiscal note, because the limits that are in the bill that apply to residence really wouldn't apply to corporation.

Rep. Belter: as far as the cap goes and residency comes from the legal perspective we could have a residency provision for the actually that's what we have for the agricultural and residential and we could keep that but not have for the commercial.

Kathy: that's possible, I think its Dee or John and we can ask one of them to address that. That may be possible to have the residential component apply to the residential property and the Ag property only.

Rep. Belter: I'm just thinking about the larger organizations for the $1000 cap it may not be worth their time to even apply for it.

Kathy: but if its one the face of the return its possible, there's a lot of tax breaks a lot smaller than $1000 at the corporate level. I'm not sure that would be much of a dilemma there. The fiscal effect of the 10% reduction for the commercial is 22 million so if you brought it in and it didn't have any limitation other than the $1000. the $1000 is going to limit it quite a bit actually because you take your Wal-Mart's and things and cap them at $1000 you will move a significant portion of the 22, what that may be again we don't have that kind of information but we can make assumptions.

Dee: as long as you treat all commercial property the same Mr. Chairman there shouldn't be any interstate commerce problem its once you start treating those in state owners or put some other qualifier that requires them to do something in that state such as have a residence in the state which is impossible. As long as all commercial is treated equally, we're okay. If you base it on use and not on who you don't run into constitutional problems.

Rep. Belter: I'm thinking about the small business owner, I imagine a lot of them I don't know if they do subsection f or s or llc's or anything else would they be they may not be eligible would they easily be eligible for both or not? I guess it would depend upon on how they are filing their tax.

Dee: if the assumption then that we have a commercial subchapter s who engages in commercial activity? Right? That's your question? Let's just start with what we've got now with our proposal before us, that's if you had a subchapter s who is owned by 2 individuals and

that subchapter s corporation paid property taxes that would not pass through to the individual owners. If you did a corporate income tax credit without past due language, you'd need to put the past due language in so that those individual owners or members of shareholders would be able to claim the pass through entities tax credit.

Rep. Cook: I wanted to have that conversation again, we had a lot of those conversations of trying to get commercial in but it shows the challenges we have so the way you see the bill is brought with the compromise I guess that we were going to keep as much as this relief in the pockets of ND payers and the next thing is that we are going to keep the percentage as high as we could if we had another 22 million dollar fiscal note of course, I suppose we could lower the caps or we could lower the 10%. I think its obvious it can be done but there's draw backs to it and I think the way it is right here and of course we'd have to bring in railroads and airlines.

Sen. Triplett: I have a question for Ms. Strombeck. You answered a question earlier from Rep. Belter about your assumptions and how close they might be and you indicated you might be a couple of percentage points off, if you had to guess which direction you might be off are you estimating high or low?

Kathy: I think probably high

Sen. Triplett: your best guess is that the actual impact of might be a little less.

Kathy: I think its primarily because the individual income tax is the overall cap and I think that's what gives us at least a little bit of comfort.

Rep. Belter: Kathy, I don't know if it was you or somebody testified that the average tax payer has about a $700 obligation but what is like the bottom 30 or 40% of filers in income do you have some idea cuz I'm assuming there's quite a number of people that don't have much of an income tax obligation that their property tax could exceed their income tax.

Kathy: I would agree that there's going to be quite a few of the property tax exceeds even the 10% of the property tax exceeds their income tax liability. I don't have the exact numbers but I remember working out marriage penalty information we had seems to me about 78,000 tax payers falling below that $53,000 threshold. At $53,000 taxable income your tax liability would be 2.1% of that if anybody can do that math. How that relates to 10% of property taxes that's kind of the great unknown, how many people in that property tax that would exceed that 10 times that amount.

Sen. Triplett: I'm going to suggest its not a motion, its just a suggestion that we just accept the last set of amendments as written but in terms of the amount we split the difference between 88 and 100 and use 9.4 as the percentage and take it back to our respective houses and run it up the flag pole as it were and let our mates tell us if we are high or low.

Rep. Belter: I was going to suggest that maybe the committee accept the House version with the increase of the 8 million dollars and let the Senate take it to the floor and see if they will accept the conference committee report or not. I think what we worked on in the House is right at the same dollar figure as it came out of the Senate well virtually I guess with just a slight difference and I would think that it might be appropriate that the Senate take a look at the House proposal and decide whether we would accept it or not.

Sen. Cook: we all know when this bill goes it goes to the Senate first and I would just as soon as take a bill to the Senate that the 3 of us are going to stand up and defend as a good piece of legislation rather than a conference committee where the 3 of us are going to stand up and please kill this conference committee report and to me that makes a lot more sense. To me that makes a lot more sense if we the 3 of us take up the conference committee report what I'm hearing in voting is we all support it and if we cannot get it passed then I think it certainly speaks to our position down here and it speaks to the fact that we need to change. I

understand sooner or later we've got to break and take something out of here, but I would think that the income tax model is one that's going to be the best one to take up there.

Sen. Urlacher: your suggestion again

Sen. Triplett: that we accept the amendment presented by Sen. Cook with the exception of instead of where it says 10%, page 6 the last section on the bottom of page 6, instead of saying 10% we would say 9.4% which is a compromise position which is between Sen. Cook and

Sen. Urlacher: thereby bringing down the cost factor and to what level.

Sen. Triplett: 94 million which Ms. Strombeck said is probably a high estimate so it actually impact on the treasury might be some less than that and it might actually be nearer to 88 million by the time we are done. But I think she is telling us that it would not be higher than 94

Sen. Cook: we could put language in this mechanism where we leave the percentage at 10%, however we have a trigger in there where after the first year of the biennium it appears that more than 50% of the money was realized in a credit that we could adjust the credit percentage for the second year of the biennium, could we not?

Kathy: I think that language could go in there provided we wouldn't be leaving too much legislative authority to create that second year percentage.

Sen. Cook: I think we've done that before, I've seen it but I'm curious because there is a lot of question there's a lot of guess work in this fiscal note I tend to think that the fiscal note is probably a little high but we're not going to know but we will know after the first year.

Kathy: that's correct, we would know sometime in November

Sen. Cook: in November of 2007?

No November 2008.

Sen. Cook: but that is an option that we could take a look at?

Kathy: yes it is

Sen. Triplett: I appreciate the question and the answer but on the other hand if the Tax Dept. is pretty clear that their estimate is already high I don't know why we need to do that.

Sen. Cook: if we would limit the fiscal note as your indicating you want to reduce the cost we could still leave it at 10% and we might find out that 10% is the right number and all its going to have is a 94 million dollar fiscal impact on the State.

Sen. Triplett: if we leave it at 10% then we can't get votes, so the 9.4 is to try and get votes.

Sen. Cook: if we had some language in there that that percentage could come down in the second year of the biennium if it appears that its too high for the fiscal impact we desire then we could adjust it and that should be all it takes to make friends out of our colleagues here.

Rep. Belter: I think that would really muddy the waters because then we really don't have a plan in one sense and I would reluctant to do that and I certainly appreciate Sen. Triplett's intention of trying to move this thing forward with a possible compromise but I think from the House's perspective that we have added 8 million dollars to get to the Senate level for this bill, I think our proposal that came over from the Senate or our proposal is most in line with the Senate proposal as far as the basic distribution of money, I mean the concept is fairly close where the income tax rebate is in an entirely different proposal. From that stand point I think what we've offered you is very close to what you sent us.

Sen. Cook: I'm afraid that the mechanism that we have here with the property tax credit is very very similar, too similar for my liking to a bill that didn't make it through the Senate, that's our concern and I know that and trying to come up with a solution to figuring out how we could get a bill through the Senate I do believe we have found it here. There are people here who did not vote for 1051 before that have showed support for this, there are people that have voted for it with their nose plugs that said they really like it and so that's why I mean I

understand your point but 1051 did not pass the Senate. And as far as the money issue that we're apart I think that if its 12 million or its 4 million, what we're talking about here, where is this money going to be? Is it going to be in a rainy day fund here with a few other hundred million dollars in our bank or is it going to be in the tax payers pockets. That's what this gets down to. The money is here it's a matter of where do we want to put it or maybe we will want to spend it on something else. Its in the bank, its in the tax payers pocket or its spent on something else and your saying that I think the tax payers pocket is the best place for the money, so I think that's what we're down to.

Sen. Urlacher: already to come through a compromise position in order to move out of here, whatever it be let it be.

Sen. Triplett: I agree absolutely with everything that Sen. Cook just said in the sense of what the Senate perspective was on 1051 which is what the House version is most close to so I think we really should try the income tax version but this is for Sen. Cook now, maybe we should compromise at the 8.8 percent and run that up on the Senate side and if people think its too low they can reject the conference report and tell us why they are rejecting it and then we will have message from the folks and then we'll know that we need more. We just have to do something to get off dead center and the truth of it is none of us really know why people vote the way they do in their hearts until they say on the floor and we'll find out.

Sen. Cook: again we are if we take this up at 8.8 I can guarantee nobody is going to put any more money in it, we are the only, this is where its going, if the relief is going to be as much as possible for the tax payers of ND its going to have to come from here. If we take it up too high there is plenty of mechanisms for the final few days for those who think its too high to take it down and that's all I'm saying as I don't think we ought to be making the decision to diminish the amount of relief we give to the tax payers.

Sen. Triplett: all I'm saying is that if there is substantial agreement with you on the floor of the Senate, the conference committee report will be rejected and we'll be sent back down here mid morning tomorrow and we can go again, right? And if people find it acceptable, it will get accepted but at least we'd know whether they liked the mechanism or if they liked the dollar amount because they'll tell us when we have the debate on the conference committee report. And then we'll have more to go on I mean we're all sort of guessing on what's important to everybody else.

Rep. Belter: are you saying that we use the income tax credit but with the

Sen. Triplett: 8.8 right there everything else the same maybe change 10 yrs to 5 yrs for the carry forward on the recommendation of the Tax Dept.

Sen. Cook: they wanted to another 8 million dollars in and we're only 4 million apart I thought.

Rep. Drovdal: I guess I'm the only loner here the ___ 2032 came over to us with property tax in it, it had 130 mills if I remember right caps or amendments but it was based on property tax and that did pass the Senate, that's the only thing you've passed in 2032. so I really don't know how to read the Senate but this bill does address small business, small business and large businesses (can't understand him on the tape 25.05) I have amendments (0674) that would raise it to 88 million dollars on the formula that we had on the property tax, I got em printed up so I can move them its up to you so you can run it up on the floor, **so I will make a Motion** if anybody wants to second it and give you copies or not, I hate to have John do all that work for nothing, second by Rep. Belter.

Sen. Urlacher: any discussion?

Sen. Triplett: maybe he should tell us the difference

Rep. Drovdal: explained the amendments 0674 (26.15)

Rep. Belter: there is one error here on section 13 that's supposed to be 3.604. There's a mistake that homestead credit is changed in this.

Rep. Drovdal: it should be 300 a maximum reduction of $3, 375

Rep. Belter: so if we make that correction back to the $375 and then on the appropriation it would be $3,604,000, we make that correction there is really no change in this other than we've added 8 million to the computation which is the 5.6% and the reason was explained earlier the reason why the percentage went down is because we are basing the payback on year 2007 and 2008 instead of 2006 as the base year. So we'd have an inflationary figure estimate and that's what brings the percentages down.

Sen. Cook: so for the record the Motion is that we approve amendments 0674 without the changes that these have in section 2. Your leaving section 2 the way it was in the original bill.

Rep. Drovdal; yes

Sen. Urlacher: any more discussion if not, call the roll

Roll call vote: **3-3-0 Motion fails**.

Sen. Triplett: well we're trying to get us out of here, we might a message back from one house or the other so I'm to the point where I don't much care which one you do but I think we should go one way or the other, call you motion again Sen. Cook.

Sen. Cook: **I Move amendments 0673**, second by Sen. Triplett

Sen. Cook: that comes with two changes I'm looking at page 7, became due in the income tax taxable and are paid and then lets change the 10 yrs to 5 yrs.

Rep. Kelsh: so we're at 10%

Sen. Cook: 10% yes, if this passes we can go home, we'll take this to the floor and defend it in the Senate, I also understand that even if it does pass there will still be opportunities if there is a desire for someone to try and lower this fiscal note but I think it will be our responsibility to

let that happen later in the game, otherwise its just to defend the 100 million as long as we can, if it dies we come back.

Rep. Belter: We're talking about 112 million

Sen. Cook: we're talking about a 100 dollar estimated fiscal impact in the state of ND because of the tax credit. We're talking about an 8.8 million dollar fiscal impact to the State of ND based on the marriage penalty and we're talking about 3.6 million dollar appropriation out of the oil gas trust fund so that's what's in there.

Sen. Urlacher: any further questions? Ready for the question?

Roll call vote: **4-2-0 Motion fails**

Sen. Triplett: can we ask to be replaced?

Sen. Urlacher: you can but I wouldn't encourage it.

Rep. Belter: I was wondering if the Senate would consider bringing down the property tax credit down to the 88 million dollar figure.

Sen. Cook: we already did

Sen. Triplett: well I don't think I formally made my motion I'll try that one, **I Move amendment 0673 with the same amendment that Sen. Cook just offered in terms of moving the and are paid, the credit carry forward down to 5 years and then in addition at the bottom of page 6 in the last line replacing the word 10 with 9.4**, second by Rep. Kelsh.

Sen. Urlacher; is that your motion, Sen. Triplett?

Sen. Triplett: I'll try it again, I'm moving amendment 0673, 3 changes.

Rep. Belter: if I could ask the Tax Dept. then that 9.4% would equate approximately from the best guess estimate of 88 million.

Kathy: that's 94 million

Rep. Belter: I guess I was looking for a percentage that would equate to 88 million.

Kathy: they do go hand in hand like that, that would be 8.8%.

Sen. Cook: if my distinguished colleagues are willing to vote for this I will.

Rep. Belter: I'm not prepared to vote for this.

Rep. Drovdal: I never liked it from the start.

Sen. Urlacher: well there is always areas that we don't always like, we can compromise position. Ready?

Roll call vote: **3-3-0 Motion fails**

Sen. Triplett: one more, I got him to say that we was going to agree to 9.4 and I got Kathy to nod when she said we're going down from the numbers actually, if we try 9.2 we're going to be really close in terms of the actual fiscal impact to yours cuz she says she knows she's high she's not willing to say how much she's high, can you go a little more, 9.2.

Rep. Drovdal: can we take a 5 minute break.

Sen. Triplett: when you vote yes you can have your bathroom break.

Rep. Belter: I would ask for a 10 minute break.

Break:

Sen. Triplett: I'll withdraw the motion I have on the floor.

Rep. Kelsh: I'll withdraw the second.

Sen. Urlacher: open for discussion.

Sen. Cook: **I will Move the amendments one more time here 0673, the percentage the first year of the biennium is 10% we need to have the Tax Dept. give us some language I think it'd be simple after the first year of the biennium they can review the fiscal impact to see if that percentage needs to be adjusted and adjusted to whatever level needs to be made with approval of the budget section to assure that the fiscal impact is 92 million dollars, second Rep. Belter. I'm not done but then we also have to have that**

change with the and are paid moved over to the end of the line as I mentioned earlier, I want to change the 10 yrs to 5 yrs for the carry over and then the last change and this is a new one if you turn to page 7 up in subsection 2 for the purposes of this section homestead needs to dwell and occupied by the individual as the individuals primary resident and if that residence is in the State any additional residential or agricultural property owned, I want to take the word additional out of there. What we accomplish with that is apartment owners who own taxable property would be able to get the credit where they would not right now. So I need the word additional out of there and that would be my Motion.

Rep. Drovdal: does that affect, how does that affect a farmer who's paying taxes on his home, does that mean that his other agricultural property can't be considered in the ____ need clarification.

Sen. Cook: no, the property owner who is receiving the farm residence exemption this is silent to that, or not receiving the farm resident exemption, this is silent to either one on either situation. I'd even say pretty please, lets go home.

Rep. Belter: I am going to support this to get it out of committee, its certainly not what I think is the correct way to handle the tax relief for the people of ND but we are very very deadlocked here and I guess the only way we can move forward is by giving the Senate an opportunity to look at this and we'll have to press on from there.

Rep. Drovdal: I'm glad it appears that we might be going forward with this but I still oppose it just mainly to make a statement I'm still concerned about that small town business person and small business and maybe somewhere before this is finally completed we can figure out some way to get them some relief too.

Sen. Urlacher: any other questions? Any other discussion?

Roll call vote: **5-1-0 Motion passes**.

Sen. Urlacher: well all I can say is we did a thorough job of review and thank you for your efforts, patience, control of tempers with that adjourned.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032**

Senate Finance and Taxation Committee

☑ Check here for Conference Committee

Hearing Date: April 23, 2007

Recorder Job Number: # 6284

Committee Clerk Signature Sharon Engesser

Minutes:

Sen. Urlacher called the committee to order, all members present.

Sen. Cook: I've looked at the amendments but I think maybe we should have John go through them with his last minute changes that he's put on there.

John Walstad: did a walk through of all the changes in the amendment and bill. (.24)

Sen. Cook: if after 2 yrs a person has you carry over $600 the 1st year in 2007 and then in 2008 you carry over another $600 you now have $1200 that you can use in the following year, correct.

John: that is correct, it accumulates to the extent that its not usable.

Sen. Cook: you use zero the first year, zero the second year, you've got $2000 available the 3rd year.

John: yes, if you use zero of the credit. Continued to go through the changes (7.20)

Sen. Cook: the tax statement is going to come to the resident of ND its going to have his name on the tax statement, where in the world is anybody going to know that he only owns a third of it.

John: Sen. Cook, that is a problem, the Tax Dept. would have a real hard time figuring that part out.

Sen. Cook: I don't consider that a problem. The money stays in the State.

Sen. Triplett: in every circumstance in which tax payers report there is an expectation that they will report on a claim that they are subject to audit, the same checks that are against every other piece of tax reporting would be in place here.

John: that's true and that's my view, I think tax administrators take the opposite view, tax payers will lie every chance they get, but I'm being facetious. Tax administrators want verification, they don't except things on their face, if it looks questionable they will delve into it and there are ways they can find out what the ownership interests are in the property if they really want to. (continued explaining changes 10.24)

Rep. Kelsh: John, something you just mentioned brought a question to mind and that is in the original bill we had an appropriation out of the oil and gas permanent trust fund of 80 million dollars.

John: correct

Rep. Kelsh: and now we have taken that away so there is 80 million dollars in the oil and gas trust fund, 80 million more in the oil and gas trust permanent fund and 80 million coming out or 92 million coming out of the general fund.

John: that is correct

Rep. Kelsh: my question is do we have a section here that authorizes a transfer out of the oil and gas trust fund into the general fund? And make up for the loss of revenue?

Sen. Cook: Mr. Chairman, he was never told to do that we discussed that yesterday and its going to happen somewhere else before we go home but I do believe we have a mistake here. I think I offered amendments on section 9 to change it from the oil and gas trust fund to the general fund but I don't believe those amendments passed so I think that section 9 that 3.6

million dollars is still appropriated out of the oil and gas trust fund. I see the amendments, did they pass? If everybody else said they did pass then I'll stand corrected.

John: I was trying not to mark things on my copy unless they actually happened and my recollection was that change was approved.

Sen. Cook: okay then I'm happy if everybody else is. So all we gotta do is wait for Kathy.

Sen. Urlacher: I'd like to clarify one statement a misinterpretation of a statement I made of the Chamber if I stated that they didn't care if business ___ or not is wrong, some hall way talk the statement was made that I interpreted that they were __ in any way we could pull this thing together, so it wasn't that they were not concerned about all this business ___ and I apologize if that was misinterpreted.

Rep. Belter: John, the section 11 again could you just explain the reason again on the effective dates?

John: Sections 1, 3 and 4 of the act are effective for this tax year that we are in now and this is the homestead credit change, the general fund levy limit for school districts and the tax statement information. All of those will be effective this tax year, all of those can be dealt with yet in this tax year. Section 8 of the act is effective for the 2008 tax year for mobile homes the reason for that is that the mobile home tax statements are already done for this year because of the tax year that they work from. Section 2 is delayed until 2008, the section is the one that requires notice of assessment increases, I don't know if those are done but they are in process now so its really too late to change that this year, that's why that is delayed by one year and then sections 5, 6 and 7 are effective for this tax year these are income tax provisions that are effective this tax year meaning the return that we're going to file at the beginning of next year, the return we file in 2008.

Sen. Urlacher: any other questions in regard to these amendments? We will stand at ease.

Sen. Urlacher: call the committee back to order.

Sen. Cook: Mr. Chairman, we have already made our motion I think this is for the purpose of reviewing the actual amendments as they have been printed now and I'm comfortable with them. Our last question was the provision in here the mathematical calculations to lower the payback percentage where we, the credit percentage and we all got an e-mail on that and I'm comfortable with the answer.

Sen. Urlacher: John, was there another glitch in this thing.

John: on page 7 right in the middle of the page in subsection 6, it says this subsection is not subject to subsection etc., that should say section instead of subsection. And I will fix that without requiring anymore patience or endurance from the committee, we'll get that taken care of.

Sen. Urlacher: we can sign it out?

Sen. Triplett: before we sign it up, there is one more conversation I would like have and that is regarding a very minor amendment that Mr. Walstad has prepared for Tim Mathern. He has drafted it as the whole bill repeated and I'll explain the amendment to you I'd like a moment if we could. If you go to page 7 of the bill that we're looking at, the conference committee __ the only change to our proposed conference committee bill is on 7 under section 6 at 3b it would change the line from the amount of the credit under this section may not exceed the tax payers tax liability under this chapter to read instead, the amount of credit under this section may be refunded to the tax payer if it exceeds the taxpayers tax liability under this chapter and then the carry forward line would be deleted and renumbered and I'm just asking Mr. Walstad if you could explain to us whether or not you believe this is constitutional because this is the topic that we had discussed that we had discussed a couple of times along the way and people had

told us that it was not that we couldn't do it because it was giving money back and apparently you have a different answer now.

John: No I do not have a different answer now I still think we've got a constitutional problem under our constitutional prohibition against gifts and the problem I see is any forgiveness of a tax liability below zero, we can forgive everything that is owed but going beyond that point it becomes a gift of public funds to the individual receiving the check and I perceive that to be a constitutional problem.

Sen. Triplett: apparently there was some miscommunication between Sen. Mathern and yourself

John: no, Sen. Mathern and I talked it over I told him just what I told you and he said "No I don't agree"

Sen. Triplett: well thank you for that explanation.

Sen. Cook: when Sen. Triplett told me that John Walstad said he thought he could I said I disagree with John Walstad. It comes down to a matter of perception but that is one of the challenges the other challenge that this would be that money is subject to federal income tax we had a long discussion on whether we give checks back so whether we risk the constitutional question and we put it to rest based on our federal income tax requirements.

Rep. Kelsh: I know we're itching to get out of here but according to the e-mail that I received from Kathy Strombeck that there are probably 8300 home owners that we are leaving behind for whatever reason don't file tax income tax returns because their income isn't sufficient or loss of job or if they were ag related or didn't have an income but also pay property taxes that are have been escalating and in the 2nd paragraph of her e-mail she does offer a solution and I don't know if we want to take a look at that or not whether we think that leaving the 8300 home owners behind is considered doing the work that we need to do to address this issue.

Sen. Urlacher: your saying they don't have income within a 5 yr period so they could pick it up, is that what your saying?

Rep. Drovdal: this was discussed during the debate I believe the other amendment that I had brought forward would resolve this and did not get the support and we're going to open this back up I think we need to go back to the proposals that I made.

Kathy Strombeck: there is a fairly high threshold in which tax payers do not have to file individual uncontested and I think that I said in the e-mail 16,900 premier joint filers __ or 100 for single filers. That's not to say some of them do not file, they may in fact file and get refunds or withholding or something but that's the threshold before dollar number 1 of federal and state income tax __. And some of those again based on our percentages of home ownership are deemed to be home owners and pay property taxes and so that's

Sen. Cook: do you have to file income tax to qualify for the homestead tax credit?

Kathy: you do not.

Sen. Cook: so how many of these 8300 people are qualified for the homestead tax credit?

Kathy: I tried to eliminate the elderly and the disabled completely because they would qualify in fact at the top end of the homestead credit you do have a filing requirement.

Sen. Cook: then how many of these 8300 do you think pay property tax?

Kathy: I've already deducted the or used the 67% home ownership rate which is a census number which we can't necessarily verify but we think 67% of households are owned by or occupied they're home owned and that is how we've attempted to get to that number.

Sen. Cook: you think these 8300 people are actually people who are paying property tax also, a small amount of tax, they are not qualifying for the homestead tax credit.

Kathy: right and they are under $17,000.

Sen. Triplett: could you give more information on a possible follow-up on what your suggesting here as a possible alternative.

Kathy: one thing that did occur to us is that we don't want, I'm guessing you don't want to make a disincentive to file individual income tax returns so to get the program out of individual income tax and into something like the renters refund program seems more viable because it's the tax at this ___ your not going to be accidentally encouraging low income people to not file for their withholding refunds or not filing for tax returns at all, so something that would be disconnected where they would have to sign and swear that they in fact have income below the filing requirement and would be entitled to some refund similar to the renters refund program is what we're suggesting and we don't mean to impose on you what exactly that should be but that might be a way to avoid the unintended consequences of the ___ between the individual income taxes and ___.

Rep. Drovdal: in other words Kathy, we'd have to send a check out the tax payers when we were just told it was illegal.

Kathy: the renters refund ___

Sen. Cook: the county sends that out

Kathy: the state sends that out.

Sen. Cook: the state sends out the renter's one?

John: the statute says it is deemed to be part of the property taxes paid by a renter as part of his agreement.

Sen. Urlacher: are you referring to when a county subsidizes on a housing authority?

Sen. Cook: the county subsidizes the tax, we pay the county for any relief that's given to people who are getting a property tax reduction based on the homestead tax credit, your saying that was a renters reduction, the state actually gets that relief to the

Kathy: that's correct we reimburse the counties for the homestead credit program we actually send a check to the tax payer for the renters refund program.

Sen. Cook: but the tax the renter program they apply at the county do they not or do they apply at the state?

Kathy: they apply at the county level but the state reviews each and every application

Sen. Urlacher: so those low income renters you can get to the subsidy through the housing authority

Kathy: I'm not sure about the housing authority but through the two programs the state runs, yes

Sen. Triplett: question, talking about their low income renter who is in a different group than the 8300 that were __ here ___ low income property owners, I think Rep. Kelsh spent a fair about of time yesterday with the folks from the Tax Dept. trying to come to this kind of an agreement and certainly couldn't quite get it together yesterday so I don't think that this is the new topic that or I don't think we've discussed it to really before and its also isn't something that we brought up after the fact that we were trying to get to it yesterday and just didn't quite make it and we didn't have the numbers either and when Kathy has produced these numbers with this large of a group of people are being left behind I think its worth considering and I would Move that approve this concept and ask legislative council and the Tax Dept. to provide us with the language to add in and I will take Sen. Matherns and I will not move Sen. Matherns amendment based on what we've heard here today.

Sen. Cook: the first thing we have to do is reconsider our actions.

Sen. Triplett: I would **Move that we reconsider our action by which we gained concept approval to the conference committee report**, second by Rep. Kelsh.

Sen. Urlacher: discussion?

Sen. Triplett: I think that when we knew there was some kind of an issue yesterday that we were leaving people behind and the best but what I think we didn't have the information about the number of people and I think there's a significant number of people who are among the most needy but are not being dealt with and I guess there is a sentence or two that could reduce a program of a sort that's already in place the Tax Dept. knows how to run I think that it's a reasonable thing and I know we are getting pressured to get this out at 1:00 but we could probably have it on the calendar at 5:00 and I don't think that's too much to ask given the number of people that we now know to be potentially affected by this.

Rep. Drovdal: I feel the plan that was ____ by the House that was rejected covered these people in speaking to the property tax so if we reconsider I would like to recess so I can have some amendments prepared to go back to the House

Sen. Urlacher: I think we should vote on whether we want to reconsider

Rep. Belter: I guess I negotiated in a good faith effort and we battled this thing for how many days were doing this and how many times we did it and I guess I was not in complete agreement at all with the bill that we finally came to but I made a decision that we need to get off and press forward and now we are trying to go back into conference committee and I'm going to oppose that.

Sen. Urlacher: call the roll for reconsideration

Roll call vote: **3-3-0 Motion fails.**

Sen. Cook: this is exactly what we passed Mr. Chairman when we made our motion yesterday afternoon, **I Move that we accept this final report**, second by Rep. Belter.

Sen. Urlacher: discussion?

Rep. Drovdal: if I vote for this does that mean that I voted for the bill or just the report.

Sen. Urlacher: clerk call the roll for acceptance of the final report.

Roll call vote: **5-1-0 Motion passes**

Sen. Urlacher: adjourned the meeting.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032 Conference Committee**

Senate Finance and Taxation Committee

☒ Check here for Conference Committee

Hearing Date: **April 25, 2007 10:30 am**

Recorder Job Number: **6325**

Committee Clerk Signature Sharon Kenjura

Tax Bill held in Brynhild Haugland Room

Full committee present:

Chair Sen. Herb Urlacher, Sen Dwight Cook, Sen Connie Triplett

Rep Wes Belter, Rep Dave Drovdal, Rep. John Kelsh

Committee called to order, Chair Urlacher

Chair Urlacher: Are there any prepared amendments on the part of committee? *Up-to-date fiscal note passed out.* This has been in discussion for an extended period of time, adequate time to evaluate, so if there is any written documentation for an amendments, present them. Not a discussion, but a written amendment if at all possible.

Rep Belter: The House has an alternative plan, the Senate plan, and then it was rejected in a conference report, we have passed two bills through the House now and we would like to propose an alternative plan that was sent to us by the Senate.

Chair Urlacher: So your plan is outside of the 2232?

Rep Belter: It is basically the same, the only thing is that we are having a problem with, is the tax return on the income tax and would like to go back to the property tax statement, that is our point of contention.

Chair Urlacher: Do you have any amendments directing that?

Rep. Drovdal: In passing these out and make a few comments, the House did have several objections and we looked for many hours yesterday to try to incorporate them in the plan that was before us with some kind of offer of amendments, and we just could not do it. We don't want this to be an ego trip, these amendments have my name on it only because somebody's name has to go on them. This came out of a large number of Finance and Tax people we have visited with and the comments made on the floor, they were deeply concerned about the commercial, the small-town main street business people and the other business people that we felt that we weren't equitable with them. I know that there's no plan that's going to be 100% equitable, you just can do it. That's was one of their problems, and the other was, we are missing some low income people, and those are the last people that they wanted to miss and we couldn't find the way. There may be a little tweaking that we could have possibly reached some of those, we just didn't want them to leave them under the table. A lot of them had the problem going off the property tax figure to go on an income tax figure. They just didn't feel that was right, this is not a property tax reduction, it is dollars back to the tax payers, giving it back to them. In the House they felt they wanted to try to do it as equitable as possible to what everybody paid in. They understand that some people are out of state, and when you get into commercial, those people provide jobs, opportunities and provide tax dollars, too, so we shouldn't just ignore them, the plan that we have, and I'd like to pass it out...

Chair Urlacher: I'd like to add that those issues have been worked over many, many times all the way back and the Senate has passed through what they have passed through, and the shifting of gears at this point will be very difficult.

Rep Drovdal: We all have the same goal here and we all are trying to give money back, and we're going to do it in the end, I'm not questioning the motives or anything else, but we did talk

about this plan until 9:00 Saturday night and this method, it is nothing new to this discussion. It is similar to what the House is voted on several times and sent out. It contains most of the language, the only diversification on this proposal is the way we are sending the legislative tax relief money out, the proposal is that we are going to send it out to all classifications of property at the same percentage which is a 6.5%, this will put in about $8M more dollars into the tax refund, plus it contains the marriage penalty, the $20M of reduction of revenue and contains the Homestead tax credit at 3.6, so this bill has about $103.6 M in expenditures and 8.8 reduction in revenue. It's $112.4 M going back to the tax payer and we can all be very proud when we get this accomplished. Basically, it includes everybody that was included in the last bill, which is residential, which is agriculture, it also includes commercial which was not included when we tried to distribute it before. In the central assessed railroads, and the airlines, period, exactly as it was before. **I would like to move this for consideration and discussion.**

Chair Urlacher: One question is that, on the constitutionality, without any other assessments?

Rep Drovdal: Just the railroads and the airlines, they were in the previous discussion and Saturday we were talking about it, it does not include the other assessor central property. It does include a $1000 per parcel cap, that would limit the money that would go out of state. It isn't total equal, but as equal as we figured we can pass out of the House.

Sen Triplett: I would like John Walstad to walk us through and distinguish it from the last version that we had, similar to this, our discussion.

Sen Urlacher: Request granted.

John Walstad: These are very similar to the things that the committee has already gone through. I would be glad to run through the entire thing, but what I will do is highlight the things

that are different from what the committee has seen before and then just run through and point out the stuff in there that the committee has seen before and that it's the same.

Page 1 – Legislative Tax relief credit, first subsection, the last line of text, the credit here, "may not exceed $1000 for any parcel of property." That's $1000 property tax liability credit against any parcel MAXIMUM. Subdivision A&B, those are the percentages of the credit. It is 6.5%, residential, commercial or agricultural property, it is 6.5% mobile home taxes, and there is nothing in here about residency requirements connected with any of the property types. The second subsection is the railroad property reduction and as you can see that is also 6.5%, third subsection is the airline property exemption credit and that is also 6.5%. On page 2 the text is basically the same as the committee has seen many times before, 4, 5, 6, you are all familiar with those, 7 we've seen before, 8 is the language with SB 2200 that any allocations here that get paid out to a school district in property tax reduction for tax payers does NOT count as new money for schools and does not count as an increase in state-aided for purposes of SB 2200. Subsection 9 is something the committee has seen before but it is a bit different, it is the trigger method to require that after one year, the tax commissioner takes a look at the program and how it is running and IF the cost of the credit exceeds expectations or is below expectations, an adjustment will be made for the 2nd year. The dollar amounts here - $48M and $46M, that's the window. If the expenditures in the first year are WITHIN that window, no adjustment is made, if the expenditures are ABOVE the window, then subdivision A applies and the tax commissioner will adjust the credits. The 6.5 % rate would be adjusted DOWNWARD accordingly, and in subdivision B, if the expenditures are below $46M, the commissioner would adjust the 6.5% rate upward. The idea is that this is the target number and with growth we're looking at spending under this proposal, about $100M and an adjustment will be made after the first year to either bring up the rate or bring the rate down so

that after two years, the expenditures should be right on target with the $100M amount. Thank goodness for everybody, I didn't do the math, I just wrote this, and the tax department did all the estimating what these costs are going to be. The Homestead credit provisions are what the committee has seen in previous versions, it is the $17,500 maximum income to qualify, it is the maximum of $75,000 of true and full value reduction in the value of properties subject to taxes under the Homestead credit, Section 3 of the bill is the Notice of Increased Assessment. The committee has seen this before, it is the 10% amount that triggers the written notice and the notice has to be received, not less than 15 days before the local board of equalization meeting. Section 4 is the school district general fund levy limit, it actually does not LIMIT the school district general fund levy provisions of current law, but it DOES provide that beginning this year any elections providing for voter approval of increased or unlimited levy authority would be effective for not more than 10 years and that petition by voters to reconsider previously-approved increased school district general fund levies, the petition requirement would be reduced from 20% of the school censes to 10% of the votes from the last school election. Section 5 is the subtraction of the credit from the levy. Section 6 is the mailing of the real estate tax statement. Like it has before, it requires 3 years of information and it requires a line item to identify the legislative tax relief credit amount for the parcel. Subsection 7 is the property tax discount provision. It provides that if you pay your taxes early, the credit allowed against the property is NOT considered that the early payment deduction would still be 5% of the full amount of the tax bill. Section 9 is the marriage penalty credit, that is a $300 maximum credit for married couples filing joint return. That $300 amount is indexed to match the inflator that applies to the income brackets for married filing jointly, and other brackets. The adjustment is provided here by comparison with single rates for the lower or lesser earning spouse. We've seen that before, won't go through that. Section 10 is the ND 1 form reference

to that marriage penalty credit. Section 11 is the provision governing the tax statement delivered for mobile homes. It again requires 3 years of information and a line item with the legislative tax relief. Section 12 is the appropriation. It is an open-ended appropriation from the Permanent Oil Tax Trust Fund. It is a continuing appropriation, but it is only effective for 2 years and it's open-ended, but it would be controlled by that trigger mechanism that requires that review after 1 year to see how the expenditures are running against anticipation. Anticipated expenditures. Section 13 is the $3.6M dollar additional appropriations for the Homestead credit. Section 14 is the Legislative Council study with that expanded language that the committee endorsed in previous drafts and then Section 15 is the effective date provision. The two sections that are delayed in effectiveness are the mobile home tax statement and the notice of increased assessments, which would be effective next tax year.

Rep Kelsh: Under section 12, the appropriation. What happens to the percentages if the money is NOT available. The line states: "monies are available."

John: IF permanent oil tax trust fund monies are INSUFFICIENT to fund the anticipated property tax relief payments, a pro-ration would be necessary to the extent monies are available, the amount available for distribution, they would have to be a pro-ration of the property tax relief. It is not written in here that that would happen, but it is, in fact, what would happen.

Chair Urlacher: This would go to the county level for distribution, wouldn't it?

John: The property tax statements for tax payers would be reduced by these percentages. Counties would then submit the information to the tax department. The tax commissioner would send payments to the counties and the counties within the county would allocate the money received among taxing districts to replace the reduced property taxes for tax payers. I

am informed that the money will be replaced for each subdivision to the extent that that subdivision loses tax collections because of the reductions.

Chair Urlacher: It is not subject to income tax, then?

John: It is not a payment to a tax payer that is subject to income tax. The payment goes to the county, it would cause some income tax impact because the tax payer's property tax bill will be reduced by 6.5% and as a result, income tax reductions, will be a smaller amount for tax payers. Deductions will be smaller and then, you get into the question if you itemize or not. It gets complicated.

Chair Urlacher: Does the committee feel there is a need to go through the original 2032 for educational purposes? There are a lot of people that probably haven't understood what's before them.

Sen Cook: Maybe it's beneficial to compare this version of 2032 now to the version we first had seen when the version just came over to us. It is obvious that all the caps are removed, it is obvious that they went back to the original mechanism of running this money through the counties rather than the mechanism that they had put in place when they sent 2032 over here, but maybe that's beneficial for us at this committee, but maybe but for a lot of the people who ultimately need to understand the issues here. I'd like to point out, I'd like to commend them for finding another $8M dollars, that is something that we spent a lot of time all weekend certainly debating the amount of money, here. First off, how much money in this bill goes out of state, I'd like to ask that? Do we know?

Rep Belter: I don't know that I certainly am not prepared to answer that, if there is someone from the tax department that could give us that information, I would suspect that that information could only be provided by the counties and whether the counties would have that type of information, to the best of my knowledge, we'd have to ask people from the tax dept. In

all our dealing with the tax department, I would ask Rep. Drovdal to confirm my viewpoint, I don't think we have a handle on what might be, going out of state. The main thing important here, because of the caps, we greatly eliminate the exodus of money, and I think that maybe in our past conferences, I know it was Sen Triplett that made the comment that that it wasn't that much of a concern. I think with the caps we have put in, that we've certainly running away with the bank.

Sen Cook: I would question the word "eliminate" the dollars going out of state. I think you may have reduced the amount of money, but how much money is now in this bill of the $100M, how much is now going to commercial, and the essentially assessed property, do you know that figure?

Rep Belter: The centrally assessed is not in this bill, the railroads, I don't have that figure for you.

Sen Cook: I need those two figures. When I carried this bill on the floor the other day, I referred to the process to the beginning of the session up to now is like going through a minefield, since the very beginning, since these two bills were introduced, there were a lot of legislators standing up and speaking to why they were NOT good bills. Why there was something wrong with it, they were pointing out the flaws of the bills, and never stopped. One of the flaws from the very beginning from Legislators on BOTH sides of the halls were the amount of money that's going out of state. If our intent here is to find some of this surplus and send it to the people of ND, why are we doing it in a manner that sends it out of the state? One of the best things about the proposal that we have in SB2032 is right now it eliminates that particular fraud. So, it amazes me as we go through here and we try to find solutions, that every solution, has more flaws. Rep. Drovdal says this is not a property tax reduction, I would challenge that question, that's EXACTLY what it is, it is a property tax reduction. It's going to

be based exactly on the amount of property tax that you pay and it's going to come to you through your income tax,. State income tax report. If you are already paying state income tax when you file, it's going to reduce the amount you have to write the check for. If you are already getting dollars back, a refund from the state, it's going to increase your refund by 10% of the property tax. I question why we can say "this is not a property tax reduction." My point is we have gone through this minefield, and gotten through these mines and get close to the finish line and now we got a bill here that's setting us back, but we have to start going through some of these mines that we have already managed to weave ourselves through as we try to get to a finished product and try to go home. I commend you for finding $8M more dollars but I think if we really want to get to the end, we would take that $8M dollars in the bill that we have before us now, 2032 and we can solve the low income concerns I heard raised on the floor and we have a very good product.

Chair Urlacher: Our original goal has been stated to some degree, was to keep those monies in state, not allow them to be subject to federal tax, spread it as far as we could to get to the majority of the people, and so, if we send any large amount out of sate, we just take away from the bottom end, and they get less or any, so stop that flow and keep all that in-state if possible and address everybody that we can. I think we've achieved that through the many, many amendments and meetings that we've had. If we'd take another direction, I'm not sure where we're going, but I do think there is some misunderstanding what 2032 actually was. Therefore, the people need to vote on what we actually got. I don't know if there is any suggestion that we go through that, and lay it side-by-side for comparison purposes, and vote it.

Rep Belter: I would like to reflect on the shortfalls that the house felt of 2032. Sen Cook gave us the illustration of the minefields, and I know both the Senate and the House side have been struggling with what is the best way to return money to the taxpayers of ND? But I sincerely

believe that the version here, that is presented by the House eliminates one GREAT minefield and that is the minefield of those people who pay property tax, but do not have an income tax obligation. There is quite a number of people in that situation. I don't think we should be leaving those people out of the formula, that's what the Senate version does. The other aspect is, we have a commercial community that is very, very important to the economic vitality of the state of ND. They make a HUGE contribution to the tax caucus of this state, and I think it is important that we offer them something. They are certainly not getting their fair share in this bill, but at least they're getting something and it will certainly be a benefit to our smaller businesses and whatever plan we bring forward, somebody's always going to find some type of holes in it, but with the caps, that we are really as best we can with the exodus of money from the state of ND and the benefits are achieved for those property tax payers who do not have an income tax liability that are taken care of in this bill, that benefit far surpasses any loss that may go out to out of state revenues, or out-of-state taxpayers.

Sen Triplett: I think it is important that we get some of the answers to some of the questions that Sen Cook asked and I don't see the folks from the tax department here. I'm wondering.... They are here, I'm wondering if someone could give us their best estimates for those questions.

Rep Belter: I'm wondering if we shouldn't have the podium up there when they'll be up there.

Recess for a short time

Chair Urlacher: Dee is on the phone, is there something else we can move on to, for discussion?

Rep Drovdal: If you consider this as property tax reduction, which I don't believe it is, I think it is a refund, there's no money going out of state, it's all going to the counties and going to the subdivisions. There are no checks going out of state at all. If this is yes, then they'll be sending

us in. I'll go back to my earlier statement, the only way we can reach the main street ma & pa stores in every little town, Mayville, Watford, Arnegard, Ellendale, wherever you go, Devils Lake, is by including commercial, and I think it's important that we include those people in there, and the House members feel this is very important. As far as out-of-state, they have invested in ND, they are paying our property tax, we don't mind taking the tax dollars, so maybe it isn't unfair to give them some back. We did cap then at $1000 per parcel, I believe that is going to make quite a reduction in out-of-state money going out of state. Approximately 75% commercial property is owned by North Dakota, so the maximum on it would go to commercial. ¾ of it would be in the state anyway. With the cap, it would be considerably higher. Yes, there would be something going out to these people who invest in our state, provide jobs and opportunities, recognize the contribution they're making to our tax roles too.

Chair Urlacher: Do you feel that amount is going to be a large significance to the large corporations, passing down their other taxation like other commercial does, are they going to reduce their take from their customers with it? Those are some of the questions that come to mind.

Rep Drovdal: Chairman can answer that...

Rep Belter: In response to that, because of the constitutional question we cannot differentiate between commercial and residental because of the property, and if we want to treat the residence people equitably, the only way that we can do it is be including the out-of-state resident who owns property. If there was a way to tie it to residence, we would have done that on this bill, the important thing, in your version, there was a possibility we could do that, the problem is, that by using our method, everyone that owns commercial property will eligible for money back regardless if they have income tax liability or not, people that are paying property tax will not receive any refund of the excess revenues that the state is currently enjoying.

Because of the constitutionality and dealing with the people that do not have an income tax liability are not getting their fair share of the excess revenues that we have.

Chair Urlacher: Do you feel this would not be a nightmare, or would it be a simplification?

Rep Belter: Obviously there is going to be some difficulty with any new program, but I'm very confident these counties are sophisticated, they can deal with it, this concept as been around a long time, 1051, around in original 2032 where the counties were involved. Most of the concerns expressed by the counties have been alleviated, there is no doubt there will have to be some changes.

Sen Cook: A couple of comments to Rep Belter, and then speak to issue of what degree should commercial property should get relief, I and Belter were a sponsor of HB 1051. I was one of the first people at the table on 1051 was put together, and it has $22M in it for property tax relief for commercial property. I fully support commercial property deserve relief, that was a major objection to a lot of folks, a lot of the $22M was doomed, because of that, in order to be successful in getting $100M back, when we were negotiating this, we offered a solution with the existing 2032, we have $15M dollars at the table. We put in $8 more million dollars and if we figure that out, we will have a solution. On the issue of low income, when I listened to the debate in the House, I heard people say the low income people were not getting any relief. We have a solution to deal with that issue. That's not what I'm hearing today, today it is people who do not have a tax liability. The statement that it does not give help to people with no liability to low income... do you see a difference?

Rep Belter: I think there are two situations, there are people under the age of 65 who will get missed in the current senate version and they may be lower income or they may be lower income or other reasons for various tax implications that they may not have an income tax liability. We have a mixed bag here. 65 and older and are low income are taken care of by

Homestead Crredit and have given those people an avenue, there is another group, we can't identity an age group or income group for various reasons may be missed by this. There are 69,852, a large number of people who do not file an income tax return, in fact, the number returns with "0" tax liability, 69, 852, which is 21.28%. We don't know how many of those are property tax payers and what their circumstances are. Fact is, there are a large number of people who do not have a liability.

Sen Cook. So we understand, there are two numbers on the tax statement. One is gross income and one is tax liability at the end. We have people who have a low gross income and because of that, they don't have any tax liability. We have a group have high gross income, also do not have tax liability, we can identify. Pick a number of $22,000 gross income, are you trying to help those who are not getting help or are you trying to help those with $100,000 gross income, but are not getting any help because they have no tax liability? That's what I want to know.

Rep Belter: I think you need to keep in prospective, what we are trying to do, is trying to return $100M to people of ND, the formula we chose is to use the amount of property tax they pay as that formula. We can debate if that is the proper formula to use or not, that is a debatable issue, my perspective, what is NOT debatable, is that we want to return money as fair and equitable as we can, using property tax as the formula for refunding our excess revenues, it is pointless to get in the argument of who is qualify or why they would qualify based on their various income situation. We could have 100's of combinations of ideas on who or why they don't pay taxes. We have property tax paying people, we're going to make that distribution on property tax they paid, and need to distribute equally, up to the $1000 cap.

Sen Cook: I will ask one more way and then back off of this. This is the difference I see in these two models, the model you defeated, if you are an individual with a $50,000, $75,000,

$100.000 income, but have no income tax liability, you are going to get "0" relief from that model, however, the bill that you have before us, your amendments from 2032, and using the mechanism of 1051, if you are a individual with high income but no tax liability, then you will get your tax credit based on property tax. .Are you looking at the fact that you don't get it in the existing model as a flaw that needs to be corrected? Is that why we have the model before us, or is that not one of your main reasons? If you want to talk about who benefits from one or another, that is the group of people who start getting relief, they will not get relief on the proposal we agreed on last Sunday. I want to know if that's the group of people you're trying to help.

Rep Belter: I want to do, is return 100M of revenue, excess that the state of ND enjoys and we have made the decision to do that based on the property tax that you paid which is really the concept that the Senate is advocating in 2032, the difference is, under our concept, we're going to insure that everyone that pays property tax will receive a benefit of that, under your program, that does not hold true.

Sen Urlacher: Does that answer your question?

Sen Cook: One of the things that has been debated, is WHO gets the relief, that's what it's all about, $8M, I'm happy with that, we have no caps in here, happy with that, only thing we're discussing, is who gets it, and then how is it delivered. If we agree on who gets it, then we'll agree on how it gets delivered. It is a question, an important question.

Rep Kelsh: When we came down to finalize the version that we have before us, we did bring up the fact that there are 8,300 home owners, who do not pay an income tax, but are paying property tax and we offered a solution to that, and for whatever reason, the committee chose, not to consider that. Another point, commercial interests can already deduct the property taxes as the cost of doing business. They are getting relief for the property taxes on their income tax

forms already. By doing this on a parcel basis, every Wal-Mart in ND is going to be able to take a $1000 credit, every Target, every Big Box retailer that is out of state will be able to take this credit. You are adding more slices to the pie and not allowing...you're shrinking the slice that the resident of ND is going to be eligible to take by adding commercial interests that are located out of state, when we talk about talk about this version. We do have to offer relief to those who pay property tax but don't pay income tax.

Rep Belter: I understand where you're coming from, that's why we impose the caps. Just thinking about my district. I have a Hardware Hank, and I have a Central Sales and I could go on and on, naming a lot of small businesses that are the main street businesses of our community. They are the ones who put uniforms for pee-wee teams, trying to make a better place to live. There are to be tradeoffs, the important thing is, we reach out to as many commercial ventures as we can. Quite frankly, there are a lot of property tax facilities that are owned by in-state people that pay a huge tax. You can find in Bismarck and Fargo, many buildings that are owned locally by people, that may be paying $50,000, $100,00 or $250,000 in taxes and we're only going to giving them back only $1000 back, we are certainly not over-extending ourselves to those people, but we have to make some tough choices, so we put $1000 cap in so we can help those small businesses and not break the bank.

Rep Kelsh: I guess my response is, if they are paying $250,000 in taxes, are they going to notice $1000 that could be going to someone who WOULD notice it?

Rep Belter: Rep Kelsh mentioned that business people do get to deduct it from the payment for property tax, off their income tax, which is true, so do farmers, are we therefore suggesting that farmers should not be included in this, because I think we are going down the wrong road. Yes, they do get a little bit more, but I think business people are paying their fair share in those communities. As a former business owner I know first hand what they are doing in the

community, they're not demanding the services of what the residential person is demanding, and yet they are providing a lot of the services to that community, as I believe we all agree, as far as the residents getting less money, we were concerned about that and that's one of the reasons that we went out and found $8M more, to put in, and I don't think we are reducing in this bill the amount that the resident will get any more than he would have gotten. Sen Cook, I'm perplexed at one of your questions and one of your comments. One of your comments was who do we want and how much we want to give back to people, because we're determining the amount that we're using relief, the tax payer in both ideas on the same basis, and that's how much they're paying in property tax, mainly what we're disagreeing about, I think, is which formula we're going to give it back and how it affects the tax payers trying to give the tax refund back. Am I misreading something here Sen Cook?

Sen Cook: Since the beginning, when it first shed it's light to the public, people looked at the bill and said, "this is what I get, good," then they see what others get, then they want more, some of the details come forward, "I don't get what I thought I was going to get," we keep speaking about them, there are folks with no tax liability, they don't get any, going with your idea, your group with a gross income, but for whatever reason, they have no tax liability, they get no tax relief, is that the problem that separates us?

Rep Belter: In my opening statement, I said that that was one of the problems and the other was commercial, in that we felt Ma and Pa deserved a break also, equitably.

Chair Urlacher: The other question I have is, is the Ma and Pa store willing to sacrifice some of theirs to give up some of theirs to give out-of-state corporations more?

Rep Belter: We have to treat commercial equally. I did not call and ask them that particular question, we're all here and working for the people, we're going to come out of this, we just want to try to do it in the most equitable fashion. I think we all have that goal to do that.

Sen Triplett: I agree with Sen Cook has said, appreciate the $8M additional, so we are comfortable with the dollar amount, the scheme you have provided does catch those low income folks that we're all concerned about in this previous version. This bill that is here does have all the benefits of all the work we put into this Friday and Saturday, from John Walstad's run through of it it appears that, everything is exactly the same except section 1, and the appropriation section, so we are preserving the work that we did to address the concerns of local government, the previous version of it that came to us from the House was burdensome to local government, we need to recognize that our friends from the house did take a bit of a risk in the end by ageing with our version which they never did support the Senate version, we ran it up the flagpole and see what the response was, and we found that we got a good response in the Senate and a less good reaction in the House, so we're back here. I think maybe we should, turn about is fair play, we should adopt this version, and give both of us a chance, and in the first session this afternoon, if we can run it up the flagpole, if it fails in house or the other, we go back again, I'm willing to give this a shot, this does respond to a lot of issues. Motion to move the amendment was moved in the beginning.

Sen Cook: That's fine, we can move this, there are still a lot of questions, we can run bills up to the floor, we need to identify the differences and apply a solution, the questions that I have in here before I even vote on it, first, the money, It is modeled after 1051 with $100M in it, when we introduced it, we had $116 M in the bill, we had $77M going to residential, $17M to agriculture, $22M to commercial, $600,000 for the railroads, $21,400 for the airlines, I want to know what we have in here now with $100M? I need to know how much of this is going out of state, we need to hear form the Association of Counties, what degree some of these things are going to place, if they can handle what's in there for them. I also have a concern, there is a date change affecting the dollars that go back, went the state sends the money to the counties,

June, and what it changes in the school district, we should adjourn and get the answers, and come back at 1.

Rep Belter: One comment on Rep Kelsh's comments, the deductibility, we should keep in mind, one of the great benefits of home ownership are taxes and interest which is also a deductible item, there is a trade off there.

Chair Urlacher: We can take a recess, move along, and get additional information.

Sen Cook: I'd listen to Dee if she's got her answers.

Denita Wald, Council from the Tax Dept: Answers to the questions in different classifications in property, the one thing we have not modeled is the out-of-state aspect of this. Under Rep Drovdal's proposal, residential property will get 48.9% which is $50M, commercial 28%, $29M, agriculture property, 21%, $22M, railroads, ¾% , $780,000; airlines 3/100%, %28,000, mobile homes, ½% at $475,000. In this proposal when calculated comes to $102M, we have not figured the cap into that at this time. The cap would reduce those numbers somewhat.

Rep Drovdal: Can you comment on which numbers the cap is going to have the greatest effect on?

Dee: We thought that the commercial property would be mostly affected by the cap.

Sen Cook: There still are the questions I have on this proposal, but if you want to call the question, I'm perfectly willing to vote on this, I think I see, It's obvious, the main thing we did is we reduced it by $16M on the back to residential, they're the ones who go down, when we go from $116 to $100, and yet commercial, agriculture, railroads and airlines all get more dollars available for them. **I'm happy to call the question and vote on it.**

Chair Urlacher: Is there a second to the motion? We have a second?

Sen Triplett: I'll second it if you need it.

Chair Urlacher: I believe you did.

Rep Belter: I would like to make a closing comment before the vote here, I would certainly hope they (the Senate) would accept this plan, I know that 1051 was rejected in the Senate earlier in the session, The dynamics from the whole thing being tired and worn out to the different plans that have been presented by both minority members as well as majority members. We've spent a great deal of time to get an equitable compromise, it was earlier in session when you voted on 1051, there were many, many ideas on how we should best approach returning the revenues back to the people, we are in the closing day, and I hope the Senate gives this a favorable vote because it does take care of some of the problems that had surfaced in the current 2032. We appreciate your support.

Sen Cook: Clarification, 1051, was not early in the session, it was 2 weeks ago, and it was defeated.

Rep Drovdal: It just seemed like a long time ago. On the percentages, 50%, residential *[reviews percentages]* I believe the cap would have quite an impact on the commercial property tax going back. It's going to lower that percentage. What I'd really like to point out on the commercial, 75% should be ND citizens, good majority, vast majority is going back to benefit the residents of ND. I think it's a good plan.

Sen Cook: I can't disagree, but point out, putting into residential in ND puts it in the hands of the people who own commercial property, same thing.

Chair Urlacher: I had a question, Association of Counties, do you want any answers prior to the vote?

Roll Vote: Kelsh y, Cook n, Belter y, Urlacher n, Drovdahl y, Triplett y

3 – 3 – 0 Failed to pass on a tie.

Sen Cook: I would move that we recess until the call of the chair, so that could be after the next session. I will bring amendments to the bill that we agreed on last Sunday, I will bring amendments that will deal with the low income people that may fall out of the cracks here.

Chair Urlacher: Called adjournment

ADJOURNED

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032**

Senate Finance and Taxation Committee

☒ Check here for Conference Committee

Hearing Date: April 25, 2007

Recorder Job Number: # 6330

Committee Clerk Signature Sharon Renfrew

Minutes:

April 23, 2007 4:00 2032 another hearing on Bill for tax relief

Attendees

Sen. S Urlacher, Sen. D Cook, S Connie Triplett

Rep Wes Belter, R D Drovdal, R Kelsh

Sen. Urlacher: called back to order, any written amendments? That are available?

Rep. Belter: We had presented our house plan before you and wondering what the senate has that they might be looking at to meet some of the concerns that the house has.

Sen. Urlacher: Well if we could get the amendments out for review from either party, let's see what we got and absorb what it is, whoever wants to present their amendments.

Rep. Belter: I would like to see what the senate intends to do to resolve some of the concerns that we've expressed.

Sen. Cook: I got amendments here that I think everyone knows what my amendments will say, one deals with the concern that was raised when I listened to the floor debate on low income people, not being able to benefit the tax model that's out there, and the other one has to do with and I've explained on how we can bring in commercial property, I can bring them out and offer them, but...

Rep. Belter: I would think they could be put on the table for discussion

Sen. Cook: I would like to see all the amendments on the table for discussion. To bring this to a conclusion, we need to bring the red envelopes out.

Sen. Urlacher: well that was what I was referring to in the opening statement, I think we need to get it all out and see it, absorb it and see what can and can't be done.

Sen. Cook: Three envelopes but there there's only 2 of them. *(hands out the amendments 0683)*

Sen. Cook: the amendments 0683 deal with the Homestead tax credit and will take you to the back of the amendments, sec 9 you'll see that the appropriation is the same it's the same 3,604,000, we are creating and eliminating the bracket of 60% creating bracket 10% and expanding it from 18,500 to $22,000. Those who are presently receiving 100% they will continue to receive 100%, those with 80% now will expand from those making 10,000 to $11,500, the few people between 10,000 and 11,500, they are presently getting 60%, that is the group basically combining the 60% and 80% together so everybody in that group gets 80%. The group receiving 40%, capped at $13,000 moved to $15,000. Those 20%, 14.5 I moved that up to 18.5, and create a group at 10%, goes to $ 22,000. We moved the brackets around. No one receiving a Homestead credit will get any less, they would get more unless they stay in the same bracket and their home is $67,000 so they can't take advantage of the increase in true and full value. We're going o reach more people that we're not reaching today and we're going to reach a lot more people than we would have been able to reach with this bill as it was amended. If our intent is to try to reach out and make sure that the low, elderly and disabled income people that are not going to be helped today or who are going to be missed with 2032 that we reach out and find more with these amendments.

Rep. Drovdal: I guess I'm a little flustered by it. We have in a number of bills we have done a number of improvements, by raising the limits from ;8,000 to 12,000, 8000 to 10,000 and its $2000 in each step. I think this has been a big step in both houses and we also raised from 67,500 to 75,000 this takes all that away. I realize the effort is to get to those people, this has lowered it back down to 67,500 and has kept those people at 10,000 still at 80% instead of 100% of 75,000, this has gone backwards I don't know if that is the intent.

Sen. Cook: the intent was to change the brackets and council drafted that, is that the information you got from the tax dept?

John: Brackets are extended? The mail that Marcy prepared, the current values would stay, not the increased taxable value deductions on the previous.

Sen. Cook: so current true and full taxable valuation would stay, that's what she told you, thank you.

Rep. Drovdal: I'm not willing to compromise.

Sen. Cook: I'll go back to Marcy, that was not the intent

Sen. Urlacher; with that correction, you'd be in agreement?

Rep. Drovdal: it certainly would be better than what it is, it certainly wouldn't get me so upset as this one.

Sen. Urlacher; we do have to agree on some portions

Sen. Cook: the other one, I just got handed it as I walked in, *hands out the amendment #2 (0690)* You'll see if you go to page 7, new section 7, I asked for a change in section 6, too, deals with the $1000 and $500 if you are married, where is that, 3a, "the amount of credit in this section may not exceed $1000 for a single individual or married persons filing joint return or $500 for married, that's the first change, everything we looked at before, a single was capped at 500, married folks capped at $1000, married filing separately were capped at $500

each, I agreed with that single people probably should be capped at $1000 rather than a $500 that's why I raised that after it was raised by a member of the House. Section 7 deals with the Commercial property taxes, the fact that commercial property owners are missing out, the income tax model this puts it in there I thinks there's 15.1 million dollars, they are getting 10%, that is what I asked for, capped at $500. That's 15.1 million dollar fiscal note, I think we heard when 1051 had 22 million dollars in there for commercial property, this has 15.5 now that's what the caps do, and the fiscal note stays the same, I've got the 8 million dollars that you brought to the table this morning we've got 100 million dollars in this bill now, and if there's a shortage with bringing this 15 million in of course it will come out of the ag & commercial. Open for discussion.

Rep. Drovdal: Your comment about the House member advising you on 3a, I'm glad to hear that your finally listening to a House member, but I'd like to know his name in case I need him to refer some other stuff to ya.

Sen. Cook: he's a member of the Finance and Tax I suggest you replace yourself with him and we might get done with this.

Rep. Drovdal: I could say the same for you too. I want to compliment the Senator on trying to address some of the concerns, I have to say I'm a little concerned on the 500 cap, I thought the 1000 cap we would be at 15 Million dollars. It was a mechanism to divide the funds so that if there was a shortage on it they would reduce the percentage in commercial and not dip into the ag and residential.

Sen. Cook: If we can set the tax dept up to see that the numbers and fiscal notes are correct I'd be happy to go that route, regarding the percentages in here, there here they are in the bill and the way we split it up at 100 million, we were at 92, 97 & 13 I think is what I told you John, so the trigger methods, you'll find them in there, sec 8A on page 7 deals with trigger

mechanism for Homestead or the resident and agriculture its $87 million so the fiscal impact of the 10% deduction exceeds 47 million dollars the first year of the biennium then they got to go through the formula to adjust it down to say that it does not go over 93 million for the entire biennium and then the trigger mechanism for the commercial is on , Page 8 A is 6 million dollars.

Rep. Drovdal: The way I understand the Homestead credit the way you intended it to be leaving it at 75,000, if we put in a sunset clause that in 2 years it would automatically revert when this program reverts to the higher levels that we agreed to earlier, we lose the higher income levels values to adjust for a few people, kind of bothers me that we are shifting money from the lower income senior citizens and disabled for the higher income because we're doing the same thing for more people somebody got to split to lose less money, the math is there.

Sen. Cook: Excluding the misunderstanding in the tax dept. and the true and full value limitation, there is no one out there who is qualifying for the homestead tax credit that is going to finding themselves in a lower bracket, if you want to make a statement you gotta compare that to the numbers in the bill right now, that isn't law. Right now people who are getting the Homestead tax credit, there is no one who will get less with these amendments.

Rep. Drovdal: I don't want a conference on that set.

Rep. Belter: So I'm understanding Cook's amendment. People who are currently on the program will stay under the same program so they will not get the increase at the 3.6 million but you will be adding an additional group of people. Do you know approximately how many seniors will be added?

Sen. Cook: No body will get less, some will get more even with the way you folks have presented it, there are brackets, some will get more, I don't know if we have an answer.

Rep. Belter: Maybe the tax dept can tell us, how many people are on the Homestead credit?

Sen. Cook: We can find that out.

Rep. Belter: That's the only question I had on the homestead credit.

Sen. Triplett: Your comments are a little fuzzy. You wanted it to stay at the 67,000 level , you were expecting it to be 75,000 but maybe Marcy kept it at that so the dollars can stay the same, we should find out how much more money it would take to accomplish that. We should know that question. My other comment, Sen. Cook , the concern to the low income people who are over 65 or disabled, but still leaves a group of people who are low income but are not over 65 or disabled, so I think we went part way towards fixing the problem but still falling short.

Rep. Belter: I don't know if the tax dept has the statistics or not but I have figures her of the if you look the break of the taxpayers over 65 there's 11,352 households with incomes under 17,500, and there's 62,199 with household incomes over 17,500 so we are dealing with a sizeable group, so that's why we were dealing with the exact number of people that are on current homestead credit.

Sen. Cook: when you say households are you talking home ownership? This includes people who rent also, don't it?

Rep. Belter: This just calls it household income so that could be both home or all classes, also rental, homeowners. I was surprised at that number.

Rep. Kelsh: Section 7, brings the fiscal note to 106 million am I right? Can you tell me where the provision of transfers that money from the oil and gas trust fund over into the general fund is?

Sen. Cook; It's not in here

Rep. Kelsh: Can you tell me where it is?

Sen. Cook: It's not in here, I don't know where it is, I'm sure that there are others that take care of that.

Rep. Belter: Sen. Cook, what is your total amount that you have in the bill?

Sen. Cook: I said 106 to him real quick, I think its going to be approximately 112 , we were at 104 when we came out, lets see we're at 92, 100.8, *figured math*, 104 when it came out, will take up to 112. it's a 3.6 million dollar appropriation and the rest of that is impact to the general fund revenue.

Rep. Kelsh: At the House version we were at a $1000 cap per tax payers, if I recall that to go to 1000, we'd be looking at another 12 or 15, if we raised the commercial to 1000 cap what that would come t

No,

Sen. Cook: We've listed to the concerns of the House I think it was the commercial property, the low income people and I think they are very valid concerns , if we can find ways to meet those concerns that the House raised, we can make this a better piece of legislation, there were some questions raised here, I think if the House agrees that it may improve this legislation and make it into something that they can take to the floor and get passed and we should pursue getting the tax people down here and answer the questions, the details and finish out this work. If they're not interested, we might as well leave these proposals here and find something else.

Rep. Belter: from my perspective I would be waiting for tax dept for more info on homestead credit, I'm a little concerned that the improvements that we made in the homestead credit are getting watered down and we can fix that, all it takes is more money, that would alleviate, our concerns, it still does not meet the concerns of a significant number of property tax payers who will not participate in any of our money return from the state treasury, it is not fulfilled in my prospective, that is the end o your amendments? I guess I would (*hands out amendments 0690)* What the House has proposed is another version of what was presented earlier today

but has more money in it, we have changed the residential to a 10% property, commercial and ag would be at 6%, Mobile homes would be at the 10% for those who have residential mobile homes and 6% against commercial mobile homes. I think we're looking at approximately $115 million dollars in this package which would be I think 3 more that I guess could be used. In all fairness to your package, we'd have to put more dollars into yours too, for comparison purposes and I understand that.

Sen. Cook: 115 million for section 1 or do you still have the homestead.

Rep. Belter: everything, the only change we are making in the 686 amendment is the percentage, we were at a 6.5 and we raised it to 10 for residential and went down to 6 on ag and commercial, same caps everything else should be the same.

Sen. Urlacher: 1000 on commercial?

Rep. Belter: ALL, same caps on commercial and residential and agricultural.

Sen. Cook: Caps are by parcel?

Rep. Belter: Yes

Sen. Urlacher: That's the extend of your amendments?

Rep. Belter: Yes, I think we have offered a very good package here, it leaves no one who pays property taxes out of the plan to return money to the people of ND, we have all the other provisions that we have previously accepted, I think this is the easiest plan, it seems to alleviate a lot of the difficulties and concerns that we had with the Senate version of being on the income tax form.

Sen. Cook: The good representative across from me, he and I spent a lot of time last July and August when we could have played golfing debating the same topic, we were in a different room and having a lot of discussions over the percentages and we ended up being co-sponsors together on a piece of legislation1051, that was 10.5.5.5, and now we've had 78

days of debate and argument finding the reasons why that bill was no good and listening to all kinds of people who said we can't do this finally getting it killed in the House and we are back to almost to where we started and I've really kind of enjoyed this but I'm happy with what you go here, but what makes you think all of a sudden all the people who didn't like our plan last January and blew holes in our plan and eventually killed our plan are all of a sudden going to come on board and sing kumbya with us?

Rep. Belter: I think that is the process of the legislature process. As I said on the house floor there are 94 ways to do this , and in the senate 47 ways to give money back, we've kind of exhausted all avenues, and have come back to this plan, a lot of it had to do with getting budget's settled, to your credit you fought to get property tax back to the tax payer, I think that the proposal we've put before you certainly exemplifies the fact that if you hang on and fight for something you want, you may get it and I'm putting this before you and look on this favorably and bring this legislative session to an end.

Sen. Urlacher: we have to make these circles to accomplish this, with that, we will get the numbers that have been requested and move on there at the 5:00 session.

Rep. Drovdal: my fine senator from the East and my fellow representatives from the east, I'm running out of oil wells and need to look at this pretty soon.

Sen. Urlacher: We don't see it as impossible

Sen. Cook: there are more red envelopes over there I'm wondering if he has one that says 10-5-5?

Rep. Belter: It was to try and fix your bill but I read it over and I didn't think it would do so I'll that one in the closet here.

Sen. Triplett: I see that Marcy has entered the room, can we get the numbers we're looking for

Sen. Urlacher: If we can get it into the time frame

Marcy enters the room, take the podium

I hope the numbers you are looking for are the $22,000 maximum income for eligibility for the homestead credit , with the $75,000 maximum taxable value, that comes outs to a total cost of the biennium of 8, 432,000 which in addition already in the tax commissioners budget would require another 3,932,000.

Sen. Cook: then we have to get the bill changed. I thought we also had the discussion that if it was only $300,000 more we could leave the FN the same.

Marcy: that was what I left the maximum taxable value at 67,511, that is the difference.

Sen. Cook: what's that number again? 3,932,000 and that brings the taxable value up to $75,00 and the income up to $22,000

Sen. Triplett: this is over and above the 3.6 new money that we already had?

Marcy: that's instead of 3.6.

Sen. Triplett: so the 8.4 you reference would be the total cost of the program including what's already in law. So it's really just a few hundred thousand dollars more

Rep. Drovdal: if we had left in Sen. Cook's amendments that he brought in if he had left the increase in the income levels as we had proposed them in the other form, what would have been the FN by adding that last category?

Marcy: 25,000 income?

Rep. Drovdal: We have proposed already increases from 8 to 10,000, 8500 to 10,000 from 8500 to 12,500

Marcy: That's what's in this latest number I just gave you.

The taxable value goes for the people of under 8500 dollars

Rep. Drovdal: leaving the increases in the income as we have proposed previously and just adding the last bracket at 10% up to $22,000, what would have been the fiscal note?

Marcy: I didn't do that one, It wouldn't be much different, actually the biggest difference we've found following the last Legislative change in this was due to the increase in the value of the House more than the income?

Rep. Drovdal: Would you do that for me?

RECESS called 5:52

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032**

Senate Finance and Taxation Committee

☒ Check here for Conference Committee

Hearing Date: April 25, 2007

Recorder Job Number: # 6334

Committee Clerk Signature Sharon Renfrow

Minutes:

6:30 SB 2032

Present:

Chairman Herb Urlacher, Sen. Dwight Cook, Sen. Connie Triplett

Rep Wes Belter, Rep Dave Drovdal, Rep Scott Kelsh

Recess until further notice. 6:40 pm

Rep Drovdal and Rep Belter did not show up.

8:15 pm was supposed to start

All members present.

8:30 pm start

Sen. Urlacher: called the committee to order stating we have some fresh paper and amendments.

Rep. Drovdal: I have some amendments here .0692 that I would like to ask Mr. Walstad to explain the bill with these amendments in there, we think that you may find these satisfactory.

John: got a new one for you. A lot of it is very similar what you've seen before, I'll go through the walk through,

Sen. Cook: section 7 is the first change?

John: Well in Section 1 the homestead credit I think there are some people interested in the contents there the homestead credit provision is as it was in earlier earlier versions which is up to 75,000 true and full value, up to 17,500 income for eligibility. Section 2, 3,4 5 all as you have seen in the last several versions. Section 6 homestead income tax credit in Subsection 4 we have a change, the first part of subsection of 4 is what we have seen before, the amount of the credit under subsection 3 exceeding the taxpayers tax liability can be carried forward for up to 5 years, an option has been added, or the taxpayer may request, that the tax commissioner issue the taxpayer a certificate in the amount of the excess and that certificate may be used by the taxpayer against property or mobile home tax liability of the tax payer, its nontransferable during the ensuing taxable year by delivering that certificate to the county treasurer as payment in full or in part against property taxes or mobile home taxes of the tax payer, county treasurer forwards those certificates to the tax commissioner, the tax commissioner issues a check in the amount of the certificate transferred to the county so its going to take care of property taxes and the money will get back to the county level. The only other this change is in subsection 7, that is the provision the committee has seen about adoption of rules language was added at the end of the sentence, that those rules would also provide for any rule making necessary for issuance and redemption of tax certificates under subsection 4. The triggering mechanism has not changed. The commercial property income tax credit this is available to an individual or corporation, it is good against ND1 and ND2 and corporation income tax return, those are those 3 section numbers listed there its for the same 2 years 07-08 as the homestead income tax credit. Property taxes doesn't include any specials, the amount of the credit is capped at $1000 per tax payer, not per piece of property, its $1000 per tax payer on a return, can't exceed the taxpayers liability, $1000 for married persons filing jointly, $500 for single or married filing separately, the amount of the credit is

available for a carry forward for up to 5 years the option is not provided here for those certificates to be issued then we've got language about ownership of property by more than one individual or corporation or whatever and how those credits are to be split. Subsection 5 about pass through entities and how credits are allocated among the owners of a pass through entity. Once again we've got a provision for adoptive rules and trigger provision and I understand it, the fiscal affect of this credit, the commercial property one is about 15 million dollars, the triggering number then is 7 million dollars in year 1, reference to 3 new credits that could available on the ND1 form that's in section 8, the mobile home tax thing the appropriation 364,000 for homestead credit, that's the same as it has been in most of the things you've seen. New provision added, section 11 at bottom this is 1.1 million dollars for the Tax Commissioner for implementation and it is from special funds, frankly, the appropriations gave it to me, section 12 transfer, 115 million dollars from permanent oil tax trust fund to general fund to cover the anticipated impact to the general fund from this bill. The study language the effective date provision I've read that before.

Rep. Kelsh: page 7, subsection 3, subsection a or 8, did we mean to go back to limiting the $500 per single filing or did we want to stay at the 1000 cap for single?

John this is under the homestead, yes in this draft, $1000 for married filing jointly, $500 single and married filing separately. To put an equal amount in for single individual would be creating a different type of marriage penalty that is being eliminated elsewhere.

Rep. Belter: can you walk us through now that we've added commercial income tax credit, how will this work for like pass through entities? What will they get credit on?

John: if a past through entity owns commercial property and has $1000 credit and there are 4 individuals each own 25% interest in that partnership, limited liability company or whatever, it would be allocated to them equal to their ownership interest so based on their ownership, 250

if ¼ of the $1000 that the pass through entity would otherwise be able to use, since the pass through entity doesn't pay tax on its own, the tax liability and the credits flow through to the partners.

Rep. Belter: IN the case where they are filing a corporate tax, they would be eligible for $1000 on their corporate tax as well as their personal tax.

John: Not if it's a C corp., if it's a C corp. the corporation gets the credit, whatever is paid through to shareholders in dividends is income to them but that credit the corporation took doesn't pass through to shareholders. S corps are pass through entities.

Rep. Belter: You probably would be eligible for $1000 on your home and $1000 in your commercial property in that instance so you're not a pass through

John: You're getting me confused here with home ownership and the corporate thing and the commercial property. On the commercials side, the corporation, if the corp. is an S corp.?

Rep. Belter: that's not a pass-thru

John: a corporation for profit corporation $1000 credit a corporation takes it reduces its tax liability and the fact that it reduced its tax liability I guess makes more dividends available to share holders but share holders would not get a pass-thru.

Sen. Urlacher: questions? Do you want to act on them individually or present more amendments?

Rep. Belter: Mr. Chairman we certainly don't have any more amendments. **I would Move these amendments 692**, second by Sen. Cook.

Discussion

Sen. Cook we've come a long ways, it's 78 days its getting time to go home, hopefully this is the way to bring some resolve to this and I certainly want to thank the House for all of their

hard work and effort in bringing this to an end and lets hope this is the one that gets it done, I'm certainly going to support em.

Rep. Belter: from house prospective, the important thing happened here tonight and I've been in the legislature since 1985, this truly is historic, I don't' know if there's ever been a time, when the legislature has to deliberate and make such a problem out of trying to give 115 million dollars back to the people of ND, we certainly hope that we have done the right thing, the people of ND deserve this money back and hope that the economy of ND will continue to grow and progress so we continue to have this problem for future legislators.

Sen. Urlacher: well its been historical to have a carry over that we can work with to the extent we have, I think this has gone through such an extensive round of discussion and pieced together and separated and brought back together but I think everyone has had their day in court you might say, and I hope everyone can go home happily ever after. But we haven't had a vote yet.

Roll call: 6-0-0 MOTION PASSES

Adjourned, have a good evening.

70102.0654
Title.

Failed

Presented 4-20-07

Prepared by the Legislative Council staff for
Representative S. Kelsh
April 18, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

That the House recede from its amendments as printed on pages 1445-1453 of the Senate Journal and pages 1615-1623 of the House Journal and that Reengrossed Senate Bill No. 2032 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 57-02-08.1 and 57-15-31 of the North Dakota Century Code, relating to the homestead property tax credit and school district property tax levies; to provide appropriations; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of ~~eight~~ eighteen thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ six hundred dollars of taxable valuation.

      (2) If the person's income is in excess of ~~eight~~ eighteen thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twenty-six thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ eight hundred ~~thirty~~ eighty dollars of taxable valuation.

      (3) If the person's income is in excess of ~~ten~~ twenty-six thousand dollars and not in excess of ~~eleven~~ thirty-four thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight~~ one hundred ~~twenty-three~~ sixty dollars of taxable valuation.

(4) If the person's income is in excess of ~~eleven~~ thirty-four thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ forty-two thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ four hundred ~~fifteen~~ forty dollars of taxable valuation.

(5) If the person's income is in excess of ~~thirteen~~ forty-two thousand dollars and not in excess of ~~fourteen~~ fifty thousand ~~five hundred~~ dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~six~~ seven hundred ~~eight~~ twenty dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 2. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.

2. Estimated revenues from sources other than direct property taxes.

3. The total estimated collections from tax levies for previous years.

4. Such expenditures as are to be made from bond sources.

5. The amount of distributions received from an economic growth increment pool under section 57-15-61.

6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.

7. The amount allocated to a school district in per student payments under section 4 of this Act.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 3. APPROPRIATION. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of $16,000,000, or so much of the sum as may be necessary, to the state treasurer for allocation in equal amounts for each year of the biennium as directed by the tax commissioner for additional homestead credit payments to counties as provided by law, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 4. APPROPRIATION. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of $100,000,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of allocation in equal amounts for each year of the biennium for additional payments to school districts in equal amounts per student for each school district based on average daily membership, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 5. EFFECTIVE DATE. Section 1 of this Act is effective for taxable years beginning after December 31, 2006, for ad valorem property taxes and for taxable years beginning after December 31, 2007, for mobile home taxes."

Renumber accordingly

Date 4-20-07
Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate **Finance and Tax** Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Amendment de 54

Motion Made By Kelsh Seconded By Triplett

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher		✓	Rep. Belter		✓
Sen. Cook		✓	Rep. Drovdal		✓
Sen. Triplett	✓		Rep. S. Kelsh	✓	

Total (Yes) 2 No 4

Absent 0

Floor Assignment _____

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

Failed

Date 4-20-07
Roll Call Vote #: 2

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate **Finance and Tax** Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number withdrawn

Action Taken delete Marriage Penalty

Motion Made By Triplett Seconded By Kelsh

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher			Rep. Belter		
Sen. Cook			Rep. Drovdal		
Sen. Triplett			Rep. S. Kelsh		

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date 4-20-07
Roll Call Vote #: 3

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Sec' Increase 20 million - offset 20 million

Motion Made By Cook Seconded By Triplett

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher			Rep. Belter		
Sen. Cook			Rep. Drovdal		
Sen. Triplett			Rep. S. Kelsh		

Total (Yes) No

Absent

Floor Assignment

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

Tabled

Date 4-2007
Roll Call Vote #: 4

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate **Finance and Tax** Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Sec 2 as is Homestead Credit

Motion Made By Cook Seconded By Dvorak

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher			Rep. Belter		
Sen. Cook			Rep. Dvorak		
Sen. Triplett			Rep. S. Kelsh		

Total (Yes) 6 No 0

Absent 0

Floor Assignment

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

Passed

4-20-07 Cook

70102.0655
Title.

Prepared by the Legislative Council staff for
Conference Committee
April 20, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

That the House recede from its amendments as printed on pages 1445-1453 of the Senate Journal and pages 1615-1623 of the House Journal and that Reengrossed Senate Bill No. 2032 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20 of the North Dakota Century Code, relating to allocation among school districts of legislative tax relief credit funds; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-14, 57-15-31, 57-20-03, 57-20-04, 57-20-07.1, 57-20-09, and 57-20-21.1, subsection 1 of section 57-38-30.3, and section 57-55-04 of the North Dakota Century Code, relating to homestead credit, notice of assessment increases, school district levy limitations, form of the tax list, the abstract of the tax list, contents of property tax statements, payment of real estate taxes, and mobile home taxes; to provide appropriations; to provide for a legislative council study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. Legislative tax relief credit allocation. For each taxable year, the tax commissioner shall allocate funds provided by legislative appropriation for tax relief among taxing districts as provided in this section.

1. The tax commissioner shall allocate to each county an amount equal to five and nine-tenths percent of the amount in dollars of property taxes levied by the county and all taxing districts within the county against residential, commercial, agricultural, mobile home, and railroad property in taxable year 2006. The amounts must be prorated as necessary to allocate total legislative tax relief credits of forty million dollars among counties for allocation among property taxpayers for the designated classes of property for each year.

2. The tax commissioner shall certify to each county auditor by August first of each year the amount of legislative tax relief credits determined under this section for each county.

3. The county auditor shall reduce the current taxable year levy in dollars by the county and each taxing district in the county against each parcel of residential, commercial, agricultural, and railroad property and each mobile home by five and nine-tenths percent, or any different percentage determined for proration by the tax commissioner under subsection 1, of the property taxes or mobile home taxes levied in taxable year 2006 against the property or mobile home.

4. From the amount allocated to the county under subsection 1, the county auditor shall allocate to the county and each taxing district within the county five and nine-tenths percent, or any different percentage determined for proration by the tax commissioner under subsection 1, of the amount in dollars in property taxes levied by the county and each taxing district within the county against residential, commercial, agricultural, mobile home, and railroad property in taxable year 2006. The county auditor shall certify the

allocation of credits under this subsection to the county treasurer for retention by the county and payment to taxing districts within the county upon receipt of payment from the state treasurer.

5. The tax commissioner shall certify to the state treasurer the amounts determined under this section for payment to counties by March first following the taxable year for which the credit applies.

6. Payments received by school districts under this section do not constitute increases in state aid for purposes of determining baseline funding under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

Payments received by school districts under this section do not constitute new money for purposes of teacher compensation increases under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

SECTION 2. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

c. The exemption must be determined according to the following schedule:

(1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

(2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

(3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

(4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars, a reduction of forty percent of the taxable

valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

(5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a

rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 3. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more

than seven percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than thirty days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 4. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus ~~eighteen~~ nine percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid

payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the ~~eighteen~~ nine percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ~~twenty~~ ten percent of the number of ~~persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required~~ electors who cast votes in the most recent election in the school district. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 5. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.

2. Estimated revenues from sources other than direct property taxes.

3. The total estimated collections from tax levies for previous years.

4. Such expenditures as are to be made from bond sources.

5. The amount of distributions received from an economic growth increment pool under section 57-15-61.

6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.

7. The amount allocated to the taxing district as a legislative tax relief credit allocation for the year under section 57-01-20.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 6. AMENDMENT. Section 57-20-03 of the North Dakota Century Code is amended and reenacted as follows:

57-20-03. Form of tax list. The tax list must be made out to correspond with the assessment books as respects ownership and description of property, with columns for the valuation and for the various items of tax included in the total amount of all taxes set down opposite such description of property. The tax list must include the mailing address for the owner of each parcel of property. If the owner is an individual or more than one individual and the mailing address is not the individual's or individuals' primary residence, the tax list must also include the individual's or individuals' primary residence address. The amounts of special taxes must be entered in appropriate columns, but the general taxes may be shown by entering the rate of each tax at the head of the proper column without extending the same, in which case a schedule of the rates of such taxes must be made on the first page of each tax list. The tax lists also must show, in a separate column, the years for which any piece or parcel has been sold for taxes, if the same has not been redeemed or deeded for such taxes.

SECTION 7. AMENDMENT. Section 57-20-04 of the North Dakota Century Code is amended and reenacted as follows:

57-20-04. Abstract of tax list to be sent to tax commissioner. The county auditor, on or before December thirty-first following the levy of the taxes, shall make and transmit to the state tax commissioner, in such form as the tax commissioner may prescribe, a complete abstract of the tax list of the auditor's county. The abstract must include the total number of individually assessed parcels of property in the county within each property classification, the total true and full valuation of all property within each property classification, and the true and full valuation of all property within each property classification owned by nonresidents of this state.

sec 8
4.20.07
passed
+ sec 12

SECTION 8. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel. The tax statement must include a line item showing the total amount of legislative tax relief credit under section 57-01-20 which applies against the total taxes on the parcel. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 9. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who

shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, after deduction of any credit allowed under section 57-01-20, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 10. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of a legislative tax relief credit must be applied to taxes for the year for which the legislative tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 11. AMENDMENT. Subsection 1 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

1. A tax is hereby imposed for each taxable year upon income earned or received in that taxable year by every resident and nonresident individual, estate, and trust. A taxpayer computing the tax under this section is only eligible for those adjustments or credits that are specifically provided for in this section. Provided, that for purposes of this section, any person required to file a state income tax return under this chapter, but who has not computed a federal taxable income figure, shall compute a federal taxable income figure using a pro forma return in order to determine a federal taxable income figure to be used as a starting point in computing state income tax under this section. The tax for individuals is equal to North Dakota taxable income multiplied by the rates in the applicable rate schedule in subdivisions a through d corresponding to an individual's filing status used for federal income tax purposes. For an estate or trust, the schedule in subdivision e must be used for purposes of this subsection.

a. Single, other than head of household or surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$27,050~~ $31,850	2.10%
Over ~~$27,050~~ $31,850 but not over ~~$65,550~~ $77,100	~~$568.05~~ $668.85 plus 3.92% of amount over ~~$27,050~~ $31,850
Over ~~$65,550~~ $77,100 but not over ~~$136,750~~ $160,850	~~$2,077.25~~ $2,442.65 plus 4.34% of amount over ~~$65,550~~ $77,100
Over ~~$136,750~~ $160,850 but not over ~~$297,350~~ $349,700	~~$5,167.33~~ $6,077.40 plus 5.04% of amount over ~~$136,750~~ $160,850
Over ~~$297,350~~ $349,700	~~$13,261.57~~ $15,595.44 plus 5.54% of amount over ~~$297,350~~ $349,700

b. Married filing jointly and surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$45,200~~ $63,700	2.10%
Over ~~$45,200~~ $63,700 but not over ~~$109,250~~ $128,500	~~$949.20~~ $1,337.70 plus 3.92% of amount over ~~$45,200~~ $63,700
Over ~~$109,250~~ $128,500 but not over ~~$166,500~~ $195,850	~~$3,459.96~~ $3,877.86 plus 4.34% of amount over ~~$109,250~~ $128,500
Over ~~$166,500~~ $195,850 but not	~~$5,944.61~~ $6,800.85 plus 5.04% of amount

over ~~$297,350~~ $349,700	over ~~$166,500~~ $195,850
Over ~~$297,350~~ $349,700	~~$12,539.45~~ $14,554.89 plus 5.54% of amount over ~~$297,350~~ $349,700

c. Married filing separately.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$22,600~~ $31,850	2.10%
Over ~~$22,600~~ $31,850 but not over ~~$54,625~~ $64,250	~~$474.60~~ $668.85 plus 3.92% of amount over ~~$22,600~~ $31,850
Over ~~$54,625~~ $64,250 but not over ~~$83,250~~ $97,925	~~$1,729.08~~ $1,938.93 plus 4.34% of amount over ~~$54,625~~ $64,250
Over ~~$83,250~~ $97,925 but not over ~~$148,675~~ $174,850	~~$2,972.31~~ $3,400.43 plus 5.04% of amount over ~~$83,250~~ $97,925
Over ~~$148,675~~ $174,850	~~$6,269.73~~ $7,277.45 plus 5.54% of amount over ~~$148,675~~ $174,850

d. Head of household.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$36,250~~ $42,650	2.10%
Over ~~$36,250~~ $42,650 but not over ~~$93,650~~ $110,100	~~$761.25~~ $895.65 plus 3.92% of amount over ~~$36,250~~ $42,650
Over ~~$93,650~~ $110,100 but not over ~~$151,650~~ $178,350	~~$3,011.33~~ $3,539.69 plus 4.34% of amount over ~~$93,650~~ $110,100
Over ~~$151,650~~ $178,350 but not over ~~$297,350~~ $349,700	~~$5,528.53~~ $6,501.74 plus 5.04% of amount over ~~$151,650~~ $178,350
Over ~~$297,350~~ $349,700	~~$12,871.81~~ $15,137.78 plus 5.54% of amount over ~~$297,350~~ $349,700

e. Estates and trusts.

If North Dakota taxable income is:	The tax is equal to:
Not over ~~$1,800~~ $2,150	2.10%
Over ~~$1,800~~ $2,150 but not over ~~$4,250~~ $5,000	~~$37.80~~ $45.15 plus 3.92% of amount over ~~$1,800~~ $2,150
Over ~~$4,250~~ $5,000 but not over ~~$6,500~~ $7,650	~~$133.84~~ $156.87 plus 4.34% of amount over ~~$4,250~~ $5,000
Over ~~$6,500~~ $7,650 but not over ~~$8,900~~ $10,450	~~$231.49~~ $271.88 plus 5.04% of amount over ~~$6,500~~ $7,650
Over ~~$8,900~~ $10,450	~~$352.45~~ $413.00 plus 5.54% of amount over ~~$8,900~~ $10,450

f. For an individual who is not a resident of this state for the entire year, or for a nonresident estate or trust, the tax is equal to the tax otherwise computed under this subsection multiplied by a fraction in which:

(1) The numerator is the federal adjusted gross income allocable and apportionable to this state; and

(2) The denominator is the federal adjusted gross income from all sources reduced by the net income from the amounts specified in subdivisions a and b of subsection 2.

In the case of married individuals filing a joint return, if one spouse is a resident of this state for the entire year and the other spouse is a nonresident for part or all of the tax year, the tax on the joint return must be computed under this subdivision.

g. For taxable years beginning after December 31, ~~2001~~ 2007, the tax commissioner shall prescribe new rate schedules that apply in lieu of the schedules set forth in subdivisions a through e. The new

schedules must be determined by increasing the minimum and maximum dollar amounts for each income bracket for which a tax is imposed by the cost-of-living adjustment for the taxable year as determined by the secretary of the United States treasury for purposes of section 1(f) of the United States Internal Revenue Code of 1954, as amended. For this purpose, the rate applicable to each income bracket may not be changed, and the manner of applying the cost-of-living adjustment must be the same as that used for adjusting the income brackets for federal income tax purposes.

SECTION 12. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the county and school district and any city or township that levied taxes against the mobile home. The tax statement must include a line item showing the total amount of legislative tax relief credit under section 57-01-20 which applies against the total taxes on the mobile home. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 13. APPROPRIATION. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of $80,000,000, or so much of the sum as may be necessary, to the state treasurer to be allocated in equal amounts in each year of the biennium for legislative tax relief credit payments to counties under section 57-01-20, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 14. APPROPRIATION. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of $3,604,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 15. LEGISLATIVE COUNCIL STUDY. The legislative council shall study, in each legislative interim through 2012, the feasibility and desirability of property tax reform and providing tax relief to taxpayers of the state. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to each subsequent legislative assembly.

SECTION 16. EFFECTIVE DATE. Sections 1 through 10 and 12 of this Act are effective for taxable years beginning after December 31, 2006, for ad valorem property taxes and for taxable years beginning after December 31, 2007, for mobile home taxes. Section 11 of this Act is effective for taxable years beginning after December 31, 2006."

Renumber accordingly

Date 4-20-07
Roll Call Vote #: 5

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate **Finance and Tax** Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken See 8 & 12 of 0653 Amendments

Motion Made By Cook Seconded By Belter

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher	✓		Rep. Belter	✓	
Sen. Cook	✓		Rep. Drovdal	✓	
Sen. Triplett		✓	Rep. S. Kelsh		✓

Total (Yes) 4 No 2

Absent 0

Floor Assignment

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

passed

Date 4-2007
Roll Call Vote #: 4

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate **Finance and Tax** Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Delete Sec 3

Motion Made By Triplett Seconded By Cook

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher	✓		Rep. Belter		✓
Sen. Cook	✓		Rep. Drovdal		✓
Sen. Triplett	✓		Rep. S. Kelsh	✓	

Total (Yes) 4 No 2

Absent 6

Floor Assignment

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

Failed

Date 4-20-07
Roll Call Vote #: 7

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Sec 4 - Leave @ 18%

Motion Made By Cook Seconded By Belter

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher			Rep. Belter		
Sen. Cook			Rep. Drovdal		
Sen. Triplett			Rep. S. Kelsh		

Total (Yes) 6 No 0

Absent 0

Floor Assignment

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

Date 4-20-07
Roll Call Vote #: 8

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Delete Section 4

Motion Made By Triplett Seconded By Kelsh

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher		✓	Rep. Belter		✓
Sen. Cook	✓		Rep. Drovdal		✓
Sen. Triplett	✓		Rep. S. Kelsh	✓	

Total (Yes) 3 No 3

Absent 0

Floor Assignment

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

Fails

Date 4-20-07
Roll Call Vote #: 9 afternoon

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Approve Sec 5 as is

Motion Made By Cook Seconded By Belter

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher			Rep. Belter		
Sen. Cook			Rep. Drovdal		
Sen. Triplett		✓	Rep. S. Kelsh		

Total (Yes) 5 No 1

Absent 0

Floor Assignment

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

Voice vote
Passed

Date 4-2007
Roll Call Vote #: 10 afternoon

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken delete sec 6

Motion Made By Triplett Seconded By Kelsh

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher		✓	Rep. Belter		✓
Sen. Cook		✓	Rep. Drovdal		✓
Sen. Triplett	✓		Rep. S. Kelsh	✓	

Total (Yes) 2 No 4

Absent 0

Floor Assignment

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

Fails

Date 4.20.07
Roll Call Vote #: 11 afternoon

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Approve Sec 10 as in

Motion Made By Cook Seconded By Drovdal

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher			Rep. Beter		
Sen. Cook			Rep. Drovdal		
Sen. Triplett			Rep. S. Kelsh		

Total (Yes) 6 No 0

Absent 0

Floor Assignment

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

passed

Prepared by the Legislative Council staff for
Senator Triplett
April 21, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

This amendment is for consideration for inclusion in a set of amendments under consideration regarding Reengrossed Senate Bill No. 2032.

"**SECTION 2. AMENDMENT.** Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of ~~eight~~ sixteen thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

      (2) If the person's income is in excess of ~~eight~~ sixteen thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ nineteen thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

      (3) If the person's income is in excess of ~~ten~~ nineteen thousand dollars and not in excess of ~~eleven~~ twenty-two thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

93.2

      (4) If the person's income is in excess of ~~eleven~~ twenty-two thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ twenty-five thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

      (5) If the person's income is in excess of ~~thirteen~~ twenty-five thousand dollars and not in excess of ~~fourteen~~ twenty-eight

thousand ~~five hundred~~ dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the

person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician."

"**SECTION 14. APPROPRIATION.** There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of _____, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009."

4-20-07 afternoon

70102.0656
Title.

Prepared by the Legislative Council staff for
Senator Cook
April 20, 2007

passed 0662
instead of this one

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

This amendment is for consideration for inclusion in a set of amendments under consideration regarding Reengrossed Senate Bill No. 2032.

"**SECTION _.** Section 57-20-07.2 of the North Dakota Century Code is created and enacted as follows:

57-20-07.2. State-paid property tax relief credit.

1. The owner of a parcel of taxable residential, agricultural, or commercial property, or property containing one or more of those classifications of taxable property, is entitled to a credit against property taxes levied against that property.

   a. The credit applies to the total amount of property taxes in dollars levied against the taxable value of the property. The credit is equal to:

      (1) _____ percent of property taxes in dollars levied against residential property or residential mobile homes; or

      (2) _____ percent of property taxes in dollars levied against commercial or agricultural property or mobile homes assessed as commercial property.

   b. If a parcel of property contains residential property and agricultural or commercial property, or residential and both agricultural and commercial property, the county treasurer shall allow the credit in the appropriate percentage under subdivision a against property taxes in dollars levied against each classification of property on the parcel.

2. The owner of railroad property assessed by the state board of equalization under chapter 57-05 is entitled to a credit against property taxes levied within each county against that property in the amount of _____ percent of property taxes levied in dollars against that property.

3. The owner of operative property of an air carrier transportation company assessed and taxed under chapter 57-32 is entitled to a credit in the amount of _____ percent of taxes in dollars levied against that property. The tax commissioner shall determine the total amount of credits under this subsection and certify the amount to the state treasurer for transfer from the general fund to the air transportation fund. The credit for each air transportation company must be allocated to each city or municipal airport authority where that company makes regularly scheduled landings, in the same manner as the tax collected from that company is allocated.

4. The tax commissioner shall determine the total amount of credits under subsections 1 and 2 for each county from the abstract of the tax list filed by the county auditor under section 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner shall certify to the state treasurer for payment, by June first following receipt of the abstract of the tax list, the amount determined for each county under this subsection. No penalty or interest applies to any state payment under this section, regardless of when the payment is made.

5. Upon receipt of the payment from the state treasurer under subsection 4, the county treasurer shall apportion and distribute it to the county and the taxing districts in the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.

6. After payments to counties under subsection 4 have been made, the tax commissioner shall certify to the state treasurer as necessary any supplemental amounts payable to counties or the air transportation fund or any amounts that must be returned by counties or returned from the air transportation fund for deposit in the state general fund to correct any errors in payments or reflect any abatement or compromise of taxes, court-ordered tax reduction or increase, or levy of taxes against omitted property. The county auditor shall provide any supplemental information requested by the tax commissioner after submission of the abstract of the tax list. The county treasurer shall apply to the tax commissioner for any supplemental payments to which the county treasurer believes the county is entitled.

7. Notwithstanding any other provision of law, the property tax credit under this section does not apply to any property subject to payments or taxes in lieu of personal or real property taxes."

4-21-07

70102.0662
Title.

Prepared by the Legislative Council staff for
Senator Cook
April 21, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

This amendment is for consideration for inclusion in a set of amendments under consideration regarding Reengrossed Senate Bill No. 2032.

"**SECTION _.** Section 57-20-07.2 of the North Dakota Century Code is created and enacted as follows:

57-20-07.2. State-paid property tax relief credit.

1. The owner of a parcel of taxable residential, agricultural, or commercial property, or property containing one or more of those classifications of taxable property, is entitled to a credit against property taxes levied against that property.

   a. The credit applies to the total amount of property taxes in dollars levied against the taxable value of the property. The credit is equal to:

      (1) ____ percent of property taxes in dollars levied against residential property owned and occupied by an individual as that individual's homestead;

      (2) ____ percent of property taxes in dollars levied against commercial or agricultural property, if the individual primarily responsible for management decisions regarding that property has an ownership interest of at least twenty percent in that property and owns and occupies a residence or a mobile home in this state as that person's homestead;

      (3) ____ percent of mobile home taxes in dollars levied against residential mobile homes under chapter 57-55 if the mobile home is owned and occupied by an individual as that individual's homestead; or

      (4) ____ percent of mobile home taxes in dollars levied against commercial mobile homes under chapter 57-55 if the individual primarily responsible for management decisions regarding that property has an ownership interest of at least twenty percent in that property and owns and occupies residential property or a mobile home in this state as that individual's homestead.

   b. If a parcel of property contains residential property and agricultural or commercial property, or residential and both agricultural and commercial property, the county treasurer shall allow the credit in the appropriate percentage under subdivision a against property taxes in dollars levied against each classification of property on the parcel.

2. The owner, operator, or lessee of railroad property assessed by the state board of equalization under chapter 57-05 is entitled to a credit against property taxes levied within each county against that property in the amount of ____ percent of property taxes levied in dollars against that property.

3. The owner, operator, or lessee of operative property of an air carrier transportation company assessed and taxed under chapter 57-32 is entitled to a credit in the amount of ____ percent of taxes in dollars levied against that property. The tax commissioner shall determine the total amount of credits under this subsection and certify the amount to the state treasurer for transfer from the general fund to the air transportation fund. The credit for each air transportation company must be allocated to each city or municipal airport authority where that company makes regularly scheduled landings, in the same manner as the tax collected from that company is allocated.

4. The tax commissioner shall determine the total amount of credits under subsections 1 and 2 for each county from the abstract of the tax list filed by the county auditor under section 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner shall certify to the state treasurer for payment, by June first following receipt of the abstract of the tax list, the amount determined for each county under this subsection. No penalty or interest applies to any state payment under this section, regardless of when the payment is made.

5. Upon receipt of the payment from the state treasurer under subsection 4, the county treasurer shall apportion and distribute it to the county and the taxing districts in the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.

6. After payments to counties under subsection 4 have been made, the tax commissioner shall certify to the state treasurer as necessary any supplemental amounts payable to counties or the air transportation fund or any amounts that must be returned by counties or returned from the air transportation fund for deposit in the state general fund to correct any errors in payments or reflect any abatement or compromise of taxes, court-ordered tax reduction or increase, or levy of taxes against omitted property. The county auditor shall provide any supplemental information requested by the tax commissioner after submission of the abstract of the tax list. The county treasurer shall apply to the tax commissioner for any supplemental payments to which the county treasurer believes the county is entitled.

7. Notwithstanding any other provision of law, the property tax credit under this section does not apply to any property other than mobile homes subject to payments or taxes in lieu of personal or real property taxes."

Date 4-21-07
Roll Call Vote #: 12

voted on 2nd

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Amendments adopted

Motion Made By Cook Seconded By Belter

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher	✓		Rep. Belter	✓	
Sen. Cook	✓		Rep. Drovdal	✓	
Sen. Triplett		✓	Rep. S. Kelsh		✓

Total (Yes) 4 No 2

Absent 0

Floor Assignment

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

passed

Date 4-21-07
Roll Call Vote #: 13 vote on 1st

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Take out Commercial & Essentially Assessed

Motion Made By S. Kelsh Seconded By Triplett

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher		✓	Rep. Beter		✓
Sen. Cook		✓	Rep. Drovdal		✓
Sen. Triplett	✓		Rep. S. Kelsh	✓	

Total (Yes) 2 No 4

Absent 0

Floor Assignment

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

Failed

Date 4-21-07
Roll Call Vote #: 14

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Motion Fail 0/6's Equal

Motion Made By Belter Seconded By Dorvdal

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher	✓		Rep. Belter	✓	
Sen. Cook		✓	Rep. Dorvdal	✓	
Sen. Triplett		✓	Rep. S. Kelsh		✓

Total (Yes) 3 No 3

Absent

Floor Assignment

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

Fail.

H.21-07

70102.0658
Title.

Prepared by the Legislative Council staff for
Representative Belter
April 20, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

This amendment is for consideration for inclusion in a set of amendments under consideration regarding Reengrossed Senate Bill No. 2032.

"**SECTION___.** A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Marriage penalty credit.

1. A married couple filing a joint return under section 57-38-30.3 is allowed a credit as determined under this section.

2. The credit under this section is the difference between the tax on the couple's joint North Dakota taxable income under the rates and income levels in subdivision b of subsection 1 of section 57-38-30.3 and the sum of the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the earned income of the lesser-earning spouse, and the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the couple's joint North Dakota taxable income, minus the earned income of the lesser-earning spouse.

3. The tax commissioner shall prepare and make available to taxpayers a comprehensive table showing the credit under this section at brackets of earnings of the lesser-earning spouse and joint taxable income. The brackets of earnings may not be more than two thousand dollars.

4. For a nonresident or part-year resident, the credit under this section must be adjusted based on the percentage calculated under subdivision f of subsection 1 of section 57-38-30.3.

5. For purposes of this section:

   a. "Earned income" means the sum of the following, to the extent included in North Dakota taxable income:

      (1) Earned income as defined in section 32(c)(2) of the Internal Revenue Code;

      (2) Income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

      (3) Social security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

   b. "Earned income of the lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income for the taxable year minus the sum of:

      (1) The amount for one exemption under section 151(d) of the Internal Revenue Code; and

      (2) One-half of the amount of the standard deduction under section 63(c)(2)(A)(4) of the Internal Revenue Code.

SECTION __. A new subsection to section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

A taxpayer filing a return under this section is entitled to the credits provided under section ___ of this Act."

Date 4-21-07
Roll Call Vote #: 15

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Move amendments 01058

Motion Made By Belter Seconded By Cook

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher	✓		Rep. Belter	✓	
Sen. Cook	✓		Rep. Drovdal	✓	
Sen. Triplett		✓	Rep. S. Kelsh		✓

Total (Yes) 4 No 2

Absent 0

Floor Assignment

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

Prepared by the Legislative Council staff for
Representative Belter
April 20, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

This amendment is for consideration for inclusion in a set of amendments under consideration regarding Reengrossed Senate Bill No. 2032.

"**SECTION 9. AMENDMENT.** Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, regardless of the deduction of any credit allowed under section 57-01-20, to the full amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days."

Date 4-21-07
Roll Call Vote #: 16

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate **Finance and Tax** Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Amendments 0659

Motion Made By Bekter Seconded By Dvorak

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher			Rep. Bekter		
Sen. Cook			Rep. Dvorak		
Sen. Triplett		✓	Rep. S. Kelsh		

Total (Yes) 5 No 1

Absent 0

Floor Assignment

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

Voice vote - passed

Date 4-2-07 PM 1:30
Roll Call Vote #: 17

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Marriage Penalty Act to Cap of 300

Motion Made By Belter Seconded By Dvorak

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher	✓		Rep. Belter	✓	
Sen. Cook	✓		Rep. Dvorak	✓	
Sen. Triplett		✓	Rep. S. Kelsh		✓

Total (Yes) 4 No 2

Absent 0

Floor Assignment

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

Pass

Date 4-21-07
Roll Call Vote #: 18

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number Just to Draft Motion

Action Taken Study in 2032 - leach 1½% & includes Sec 6 & 7

Motion Made By Cook Seconded By Dorvdal

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher			Rep. Belter		
Sen. Cook			Rep. Dorvdal		
Sen. Triplett			Rep. S. Kelsh		

Total (Yes) 6 No 0

Absent 0

Floor Assignment

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

voice vote
passed

Date 4-21-07
Roll Call Vote #: 19

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Add Education Funding in Study Jack Dalrymple

Motion Made By Triplett Seconded By Kelsh

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher			Rep. Belter		
Sen. Cook			Rep. Drovdal		
Sen. Triplett			Rep. S. Kelsh		

Total (Yes) 6 No 0

Absent 0

Floor Assignment

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

Voice Vote
Passed

Date 4-21-07
Roll Call Vote #: 20

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate **Finance and Tax** Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken DP Sec 3 - 10% + 10 days

Motion Made By Cook Seconded By Triplett

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher			Rep. Belter		
Sen. Cook			Rep. Drovdal		
Sen. Triplett			Rep. S. Kelsh		

Total (Yes) 6 No 0

Absent 0

Floor Assignment

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

passes
Amended to 10-15

Date 4.21.07
Roll Call Vote #: 21

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate **Finance and Tax** Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Substitute Motion Sec. 3 - 15 days + 10%

Motion Made By Belter Seconded By Drovdal

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher			Rep. Belter		
Sen. Cook			Rep. Drovdal		
Sen. Triplett			Rep. S. Kelsh		

Total (Yes) 6 No 0

Absent 0

Floor Assignment

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

passes
voice vote

Date 4-21-07
Roll Call Vote #: 22

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken 0662 - Add 14,400,000 to Residential Property

Motion Made By Cook Seconded By Triplett

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher		✓	Rep. Belter		✓
Sen. Cook	✓		Rep. Drovdal		✓
Sen. Triplett	✓		Rep. S. Kelsh	✓	

Total (Yes) 3 No 3

Absent 0

Floor Assignment

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

Fails

Prepared by the Legislative Council staff for
Conference Committee
April 21, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

That the House recede from its amendments as printed on pages 1445-1453 of the Senate Journal and pages 1615-1623 of the House Journal and that Reengrossed Senate Bill No. 2032 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20, a new section to chapter 57-38, and a new subsection to section 57-38-30.3 of the North Dakota Century Code, relating to allocation among school districts of legislative tax relief credit funds and income tax marriage penalty relief; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-14, 57-15-31, 57-20-07.1, 57-20-09, and 57-20-21.1, and section 57-55-04 of the North Dakota Century Code, relating to homestead credit, notice of assessment increases, school district levy limitations, contents of property tax statements, payment of real estate taxes, and mobile home taxes; to provide appropriations; to provide for a legislative council study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. State-paid property tax relief credit.

1. The owner of a parcel of taxable residential, agricultural, or commercial property, a mobile home, or property containing one or more of those classifications of taxable property, is entitled to a credit against property taxes levied against that property.

   a. The credit applies to the total amount of property taxes in dollars levied against the taxable value of the property. The credit is equal to:

      (1) Seven percent of property taxes in dollars levied against residential property owned and occupied by an individual as that individual's homestead;

      (2) Five percent of property taxes in dollars levied against commercial or agricultural property, if the individual primarily responsible for management decisions regarding that property has an ownership interest of at least twenty percent in that property and owns and occupies a residence or a mobile home in this state as that person's homestead;

      (3) Seven percent of mobile home taxes in dollars levied against residential mobile homes under chapter 57-55 if the mobile home is owned and occupied by an individual as that individual's homestead; or

      (4) Five percent of mobile home taxes in dollars levied against commercial mobile homes under chapter 57-55 if the individual primarily responsible for management decisions regarding that property has an ownership interest of at least twenty percent in that property and owns and occupies residential property or a mobile home in this state as that individual's homestead.

b. If a parcel of property contains residential property and another classification of property, the credit is five percent of the property taxes in dollars levied against the parcel.

2. The owner, operator, or lessee of railroad property assessed by the state board of equalization under chapter 57-05 is entitled to a credit against property taxes levied within each county against that property in the amount of five ~~and nine-hundredths~~ percent of property taxes levied in dollars against that property.

3. The owner, operator, or lessee of operative property of an air carrier transportation company assessed and taxed under chapter 57-32 is entitled to a credit in the amount of five percent of taxes in dollars levied against that property. The tax commissioner shall determine the total amount of credits under this subsection and certify the amount to the state treasurer for transfer from the general fund to the air transportation fund. The credit for each air transportation company must be allocated to each city or municipal airport authority where that company makes regularly scheduled landings, in the same manner as the tax collected from that company is allocated.

4. The tax commissioner shall determine the total amount of credits under subsections 1 and 2 for each county from the abstract of the tax list filed by the county auditor under section 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner shall certify to the state treasurer for payment, by June first following receipt of the abstract of the tax list, the amount determined for each county under this subsection. No penalty or interest applies to any state payment under this section, regardless of when the payment is made.

5. Upon receipt of the payment from the state treasurer under subsection 4, the county treasurer shall apportion and distribute it to the county and the taxing districts in the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.

6. After payments to counties under subsection 4 have been made, the tax commissioner shall certify to the state treasurer as necessary any supplemental amounts payable to counties or the air transportation fund or any amounts that must be returned by counties or returned from the air transportation fund for deposit in the state general fund to correct any errors in payments or reflect any abatement or compromise of taxes, court-ordered tax reduction or increase, or levy of taxes against omitted property. The county auditor shall provide any supplemental information requested by the tax commissioner after submission of the abstract of the tax list. The county treasurer shall apply to the tax commissioner for any supplemental payments to which the county treasurer believes the county is entitled.

7. Notwithstanding any other provision of law, the property tax credit under this section does not apply to any property other than mobile homes subject to payments or taxes in lieu of personal or real property taxes.

8. a. Payments received by school districts under this section do not constitute increases in state aid for purposes of determining baseline funding under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

b. Payments received by school districts under this section do not constitute new money for purposes of teacher compensation

increases under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

SECTION 2. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

      (2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

      (3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

      (4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

      (5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

   d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are

each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

   a. "Dependent" has the same meaning it has for federal income tax purposes.

   b. "Homestead" has the same meaning as provided in section 47-18-01.

   c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

   d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

   e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 3. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more than ten percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than fifteen days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county

equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 4. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus eighteen percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the eighteen percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the

filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ~~twenty~~ ten percent of the number of ~~persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required~~ electors who cast votes in the most recent election in the school district. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 5. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.
2. Estimated revenues from sources other than direct property taxes.
3. The total estimated collections from tax levies for previous years.
4. Such expenditures as are to be made from bond sources.
5. The amount of distributions received from an economic growth increment pool under section 57-15-61.
6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.
7. The amount allocated to the taxing district as a legislative tax relief credit allocation for the year under section 57-01-20.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 6. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the

true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel. The tax statement must include a line item showing the total amount of legislative tax relief credit under section 57-01-20 which applies against the total taxes on the parcel. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 7. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, regardless of the deduction of any credit allowed under section 57-01-20, to the full amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 8. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of a legislative tax relief credit must be applied to taxes for the year for which the legislative tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 9. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Marriage penalty credit.

1. A married couple filing a joint return under section 57-38-30.3 is allowed a credit of not to exceed three hundred dollars per couple as determined under this section. The tax commissioner shall adjust the maximum amount of the credit under this subsection each taxable year at the time and rate adjustments are made to rate schedules under subdivision g of subsection 1 of section 57-38-30.3.

2. The credit under this section is the difference between the tax on the couple's joint North Dakota taxable income under the rates and income levels in subdivision b of subsection 1 of section 57-38-30.3 and the sum of the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the earned income of the lesser-earning spouse, and the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the couple's joint North Dakota taxable income, minus the earned income of the lesser-earning spouse.

3. The tax commissioner shall prepare and make available to taxpayers a comprehensive table showing the credit under this section at brackets of

earnings of the lesser-earning spouse and joint taxable income. The brackets of earnings may not be more than two thousand dollars.

4. For a nonresident or part-year resident, the credit under this section must be adjusted based on the percentage calculated under subdivision f of subsection 1 of section 57-38-30.3.

5. For purposes of this section:

   a. "Earned income" means the sum of the following, to the extent included in North Dakota taxable income:

      (1) Earned income as defined in section 32(c)(2) of the Internal Revenue Code;

      (2) Income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

      (3) Social security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

   b. "Earned income of the lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income for the taxable year minus the sum of:

      (1) The amount for one exemption under section 151(d) of the Internal Revenue Code; and

      (2) One-half of the amount of the standard deduction under section 63(c)(2)(A)(4) of the Internal Revenue Code.

SECTION 10. A new subsection to section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

A taxpayer filing a return under this section is entitled to the credits provided under section 9 of this Act.

SECTION 11. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the county and school district and any city or township that levied taxes against the mobile home. The tax statement must include a line item showing the total amount of legislative tax relief credit under section 57-01-20 which applies against the total taxes on the mobile home. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they

are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 12. APPROPRIATION. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of $80,000,000, or so much of the sum as may be necessary, to the state treasurer to be allocated in equal amounts in each year of the biennium for legislative tax relief credit payments to counties under section 57-01-20, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 13. APPROPRIATION. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of $3,604,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 14. LEGISLATIVE COUNCIL STUDY. The legislative council shall study in each interim through 2012 the feasibility and desirability of property tax reform and providing property tax relief to taxpayers of the state, with the goal of reduction of each taxpayer's annual property tax bill to an amount that is not more than one and one-half percent of the true and full value of property, and including examination of the proper measure of education funding from local taxation and state resources and the variability of funding resources among taxing districts and examination of improved collection and reporting of property tax information to identify residency of property owners with minimized administrative difficulty. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the legislative assembly subsequent to each interim.

SECTION 15. EFFECTIVE DATE. Sections 1, 2, 4 through 8, and 11 of this Act are effective for taxable years beginning after December 31, 2006, for ad valorem property taxes and for taxable years beginning after December 31, 2007, for mobile home taxes. Section 3 of this Act is effective for taxable years beginning after December 31, 2007. Sections 9 and 10 of this Act are effective for taxable years beginning after December 31, 2006."

Renumber accordingly

Date 4-21-07 4:30
Roll Call Vote #: 23

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Approve Sec 14 in version 0606 & Approve deleting of Sec 6 & 7 of 1100 version

Motion Made By Triplett Seconded By S. Kelsh

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher			Rep. Beeter		
Sen. Cook			Rep. Drovdal		
Sen. Triplett			Rep. S. Kelsh		

Total (Yes) 6 No 0

Absent 0

Floor Assignment

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

voice vote
Passes

Date 4-21-07
Roll Call Vote #: 24

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Move delete w/ Chgs already made- Chg 80 million to 100 million in Sec 12

Motion Made By Cook Seconded By Triplett

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher		✓	Rep. Belter		✓
Sen. Cook	✓		Rep. Drovdal		✓
Sen. Triplett	✓		Rep. S. Kelsh	✓	

Total (Yes) 3 No 3

Absent 0

Floor Assignment

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

½ in Sec 13 from Perm.

Fails

70102.0667
Title.

Prepared by the Legislative Council staff for
Senator Triplett
April 21, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

This amendment is for consideration for inclusion in a set of amendments under consideration regarding Reengrossed Senate Bill No. 2032.

"**SECTION 2. AMENDMENT.** Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of ~~eight~~ sixteen thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

      (2) If the person's income is in excess of ~~eight~~ sixteen thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ nineteen thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

      (3) If the person's income is in excess of ~~ten~~ nineteen thousand dollars and not in excess of ~~eleven~~ twenty-two thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

      (4) If the person's income is in excess of ~~eleven~~ twenty-two thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ twenty-five thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

      (5) If the person's income is in excess of ~~thirteen~~ twenty-five thousand dollars and not in excess of ~~fourteen~~ twenty-eight

thousand ~~five hundred~~ dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the

person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician."

"**SECTION 14. APPROPRIATION.** There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of $7,552,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009."

Date 4-21-07
Roll Call Vote #: 25

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken SubA Move Amendments: 01067

Motion Made By Triplett Seconded By Kelsh

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher		✓	Rep. Belter		✓
Sen. Cook	✓		Rep. Drovdal		✓
Sen. Triplett	✓		Rep. S. Kelsh	✓	

Total (Yes) 3 No 3

Absent 0

Floor Assignment

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

fails

Sen Cook.

Prepared by the
North Dakota Office of State Tax Commissioner
April 21, 2007

PROPOSED AMENDMENT TO ENGROSSED SENATE BILL 2032 (#70102.1100)

Page 15, replace lines 13 through 18 with:

"**SECTION 13. APPROPRIATION.** To the extent moneys are available in the permanent oil tax trust fund, the amount necessary to provide property tax relief payments to county treasurers under section ___ of this Act is appropriated, as a standing and continuing appropriation to the state treasurer, for the biennium beginning July 1, 2007, and ending June 30, 2009."

Renumber accordingly

Date 4-21-07
Roll Call Vote #: 26

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Motion Made By Cook Seconded By Dorvdal

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher			Rep. Beiter		✓
Sen. Cook			Rep. Dorvdal		
Sen. Triplett			Rep. S. Kelsh		

Total (Yes) 5 No 1

Absent 6

Floor Assignment

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

passed
Beiter NO

Prepared by the Legislative Council staff for
Senator Cook
April 21, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

This amendment is for consideration for inclusion in a set of amendments under consideration regarding Reengrossed Senate Bill No. 2032.

"**SECTION___.** A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Homestead income tax credit. In addition to any other credit or deduction allowed by law for a homeowner, an individual is entitled to a credit against the tax imposed under section 57-38-29 or 57-38-30.3 in the amount of ten percent of property taxes or mobile home taxes paid during the taxable year which were levied against the individual's homestead in this state. For purposes of this section, "homestead" means the dwelling and land, including up to one hundred sixty acres of agricultural land, occupied by the individual as the individual's primary residence. The amount of the credit under this section may not exceed one thousand dollars for married persons filing a joint return or five hundred dollars for a single individual or married individuals filing separate returns. The amount of the credit under this section may not exceed the taxpayer's tax liability under this chapter.

Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one credit between or among them under this section. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of the credit for a single individual under this section equal to their ownership interests in the property.

SECTION___. A new subsection to section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

An individual filing a return under this section is entitled to the credit provided under section ___ of this Act."

Prepared by the Legislative Council staff for
Senator Cook
April 21, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

This amendment is for consideration for inclusion in a set of amendments under consideration regarding Reengrossed Senate Bill No. 2032.

"**SECTION___.** A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Homestead Income tax credit - Rules. In addition to any other credit or deduction allowed by law for a homeowner, an individual is entitled to a credit against the tax imposed under section 57-38-30.3 in the amount of ten percent of property taxes or mobile home taxes paid during the taxable year which were levied against the individual's homestead in this state. For purposes of this section, "homestead" means the dwelling occupied by the individual as the individual's primary residence and, if that residence is in this state, any additional residential or agricultural property owned by that individual in this state. The amount of the credit under this section may not exceed one thousand dollars for married persons filing a joint return or five hundred dollars for a single individual or married individuals filing separate returns. The amount of the credit under this section may not exceed the taxpayer's tax liability under this chapter. The amount of the credit under this section in excess of the taxpayer's tax liability may be carried forward for up to ten years.

Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one credit between or among them under this section. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of the credit for a single individual under this section equal to their ownership interests in the property.

The tax commissioner shall adopt rules to provide for filing and verification of claims of credits under this section.

SECTION___. A new subsection to section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

An individual filing a return under this section is entitled to the credit provided under section ___ of this Act."

Date 4-21-07
Roll Call Vote #: 27

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Homestead Credit Approp move to Amend from Gen Fund

Motion Made By Cook Seconded By Triplett

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher	✓		Rep. Belter		✓
Sen. Cook	✓		Rep. Drovdal		✓
Sen. Triplett	✓		Rep. S. Kelsh	r	

Total (Yes) 4 No 2

Absent 0

Floor Assignment

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

Fails

Date 4.24.07
Roll Call Vote #: 28

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Motion to put percentage in 1, 2, 3, 4

Motion Made By Dorvdal Seconded By Belter

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher	✓		Rep. Belter	✓	
Sen. Cook		✓	Rep. Dorvdal	✓	
Sen. Triplett		✓	Rep. S. Kelsh		✓

Total (Yes) 3 No 3

Absent 0

Floor Assignment

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

Fails

Date 4-22-07
Roll Call Vote #: 29

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate **Finance and Tax** Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken House Version

Motion Made By Bester Seconded By Dorvdal

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher 1		✓	Rep. Bester 5	✓	
Sen. Cook 2		✓	Rep. Dorvdal 6	✓	
Sen. Triplett 4		✓	Rep. S. Kelsh 3		✓

Total (Yes) 2 No 4

Absent 0

Floor Assignment

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

Fails

Date 4-22-07
Roll Call Vote #: 30

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Motion Made By Cook Seconded By Belter

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher	✓		Rep. Belter		✓
Sen. Cook	✓		Rep. Drovdal		✓
Sen. Triplett	✓		Rep. S. Kelsh	✓	

Total (Yes) 4 No 2

Absent 0

Floor Assignment

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

Pass

Date 4-22-07
Roll Call Vote #: 37

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken 90 million $ cost - 9% instead of 10%

Motion Made By Triplett Seconded By Kelsh

Senators		Yes	No	Representatives		Yes	No
Sen. Urlacher	5			Rep. Boeter	1		
Sen. Cook	6			Rep. Drovdal	2		
Sen. Triplett	3			Rep. S. Kelsh	4		

Total (Yes) No

Absent

Floor Assignment

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

No vote

Date 4-22-07
Roll Call Vote #: 32

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Sub motion Reduce to 12 million down to 88 million

Motion Made By Wes Belter Seconded By Triplett

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher		✓	Rep. Belter	✓	
Sen. Cook		✓	Rep. Drovdal	✓	
Sen. Triplett	✓		Rep. S. Kelsh	✓	

Total (Yes) 4 No 2

Absent 0

Floor Assignment

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

Fails

Prepared by the Legislative Council staff for
Representative Drovdal
April 22, 2007 1:30

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

That the House recede from its amendments as printed on pages 1445-1453 of the Senate Journal and pages 1615-1623 of the House Journal and that Reengrossed Senate Bill No. 2032 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20, a new section to chapter 57-38, and a new subsection to section 57-38-30.3 of the North Dakota Century Code, relating to allocation among school districts of legislative tax relief credit funds and income tax marriage penalty relief; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-14, 57-15-31, 57-20-07.1, 57-20-09, and 57-20-21.1, and section 57-55-04 of the North Dakota Century Code, relating to homestead credit, notice of assessment increases, school district levy limitations, contents of property tax statements, payment of real estate taxes, and mobile home taxes; to provide appropriations; to provide for a legislative council study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. State-paid property tax relief credit.

1. The owner of a parcel of taxable residential, agricultural, or commercial property, a mobile home, or property containing one or more of those classifications of taxable property, is entitled to a credit against property taxes levied against that property. The credit applies to the total amount of property taxes in dollars levied against the taxable value of the property. The credit is equal to:

   a. Five and six-tenths percent of property taxes in dollars levied against residential property owned and occupied by an individual as that individual's homestead;

   b. Five and six-tenths percent of property taxes in dollars levied against commercial or agricultural property, if the individual primarily responsible for management decisions regarding that property has an ownership interest of at least twenty percent in that property and owns and occupies a residence or a mobile home in this state as that person's homestead;

   c. Five and six-tenths percent of mobile home taxes in dollars levied against residential mobile homes under chapter 57-55 if the mobile home is owned and occupied by an individual as that individual's homestead; or

   d. Five and six-tenths percent of mobile home taxes in dollars levied against commercial mobile homes under chapter 57-55 if the individual primarily responsible for management decisions regarding that property has an ownership interest of at least twenty percent in that property and owns and occupies residential property or a mobile home in this state as that individual's homestead.

2. The owner, operator, or lessee of railroad property assessed by the state board of equalization under chapter 57-05 is entitled to a credit against property taxes levied within each county against that property in the amount of five and six-tenths percent of property taxes levied in dollars against that property.

3. The owner, operator, or lessee of operative property of an air carrier transportation company assessed and taxed under chapter 57-32 is entitled to a credit in the amount of five and six-tenths percent of taxes in dollars levied against that property. The tax commissioner shall determine the total amount of credits under this subsection and certify the amount to the state treasurer for transfer from the general fund to the air transportation fund. The credit for each air transportation company must be allocated to each city or municipal airport authority where that company makes regularly scheduled landings, in the same manner as the tax collected from that company is allocated.

4. The tax commissioner shall determine the total amount of credits under subsections 1 and 2 for each county from the abstract of the tax list filed by the county auditor under section 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner shall certify to the state treasurer for payment, by June first following receipt of the abstract of the tax list, the amount determined for each county under this subsection. No penalty or interest applies to any state payment under this section, regardless of when the payment is made.

5. Upon receipt of the payment from the state treasurer under subsection 4, the county treasurer shall apportion and distribute it to the county and the taxing districts in the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.

6. After payments to counties under subsection 4 have been made, the tax commissioner shall certify to the state treasurer as necessary any supplemental amounts payable to counties or the air transportation fund or any amounts that must be returned by counties or returned from the air transportation fund for deposit in the state general fund to correct any errors in payments or reflect any abatement or compromise of taxes, court-ordered tax reduction or increase, or levy of taxes against omitted property. The county auditor shall provide any supplemental information requested by the tax commissioner after submission of the abstract of the tax list. The county treasurer shall apply to the tax commissioner for any supplemental payments to which the county treasurer believes the county is entitled.

7. Notwithstanding any other provision of law, the property tax credit under this section does not apply to any property subject to payments or taxes in lieu of personal or real property taxes except mobile homes.

8. a. Payments received by school districts under this section do not constitute increases in state aid for purposes of determining baseline funding under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

b. Payments received by school districts under this section do not constitute new money for purposes of teacher compensation increases under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

SECTION 2. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ six hundred dollars of taxable valuation. three seventy Five

      (2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ eight hundred ~~thirty~~ eighty dollars of taxable valuation.

      (3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight~~ one hundred ~~twenty-three~~ sixty dollars of taxable valuation.

      (4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ four hundred ~~fifteen~~ forty dollars of taxable valuation.

      (5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~six~~ seven hundred ~~eight~~ twenty dollars of taxable valuation.

   d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

   e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

   a. "Dependent" has the same meaning it has for federal income tax purposes.

   b. "Homestead" has the same meaning as provided in section 47-18-01.

   c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

   d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

   e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 3. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more than ten percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than fifteen days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must~~

~~be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 4. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus eighteen percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the eighteen percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ~~twenty~~ ten percent of the number of ~~persons enumerated~~

~~in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required~~ electors who cast votes in the most recent election in the school district. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 5. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.
2. Estimated revenues from sources other than direct property taxes.
3. The total estimated collections from tax levies for previous years.
4. Such expenditures as are to be made from bond sources.
5. The amount of distributions received from an economic growth increment pool under section 57-15-61.
6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.
7. The amount allocated to the taxing district as a legislative tax relief credit allocation for the year under section 57-01-20.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 6. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three

columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel. The tax statement must include a line item showing the total amount of legislative tax relief credit under section 57-01-20 which applies against the total taxes on the parcel. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 7. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, regardless of the deduction of any credit allowed under section 57-01-20, to the full amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 8. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of a legislative tax relief credit must be applied to taxes for the year for which the legislative tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 9. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Marriage penalty credit.

1. A married couple filing a joint return under section 57-38-30.3 is allowed a credit of not to exceed three hundred dollars per couple as determined under this section. The tax commissioner shall adjust the maximum amount of the credit under this subsection each taxable year at the time and rate adjustments are made to rate schedules under subdivision g of subsection 1 of section 57-38-30.3.

2. The credit under this section is the difference between the tax on the couple's joint North Dakota taxable income under the rates and income levels in subdivision b of subsection 1 of section 57-38-30.3 and the sum of the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the earned income of the lesser-earning spouse, and the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the couple's joint North Dakota taxable income, minus the earned income of the lesser-earning spouse.

3. The tax commissioner shall prepare and make available to taxpayers a comprehensive table showing the credit under this section at brackets of earnings of the lesser-earning spouse and joint taxable income. The brackets of earnings may not be more than two thousand dollars.

4. For a nonresident or part-year resident, the credit under this section must be adjusted based on the percentage calculated under subdivision f of subsection 1 of section 57-38-30.3.

5. For purposes of this section:

   a. "Earned income" means the sum of the following, to the extent included in North Dakota taxable income:

      (1) Earned income as defined in section 32(c)(2) of the Internal Revenue Code;

      (2) Income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

      (3) Social security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

   b. "Earned income of the lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income for the taxable year minus the sum of:

      (1) The amount for one exemption under section 151(d) of the Internal Revenue Code; and

      (2) One-half of the amount of the standard deduction under section 63(c)(2)(A)(4) of the Internal Revenue Code.

SECTION 10. A new subsection to section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

A taxpayer filing a return under this section is entitled to the credits provided under section 9 of this Act.

SECTION 11. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the county and school district and any city or township that levied taxes against the mobile home. The tax statement must include a line item showing the total amount of legislative tax relief credit under section 57-01-20 which applies against the total taxes on the mobile home. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 12. APPROPRIATION. To the extent moneys are available in the permanent oil tax trust fund, the amount necessary to provide property tax relief payments to county treasurers under section 1 of this Act is appropriated, as a standing and continuing appropriation to the state treasurer, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 13. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,408,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 14. LEGISLATIVE COUNCIL STUDY. The legislative council shall study in each interim through 2012 the feasibility and desirability of property tax reform and providing property tax relief to taxpayers of the state, with the goal of reduction of each taxpayer's annual property tax bill to an amount that is not more than one and one-half percent of the true and full value of property, and including examination of the proper measure of education funding from local taxation and state resources and the variability of funding resources among taxing districts and examination of improved collection and reporting of property tax information to identify residency of property owners with minimized administrative difficulty. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the legislative assembly subsequent to each interim.

SECTION 15. EFFECTIVE DATE. Sections 1, 2, 4 through 8, and 11 of this Act are effective for taxable years beginning after December 31, 2006, for ad valorem property taxes and for taxable years beginning after December 31, 2007, for mobile home taxes. Section 3 of this Act is effective for taxable years beginning after December 31, 2007. Sections 9 and 10 of this Act are effective for taxable years beginning after December 31, 2006."

Renumber accordingly

Date 4-22-07
Roll Call Vote #: 33

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken 0674 Amendments.

Motion Made By Dorsdal Seconded By Belter

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher		✓	Rep. Belter	✓	
Sen. Cook		✓	Rep. Dorsdal	✓	
Sen. Triplett	✓		Rep. S. Kelsh		✓

Total (Yes) 3 No 3

Absent 0

Floor Assignment

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

Fails

Prepared by the Legislative Council staff for
Senator Cook
April 22, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

That the House recede from its amendments as printed on pages 1445-1453 of the Senate Journal and pages 1615-1623 of the House Journal and that Reengrossed Senate Bill No. 2032 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact two new sections to chapter 57-38 and two new subsections to section 57-38-30.3 of the North Dakota Century Code, relating to income tax marriage penalty relief and a homestead income tax credit; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-14, 57-20-07.1, and section 57-55-04 of the North Dakota Century Code, relating to the homestead credit, notice of assessment increases, school district levy limitations, contents of property tax statements, payment of real estate taxes, and mobile home taxes; to provide an appropriation; to provide for a legislative council study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

      (2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

      (3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable

valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

(4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

(5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two

hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 2. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more than ten percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than fifteen days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 3. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus eighteen percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007,

approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the eighteen percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ~~twenty~~ ten percent of the number of ~~persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required~~ electors who cast votes in the most recent election in the school district. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 4. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 5. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Marriage penalty credit.

1. A married couple filing a joint return under section 57-38-30.3 is allowed a credit of not to exceed three hundred dollars per couple as determined under this section. The tax commissioner shall adjust the maximum amount of the credit under this subsection each taxable year at the time and rate adjustments are made to rate schedules under subdivision g of subsection 1 of section 57-38-30.3.

2. The credit under this section is the difference between the tax on the couple's joint North Dakota taxable income under the rates and income levels in subdivision b of subsection 1 of section 57-38-30.3 and the sum of the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the earned income of the lesser-earning spouse, and the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the couple's joint North Dakota taxable income, minus the earned income of the lesser-earning spouse.

3. The tax commissioner shall prepare and make available to taxpayers a comprehensive table showing the credit under this section at brackets of earnings of the lesser-earning spouse and joint taxable income. The brackets of earnings may not be more than two thousand dollars.

4. For a nonresident or part-year resident, the credit under this section must be adjusted based on the percentage calculated under subdivision f of subsection 1 of section 57-38-30.3.

5. For purposes of this section:

   a. "Earned income" means the sum of the following, to the extent included in North Dakota taxable income:

      (1) Earned income as defined in section 32(c)(2) of the Internal Revenue Code;

      (2) Income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

      (3) Social security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

   b. "Earned income of the lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income for the taxable year minus the sum of:

      (1) The amount for one exemption under section 151(d) of the Internal Revenue Code; and

      (2) One-half of the amount of the standard deduction under section 63(c)(2)(A)(4) of the Internal Revenue Code.

SECTION 6. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Homestead income tax credit - Rules.

1. In addition to any other credit or deduction allowed by law for a homeowner, an individual is entitled to a credit against the tax imposed under section 57-38-29 or 57-38-30.3 for taxable years 2007 and 2008 in the amount of ten percent of property taxes or mobile home taxes that

became due and are paid during the income tax taxable year which were levied against the individual's homestead in this state. For purposes of this section, "property taxes" does not include any special assessments.

2. For purposes of this section, "homestead" means the dwelling occupied by the individual as the individual's primary residence and, if that residence is in this state, any additional residential or agricultural property owned by that individual in this state.

3. a. The amount of the credit under this section may not exceed one thousand dollars for married persons filing a joint return or five hundred dollars for a single individual or married individuals filing separate returns.

   b. The amount of the credit under this section may not exceed the taxpayer's tax liability under this chapter.

4. The amount of the credit under subsection 3 in excess of the taxpayer's tax liability may be carried forward for up to ten years. 5 yrs

5. Persons owning property together are entitled to only one credit for a parcel of property between or among them under this section. Persons owning property together are each entitled to a percentage of the credit for a single individual under this section equal to their ownership interests in the property.

6. This subsection is not subject to subsection 1 or 2 of section 57-38-45.

7. The tax commissioner shall adopt rules to provide for filing and verification of claims of credits under this section.

SECTION 7. Two new subsections to section 57-38-30.3 of the North Dakota Century Code are created and enacted as follows:

A taxpayer filing a return under this section is entitled to the credit provided under section 5 of this Act.

A taxpayer filing a return under this section is entitled to the credit provided under section 6 of this Act.

SECTION 8. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the county and school district and any city or township that levied taxes against the mobile home. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they

are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 9. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $3,604,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 10. LEGISLATIVE COUNCIL STUDY. The legislative council shall study in each interim through 2012 the feasibility and desirability of property tax reform and providing property tax relief to taxpayers of the state, with the goal of reduction of each taxpayer's annual property tax bill to an amount that is not more than one and one-half percent of the true and full value of property, and including examination of the proper measure of education funding from local taxation and state resources and the variability of funding resources among taxing districts and examination of improved collection and reporting of property tax information to identify residency of property owners with minimized administrative difficulty. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the legislative assembly subsequent to each interim.

SECTION 11. EFFECTIVE DATE. Sections 1, 3, and 4 of this Act are effective for taxable years beginning after December 31, 2006, Section 8 of this Act is effective for taxable years beginning after December 31, 2007, for mobile home taxes. Section 2 of this Act is effective for taxable years beginning after December 31, 2007. Sections 5, 6, and 7 of this Act are effective for taxable years beginning after December 31, 2006."

Renumber accordingly

Date 4-22-07
Roll Call Vote #: 34

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Amendment 0673 - Chg 5 to 4 RS

Motion Made By Cook Seconded By Triplett

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher	✓		Rep. Beiter		✓
Sen. Cook	✓		Rep. Drovdal		✓
Sen. Triplett	✓		Rep. S. Kelsh	✓	

Total (Yes) 4 No 2

Absent 0

Floor Assignment

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

Fails

Date 4.22.09
Roll Call Vote #: 39

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do 73 Amendments w/3 chgs 10 to 9.4% - 10 to 5 & And are after yr.

Motion Made By Triplett Seconded By Kelsh

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher	✓		Rep. Beiter 1		✓
Sen. Cook		✓	Rep. Drovdal 2		✓
Sen. Triplett	✓		Rep. S. Kelsh	✓	

Total (Yes) 3 No 3

Absent 6

Floor Assignment

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

Fails

Date 4-22-07
Roll Call Vote #: 36

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken 9.2% - 92 million

Motion Made By Triplett Seconded By Kelsh

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher			Rep. Belter		
Sen. Cook			Rep. Drovdal		
Sen. Triplett			Rep. S. Kelsh		

Total (Yes) No

Absent

Floor Assignment

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

Withdrawn

Date 1-22-07
Roll Call Vote #: 37

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate **Finance and Tax** Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken 0673 - 1st yr @ 10%

Motion Made By Cook Seconded By Belter

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher	✓		Rep. Belter	✓	
Sen. Cook	✓		Rep. Drovdal		✓
Sen. Triplett	✓		Rep. S. Kelsh	✓	

Total (Yes) 5 No 1

Absent 0

Floor Assignment

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

passed

Sen Triplett

70102.0677
Title.

Prepared by the Legislative Council staff for
Senator Mathern
April 23, 2007 4-22-07 12:40

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

That the House recede from its amendments as printed on pages 1445-1453 of the Senate Journal and pages 1615-1623 of the House Journal and that Reengrossed Senate Bill No. 2032 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact two new sections to chapter 57-38 and two new subsections to section 57-38-30.3 of the North Dakota Century Code, relating to income tax marriage penalty relief and a homestead income tax credit; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-14, 57-20-07.1, and 57-55-04 of the North Dakota Century Code, relating to the homestead credit, notice of assessment increases, school district levy limitations, contents of property tax statements, payment of real estate taxes, and mobile home taxes; to provide an appropriation; to provide for a legislative council study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

      (2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

      (3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable

valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

(4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

(5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two

hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 2. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more than ten percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than fifteen days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 3. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus eighteen percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007,

approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the eighteen percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ~~twenty~~ ten percent of the number of ~~persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required~~ electors who cast votes in the most recent election in the school district. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 4. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 5. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Marriage penalty credit.

1. A married couple filing a joint return under section 57-38-30.3 is allowed a credit of not to exceed three hundred dollars per couple as determined under this section. The tax commissioner shall adjust the maximum amount of the credit under this subsection each taxable year at the time and rate adjustments are made to rate schedules under subdivision g of subsection 1 of section 57-38-30.3.

2. The credit under this section is the difference between the tax on the couple's joint North Dakota taxable income under the rates and income levels in subdivision b of subsection 1 of section 57-38-30.3 and the sum of the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the earned income of the lesser-earning spouse, and the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the couple's joint North Dakota taxable income, minus the earned income of the lesser-earning spouse.

3. The tax commissioner shall prepare and make available to taxpayers a comprehensive table showing the credit under this section at brackets of earnings of the lesser-earning spouse and joint taxable income. The brackets of earnings may not be more than two thousand dollars.

4. For a nonresident or part-year resident, the credit under this section must be adjusted based on the percentage calculated under subdivision f of subsection 1 of section 57-38-30.3.

5. For purposes of this section:

   a. "Earned income" means the sum of the following, to the extent included in North Dakota taxable income:

      (1) Earned income as defined in section 32(c)(2) of the Internal Revenue Code;

      (2) Income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

      (3) Social security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

   b. "Earned income of the lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income for the taxable year minus the sum of:

      (1) The amount for one exemption under section 151(d) of the Internal Revenue Code; and

      (2) One-half of the amount of the standard deduction under section 63(c)(2)(A)(4) of the Internal Revenue Code.

SECTION 6. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Homestead Income tax credit - Rules.

1. In addition to any other credit or deduction allowed by law for a homeowner, an individual is entitled to a credit against the tax imposed under section 57-38-29 or section 57-38-30.3 for taxable years 2007 and 2008 in the amount of ten percent of property taxes or mobile home taxes

that became due during the income tax taxable year and are paid which were levied against the individual's homestead in this state. For purposes of this section, "property taxes" does not include any special assessments.

2. For purposes of this section, "homestead" means the dwelling occupied by the individual as the individual's primary residence and, if that residence is in this state, any residential or agricultural property owned by that individual in this state.

3. a. The amount of the credit under this section may not exceed one thousand dollars for married persons filing a joint return or five hundred dollars for a single individual or married individuals filing separate returns.

b. The credit under this section may be refunded to the taxpayer if it exceeds the taxpayer's tax liability under this chapter.

4. Persons owning property together are entitled to only one credit for a parcel of property between or among them under this section. Persons owning property together are each entitled to a percentage of the credit for a single individual under this section equal to their ownership interests in the property.

5. This subsection is not subject to subsection 1 or subsection 2 of section 57-38-45.

6. The tax commissioner shall adopt rules to provide for filing and verification of claims of credits under this section.

7. a. If, on November 15, 2008, the total amount of tax credits claimed under this section exceeds forty-four million dollars, the tax commissioner shall reduce the rate of the credit under subsection 1. The adjusted credit rate must be calculated by the tax commissioner as follows:

(1) The tax commissioner shall determine the percentage by which the credits claimed under this section exceeds forty-four million dollars.

(2) The difference between the number one and the amount calculated under subdivision a multiplied by ten percent is the adjusted credit rate for the 2008 taxable year.

b. The tax commissioner shall report any adjustment under this subsection to the budget section of the legislative council for review.

SECTION 7. Two new subsections to section 57-38-30.3 of the North Dakota Century Code are created and enacted as follows:

A taxpayer filing a return under this section is entitled to the credit provided under section 5 of this Act.

A taxpayer filing a return under this section is entitled to the credit provided under section 6 of this Act.

SECTION 8. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on

the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the county and school district and any city or township that levied taxes against the mobile home. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 9. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $3,604,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 10. LEGISLATIVE COUNCIL STUDY. The legislative council shall study in each interim through 2012 the feasibility and desirability of property tax reform and providing property tax relief to taxpayers of the state, with the goal of reduction of each taxpayer's annual property tax bill to an amount that is not more than one and one-half percent of the true and full value of property, and including examination of the proper measure of education funding from local taxation and state resources and the variability of funding resources among taxing districts and examination of improved collection and reporting of property tax information to identify residency of property owners with minimized administrative difficulty. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the legislative assembly subsequent to each interim.

SECTION 11. EFFECTIVE DATE. Sections 1, 3, and 4 of this Act are effective for taxable years beginning after December 31, 2006. Section 8 of this Act is effective for taxable years beginning after December 31, 2007, for mobile home taxes. Section 2 of this Act is effective for taxable years beginning after December 31, 2007. Sections 5, 6, and 7 of this Act are effective for taxable years beginning after December 31, 2006."

Renumber accordingly

Date: 4-23-07
Roll Call Vote #: 38

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

Senate Finance and Tax Conference Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Reconsider our action

Motion Made By TRiplett Seconded By Kelsh

Senators	Yes	No	Senators	Yes	No
Urlacher		✓	Belter		✓
Cook		✓	Drovdal	✓	
Triplett	✓		Kelsh	✓	

Total (Yes) 3 No 3

Absent 0

Floor Assignment

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

Fails.

70102.0676
Title.1300

Prepared by the Legislative Council staff for
Conference Committee
April 22, 2007

4-22-07
1 of 8

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

That the House recede from its amendments as printed on pages 1445-1453 of the Senate Journal and pages 1615-1623 of the House Journal and that Reengrossed Senate Bill No. 2032 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact two new sections to chapter 57-38 and two new subsections to section 57-38-30.3 of the North Dakota Century Code, relating to income tax marriage penalty relief and a homestead income tax credit; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-14, 57-20-07.1, and 57-55-04 of the North Dakota Century Code, relating to the homestead credit, notice of assessment increases, school district levy limitations, contents of property tax statements, payment of real estate taxes, and mobile home taxes; to provide an appropriation; to provide for a legislative council study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

      (2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

      (3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable

valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

(4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

(5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two

hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 2. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more than ten percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than fifteen days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 3. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus eighteen percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007,

approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the eighteen percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ~~twenty~~ ten percent of the number of ~~persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required~~ electors who cast votes in the most recent election in the school district. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 4. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 5. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Marriage penalty credit.

1. A married couple filing a joint return under section 57-38-30.3 is allowed a credit of not to exceed three hundred dollars per couple as determined under this section. The tax commissioner shall adjust the maximum amount of the credit under this subsection each taxable year at the time and rate adjustments are made to rate schedules under subdivision g of subsection 1 of section 57-38-30.3.

2. The credit under this section is the difference between the tax on the couple's joint North Dakota taxable income under the rates and income levels in subdivision b of subsection 1 of section 57-38-30.3 and the sum of the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the earned income of the lesser-earning spouse, and the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the couple's joint North Dakota taxable income, minus the earned income of the lesser-earning spouse.

3. The tax commissioner shall prepare and make available to taxpayers a comprehensive table showing the credit under this section at brackets of earnings of the lesser-earning spouse and joint taxable income. The brackets of earnings may not be more than two thousand dollars.

4. For a nonresident or part-year resident, the credit under this section must be adjusted based on the percentage calculated under subdivision f of subsection 1 of section 57-38-30.3.

5. For purposes of this section:

   a. "Earned income" means the sum of the following, to the extent included in North Dakota taxable income:

      (1) Earned income as defined in section 32(c)(2) of the Internal Revenue Code;

      (2) Income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

      (3) Social security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

   b. "Earned income of the lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income for the taxable year minus the sum of:

      (1) The amount for one exemption under section 151(d) of the Internal Revenue Code; and

      (2) One-half of the amount of the standard deduction under section 63(c)(2)(A)(4) of the Internal Revenue Code.

SECTION 6. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Homestead income tax credit - Rules.

1. In addition to any other credit or deduction allowed by law for a homeowner, an individual is entitled to a credit against the tax imposed under section 57-38-29 or section 57-38-30.3 for taxable years 2007 and 2008 in the amount of ten percent of property taxes or mobile home taxes

that became due during the income tax taxable year and are paid which were levied against the individual's homestead in this state. For purposes of this section, "property taxes" does not include any special assessments.

2. For purposes of this section, "homestead" means the dwelling occupied by the individual as the individual's primary residence and, if that residence is in this state, any residential or agricultural property owned by that individual in this state.

3. a. The amount of the credit under this section may not exceed one thousand dollars for married persons filing a joint return or five hundred dollars for a single individual or married individuals filing separate returns.

b. The amount of the credit under this section may not exceed the taxpayer's tax liability under this chapter.

4. The amount of the credit under subsection 3 in excess of the taxpayer's tax liability may be carried forward for up to five years.

5. Persons owning property together are entitled to only one credit for a parcel of property between or among them under this section. Persons owning property together are each entitled to a percentage of the credit for a single individual under this section equal to their ownership interests in the property.

6. This subsection is not subject to subsection 1 or subsection 2 of section 57-38-45.

7. The tax commissioner shall adopt rules to provide for filing and verification of claims of credits under this section.

8. a. If, on November 15, 2008, the total amount of tax credits claimed under this section exceeds forty-four million dollars, the tax commissioner shall reduce the rate of the credit under subsection 1. The adjusted credit rate must be calculated by the tax commissioner as follows:

(1) The tax commissioner shall determine the percentage by which the credits claimed under this section exceeds forty-four million dollars.

(2) The difference between the number one and the amount calculated under subdivision a multiplied by ten percent is the adjusted credit rate for the 2008 taxable year.

b. The tax commissioner shall report any adjustment under this subsection to the budget section of the legislative council for review.

SECTION 7. Two new subsections to section 57-38-30.3 of the North Dakota Century Code are created and enacted as follows:

A taxpayer filing a return under this section is entitled to the credit provided under section 5 of this Act.

A taxpayer filing a return under this section is entitled to the credit provided under section 6 of this Act.

SECTION 8. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the county and school district and any city or township that levied taxes against the mobile home. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 9. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $3,604,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 10. LEGISLATIVE COUNCIL STUDY. The legislative council shall study in each interim through 2012 the feasibility and desirability of property tax reform and providing property tax relief to taxpayers of the state, with the goal of reduction of each taxpayer's annual property tax bill to an amount that is not more than one and one-half percent of the true and full value of property, and including examination of the proper measure of education funding from local taxation and state resources and the variability of funding resources among taxing districts and examination of improved collection and reporting of property tax information to identify residency of property owners with minimized administrative difficulty. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the legislative assembly subsequent to each interim.

SECTION 11. EFFECTIVE DATE. Sections 1, 3, and 4 of this Act are effective for taxable years beginning after December 31, 2006. Section 8 of this Act is effective for taxable years beginning after December 31, 2007, for mobile home taxes. Section 2 of this Act is effective for taxable years beginning after December 31, 2007. Sections 5, 6, and 7 of this Act are effective for taxable years beginning after December 31, 2006."

Renumber accordingly

4/23.07

Date:
Roll Call Vote #: 39

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

Senate Finance and Tax Conference Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Accept Final Report

Motion Made By Cook Seconded By Belter

Senators	Yes	No	Senators	Yes	No
Urlacher	✓		Belter	✓	
Cook	✓		Drovdal		✓
Triplett	✓		Kelsh	✓	

Total (Yes) 5 No 1

Absent 0

Floor Assignment

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

passed

REPORT OF CONFERENCE COMMITTEE

SB 2032, as reengrossed: Your conference committee (Sens. Urlacher, Cook, Triplett and Reps. Belter, Drovdal, S. Kelsh) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1445-1453, adopt amendments as follows, and place SB 2032 on the Seventh order:

That the House recede from its amendments as printed on pages 1445-1453 of the Senate Journal and pages 1615-1623 of the House Journal and that Reengrossed Senate Bill No. 2032 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact two new sections to chapter 57-38 and two new subsections to section 57-38-30.3 of the North Dakota Century Code, relating to income tax marriage penalty relief and a homestead income tax credit; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-14, 57-20-07.1, and 57-55-04 of the North Dakota Century Code, relating to the homestead credit, notice of assessment increases, school district levy limitations, contents of property tax statements, payment of real estate taxes, and mobile home taxes; to provide an appropriation; to provide for a legislative council study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

      (2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

      (3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five~~

~~hundred~~ dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

(4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

(5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as

payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the

person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 2. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more than ten percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than fifteen days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 3. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus eighteen percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority

of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the eighteen percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ~~twenty~~ ten percent of the number of ~~persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required~~ electors who cast votes in the most recent election in the school district. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 4. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's

last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 5. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Marriage penalty credit.

1. A married couple filing a joint return under section 57-38-30.3 is allowed a credit of not to exceed three hundred dollars per couple as determined under this section. The tax commissioner shall adjust the maximum amount of the credit under this subsection each taxable year at the time and rate adjustments are made to rate schedules under subdivision g of subsection 1 of section 57-38-30.3.

2. The credit under this section is the difference between the tax on the couple's joint North Dakota taxable income under the rates and income levels in subdivision b of subsection 1 of section 57-38-30.3 and the sum of the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the earned income of the lesser-earning spouse, and the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the couple's joint North Dakota taxable income, minus the earned income of the lesser-earning spouse.

3. The tax commissioner shall prepare and make available to taxpayers a comprehensive table showing the credit under this section at brackets of earnings of the lesser-earning spouse and joint taxable income. The brackets of earnings may not be more than two thousand dollars.

4. For a nonresident or part-year resident, the credit under this section must be adjusted based on the percentage calculated under subdivision f of subsection 1 of section 57-38-30.3.

5. For purposes of this section:

   a. "Earned income" means the sum of the following, to the extent included in North Dakota taxable income:

      (1) Earned income as defined in section 32(c)(2) of the Internal Revenue Code;

      (2) Income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

(3) Social security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

b. "Earned income of the lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income for the taxable year minus the sum of:

(1) The amount for one exemption under section 151(d) of the Internal Revenue Code; and

(2) One-half of the amount of the standard deduction under section 63(c)(2)(A)(4) of the Internal Revenue Code.

SECTION 6. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Homestead income tax credit - Rules.

1. In addition to any other credit or deduction allowed by law for a homeowner, an individual is entitled to a credit against the tax imposed under section 57-38-29 or section 57-38-30.3 for taxable years 2007 and 2008 in the amount of ten percent of property taxes or mobile home taxes that became due during the income tax taxable year and are paid which were levied against the individual's homestead in this state. For purposes of this section, "property taxes" does not include any special assessments.

2. For purposes of this section, "homestead" means the dwelling occupied by the individual as the individual's primary residence and, if that residence is in this state, any residential or agricultural property owned by that individual in this state.

3. a. The amount of the credit under this section may not exceed one thousand dollars for married persons filing a joint return or five hundred dollars for a single individual or married individuals filing separate returns.

b. The amount of the credit under this section may not exceed the taxpayer's tax liability under this chapter.

4. The amount of the credit under subsection 3 in excess of the taxpayer's tax liability may be carried forward for up to five years.

5. Persons owning property together are entitled to only one credit for a parcel of property between or among them under this section. Persons owning property together are each entitled to a percentage of the credit for a single individual under this section equal to their ownership interests in the property.

6. This section is not subject to subsection 1 or subsection 2 of section 57-38-45.

7. The tax commissioner shall adopt rules to provide for filing and verification of claims of credits under this section.

8. a. If, on November 15, 2008, the total amount of tax credits claimed under this section exceeds forty-four million dollars, the tax

commissioner shall reduce the rate of the credit under subsection 1. The adjusted credit rate must be calculated by the tax commissioner as follows:

(1) The tax commissioner shall determine the percentage by which the credits claimed under this section exceeds forty-four million dollars.

(2) The difference between the number one and the amount calculated under subdivision a multiplied by ten percent is the adjusted credit rate for the 2008 taxable year.

b. The tax commissioner shall report any adjustment under this subsection to the budget section of the legislative council for review.

SECTION 7. Two new subsections to section 57-38-30.3 of the North Dakota Century Code are created and enacted as follows:

A taxpayer filing a return under this section is entitled to the credit provided under section 5 of this Act.

A taxpayer filing a return under this section is entitled to the credit provided under section 6 of this Act.

SECTION 8. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the county and school district and any city or township that levied taxes against the mobile home. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 9. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $3,604,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 10. LEGISLATIVE COUNCIL STUDY. The legislative council shall study in each interim through 2012 the feasibility and desirability of property tax reform and providing property tax relief to taxpayers of the state, with the goal of reduction of

each taxpayer's annual property tax bill to an amount that is not more than one and one-half percent of the true and full value of property, and including examination of the proper measure of education funding from local taxation and state resources and the variability of funding resources among taxing districts and examination of improved collection and reporting of property tax information to identify residency of property owners with minimized administrative difficulty. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the legislative assembly subsequent to each interim.

SECTION 11. EFFECTIVE DATE. Sections 1, 3, and 4 of this Act are effective for taxable years beginning after December 31, 2006. Section 8 of this Act is effective for taxable years beginning after December 31, 2007, for mobile home taxes. Section 2 of this Act is effective for taxable years beginning after December 31, 2007. Sections 5, 6, and 7 of this Act are effective for taxable years beginning after December 31, 2006."

Renumber accordingly

Reengrossed SB 2032 was placed on the Seventh order of business on the calendar.

Prepared by the Legislative Council staff for
Representative Drovdal
April 25, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

That the House recede from its amendments as printed on pages 1445-1453 of the Senate Journal and pages 1615-1623 of the House Journal and that Reengrossed Senate Bill No. 2032 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20, a new section to chapter 57-38, and a new subsection to section 57-38-30.3 of the North Dakota Century Code, relating to allocation among school districts of legislative tax relief credit funds and income tax marriage penalty relief; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-14, 57-15-31, 57-20-07.1, 57-20-09, and 57-20-21.1, and section 57-55-04 of the North Dakota Century Code, relating to homestead credit, notice of assessment increases, school district levy limitations, contents of property tax statements, payment of real estate taxes, and mobile home taxes; to provide appropriations; to provide for a legislative council study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. Legislative tax relief credit.

1. The owner of a parcel of taxable residential, agricultural, or commercial property, a mobile home, or property containing one or more of those classifications of taxable property, is entitled to a credit against property taxes levied against that property. The credit applies to the total amount of property taxes in dollars levied against the taxable value of the property but the credit may not exceed one thousand dollars for any parcel of property. The credit is equal to:

   a. Six and five-tenths percent of property taxes in dollars levied against residential, commercial, or agricultural property; and

   b. Six and five-tenths percent of mobile home taxes in dollars.

2. The owner, operator, or lessee of railroad property assessed by the state board of equalization under chapter 57-05 is entitled to a credit against property taxes levied within each county against that property in the amount of six and five-tenths percent of property taxes levied in dollars against that property.

3. The owner, operator, or lessee of operative property of an air carrier transportation company assessed and taxed under chapter 57-32 is entitled to a credit in the amount of six and five-tenths percent of taxes in dollars levied against that property. The tax commissioner shall determine the total amount of credits under this subsection and certify the amount to the state treasurer for transfer from the general fund to the air transportation fund. The credit for each air transportation company must be allocated to each city or municipal airport authority where that company makes regularly scheduled landings, in the same manner as the tax collected from that company is allocated.

4. The tax commissioner shall determine the total amount of credits under subsections 1 and 2 for each county from the abstract of the tax list filed by the county auditor under section 57-20-04, as audited and corrected by the tax commissioner, and from any other supplemental information requested by the tax commissioner. The tax commissioner shall certify to the state treasurer for payment, by June first following receipt of the abstract of the tax list, the amount determined for each county under this subsection. No penalty or interest applies to any state payment under this section, regardless of when the payment is made.

5. Upon receipt of the payment from the state treasurer under subsection 4, the county treasurer shall apportion and distribute it to the county and the taxing districts in the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.

6. After payments to counties under subsection 4 have been made, the tax commissioner shall certify to the state treasurer as necessary any supplemental amounts payable to counties or the air transportation fund or any amounts that must be returned by counties or returned from the air transportation fund for deposit in the state general fund to correct any errors in payments or reflect any abatement or compromise of taxes, court-ordered tax reduction or increase, or levy of taxes against omitted property. The county auditor shall provide any supplemental information requested by the tax commissioner after submission of the abstract of the tax list. The county treasurer shall apply to the tax commissioner for any supplemental payments to which the county treasurer believes the county is entitled.

7. Notwithstanding any other provision of law, the property tax credit under this section does not apply to any property subject to payments or taxes in lieu of personal or real property taxes except mobile homes.

8. a. Payments received by school districts under this section do not constitute increases in state aid for purposes of determining baseline funding under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

   b. Payments received by school districts under this section do not constitute new money for purposes of teacher compensation increases under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

9. If, on May 30, 2008, the total amount of legislative tax relief credits payable to counties under subsection 4 for taxes levied in 2007 exceeds forty-eight million dollars, or falls below forty-six million dollars, the tax commissioner shall adjust the rate of the credit under this section effective for property taxes levied in 2008. The budget section of the legislative council shall review the credit rate adjustment. The tax commissioner shall calculate the adjusted credit rate as follows:

   a. The tax commissioner shall determine the percentage by which the legislative tax relief credits under this section exceeds forty-eight million dollars. The difference between one and the amount calculated under this subdivision multiplied by six and five-tenths percent is the adjusted credit rate for the taxes levied in 2008; or

   b. The tax commissioner shall determine the percentage by which the legislative tax relief credits under this section falls below forty-six million dollars. The sum of one and the absolute value of the amount

calculated under this subdivision multiplied by six and five-tenths percent is the adjusted credit rate for the taxes levied in 2008.

SECTION 2. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

      (2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

      (3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

      (4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

      (5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

   d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are

each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 3. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more than ten percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than fifteen days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county

equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 4. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus eighteen percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the eighteen percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the

filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ~~twenty~~ ten percent of the number of ~~persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required~~ electors who cast votes in the most recent election in the school district. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 5. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.
2. Estimated revenues from sources other than direct property taxes.
3. The total estimated collections from tax levies for previous years.
4. Such expenditures as are to be made from bond sources.
5. The amount of distributions received from an economic growth increment pool under section 57-15-61.
6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.
7. The amount allocated to the taxing district as a legislative tax relief credit allocation for the year under section 57-01-20.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 6. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the

true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel. The tax statement must include a line item showing the total amount of legislative tax relief credit under section 57-01-20 which applies against the total taxes on the parcel. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 7. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, regardless of the deduction of any credit allowed under section 57-01-20, to the full amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 8. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of a legislative tax relief credit must be applied to taxes for the year for which the legislative tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 9. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Marriage penalty credit.

1. A married couple filing a joint return under section 57-38-30.3 is allowed a credit of not to exceed three hundred dollars per couple as determined under this section. The tax commissioner shall adjust the maximum amount of the credit under this subsection each taxable year at the time and rate adjustments are made to rate schedules under subdivision g of subsection 1 of section 57-38-30.3.

2. The credit under this section is the difference between the tax on the couple's joint North Dakota taxable income under the rates and income levels in subdivision b of subsection 1 of section 57-38-30.3 and the sum of the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the earned income of the lesser-earning spouse, and the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the couple's joint North Dakota taxable income, minus the earned income of the lesser-earning spouse.

3. The tax commissioner shall prepare and make available to taxpayers a comprehensive table showing the credit under this section at brackets of

earnings of the lesser-earning spouse and joint taxable income. The brackets of earnings may not be more than two thousand dollars.

4. For a nonresident or part-year resident, the credit under this section must be adjusted based on the percentage calculated under subdivision f of subsection 1 of section 57-38-30.3.

5. For purposes of this section:

   a. "Earned income" means the sum of the following, to the extent included in North Dakota taxable income:

      (1) Earned income as defined in section 32(c)(2) of the Internal Revenue Code;

      (2) Income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

      (3) Social security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

   b. "Earned income of the lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income for the taxable year minus the sum of:

      (1) The amount for one exemption under section 151(d) of the Internal Revenue Code; and

      (2) One-half of the amount of the standard deduction under section 63(c)(2)(A)(4) of the Internal Revenue Code.

SECTION 10. A new subsection to section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

A taxpayer filing a return under this section is entitled to the credits provided under section 9 of this Act.

SECTION 11. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the county and school district and any city or township that levied taxes against the mobile home. The tax statement must include a line item showing the total amount of legislative tax relief credit under section 57-01-20 which applies against the total taxes on the mobile home. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they

are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 12. APPROPRIATION. To the extent moneys are available in the permanent oil tax trust fund, the amount necessary to provide property tax relief payments to county treasurers under section 1 of this Act is appropriated, as a standing and continuing appropriation to the state treasurer, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 13. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $3,604,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 14. LEGISLATIVE COUNCIL STUDY. The legislative council shall study in each interim through 2012 the feasibility and desirability of property tax reform and providing property tax relief to taxpayers of the state, with the goal of reduction of each taxpayer's annual property tax bill to an amount that is not more than one and one-half percent of the true and full value of property, and including examination of the proper measure of education funding from local taxation and state resources and the variability of funding resources among taxing districts and examination of improved collection and reporting of property tax information to identify residency of property owners with minimized administrative difficulty. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the legislative assembly subsequent to each interim.

SECTION 15. EFFECTIVE DATE. Sections 1, 2, 4 through 8, and 11 of this Act are effective for taxable years beginning after December 31, 2006, for ad valorem property taxes and for taxable years beginning after December 31, 2007, for mobile home taxes. Section 3 of this Act is effective for taxable years beginning after December 31, 2007. Sections 9 and 10 of this Act are effective for taxable years beginning after December 31, 2006."

Renumber accordingly

4-25-07
1

Date:
Roll Call Vote #:

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

Senate Finance and Tax Conference Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Amendments. 0681

Motion Made By Drovdal Seconded By Triplett

Senators	Yes	No	Senators	Yes	No
Urlacher 3		✓	Belter	✓	
Cook 2		✓	Drovdal	✓	
Triplett	✓		Kelsh 1		✓

Total (Yes) 3 No 3

Absent 0

Floor Assignment

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

Fails

70102.0683
Title.

Prepared by the Legislative Council staff for
Senator Cook
April 25, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

That the House recede from its amendments as printed on pages 1445-1453 of the Senate Journal and pages 1615-1623 of the House Journal and that Reengrossed Senate Bill No. 2032 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact two new sections to chapter 57-38 and two new subsections to section 57-38-30.3 of the North Dakota Century Code, relating to income tax marriage penalty relief and a homestead income tax credit; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-14, 57-20-07.1, and 57-55-04 of the North Dakota Century Code, relating to the homestead credit, notice of assessment increases, school district levy limitations, contents of property tax statements, payment of real estate taxes, and mobile home taxes; to provide an appropriation; to provide for a legislative council study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of eight thousand five hundred dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand thirty-eight dollars of taxable valuation.

      (2) If the person's income is in excess of eight thousand five hundred dollars and not in excess of ~~ten~~ eleven thousand five hundred dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand four hundred thirty dollars of taxable valuation.

      (3) If the person's income is in excess of ~~ten~~ eleven thousand five hundred dollars and not in excess of ~~eleven~~ fifteen thousand ~~five hundred~~ dollars, a reduction of ~~sixty~~ forty percent of the

taxable valuation of the person's homestead up to a maximum reduction of one thousand eight hundred twenty-three dollars of taxable valuation.

(4) If the person's income is in excess of ~~eleven~~ fifteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ eighteen thousand five hundred dollars, a reduction of ~~forty~~ twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand two hundred fifteen dollars of taxable valuation.

(5) If the person's income is in excess of ~~thirteen~~ eighteen thousand five hundred dollars and not in excess of ~~fourteen~~ twenty-two thousand ~~five hundred~~ dollars, a reduction of ~~twenty~~ ten percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred eight dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the

person's annual income, but the refund may not be in excess of two hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a

continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 2. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more than ten percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than fifteen days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 3. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus eighteen percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot

must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the eighteen percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ~~twenty~~ ten percent of the number of ~~persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required~~ electors who cast votes in the most recent election in the school district. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 4. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 5. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Marriage penalty credit.

1. A married couple filing a joint return under section 57-38-30.3 is allowed a credit of not to exceed three hundred dollars per couple as determined under this section. The tax commissioner shall adjust the maximum amount of the credit under this subsection each taxable year at the time and rate adjustments are made to rate schedules under subdivision g of subsection 1 of section 57-38-30.3.

2. The credit under this section is the difference between the tax on the couple's joint North Dakota taxable income under the rates and income levels in subdivision b of subsection 1 of section 57-38-30.3 and the sum of the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the earned income of the lesser-earning spouse, and the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the couple's joint North Dakota taxable income, minus the earned income of the lesser-earning spouse.

3. The tax commissioner shall prepare and make available to taxpayers a comprehensive table showing the credit under this section at brackets of earnings of the lesser-earning spouse and joint taxable income. The brackets of earnings may not be more than two thousand dollars.

4. For a nonresident or part-year resident, the credit under this section must be adjusted based on the percentage calculated under subdivision f of subsection 1 of section 57-38-30.3.

5. For purposes of this section:

   a. "Earned income" means the sum of the following, to the extent included in North Dakota taxable income:

      (1) Earned income as defined in section 32(c)(2) of the Internal Revenue Code;

      (2) Income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

      (3) Social security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

   b. "Earned income of the lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income for the taxable year minus the sum of:

      (1) The amount for one exemption under section 151(d) of the Internal Revenue Code; and

      (2) One-half of the amount of the standard deduction under section 63(c)(2)(A)(4) of the Internal Revenue Code.

SECTION 6. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Homestead Income tax credit - Rules.

1. In addition to any other credit or deduction allowed by law for a homeowner, an individual is entitled to a credit against the tax imposed under section 57-38-29 or section 57-38-30.3 for taxable years 2007 and 2008 in the amount of ten percent of property taxes or mobile home taxes that became due during the income tax taxable year and are paid which were levied against the individual's homestead in this state. For purposes of this section, "property taxes" does not include any special assessments.

2. For purposes of this section, "homestead" means the dwelling occupied by the individual as the individual's primary residence and, if that residence is in this state, any residential or agricultural property owned by that individual in this state.

3. a. The amount of the credit under this section may not exceed one thousand dollars for married persons filing a joint return or five hundred dollars for a single individual or married individuals filing separate returns.

   b. The amount of the credit under this section may not exceed the taxpayer's tax liability under this chapter.

4. The amount of the credit under subsection 3 in excess of the taxpayer's tax liability may be carried forward for up to five years.

5. Persons owning property together are entitled to only one credit for a parcel of property between or among them under this section. Persons owning property together are each entitled to a percentage of the credit for a single individual under this section equal to their ownership interests in the property.

6. This section is not subject to subsection 1 or subsection 2 of section 57-38-45.

7. The tax commissioner shall adopt rules to provide for filing and verification of claims of credits under this section.

8. a. If, on November 15, 2008, the total amount of tax credits claimed under this section exceeds forty-four million dollars, the tax commissioner shall reduce the rate of the credit under subsection 1. The adjusted credit rate must be calculated by the tax commissioner as follows:

      (1) The tax commissioner shall determine the percentage by which the credits claimed under this section exceeds forty-four million dollars.

      (2) The difference between the number one and the amount calculated under subdivision a multiplied by ten percent is the adjusted credit rate for the 2008 taxable year.

   b. The tax commissioner shall report any adjustment under this subsection to the budget section of the legislative council for review.

SECTION 7. Two new subsections to section 57-38-30.3 of the North Dakota Century Code are created and enacted as follows:

A taxpayer filing a return under this section is entitled to the credit provided under section 5 of this Act.

A taxpayer filing a return under this section is entitled to the credit provided under section 6 of this Act.

SECTION 8. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the county and school district and any city or township that levied taxes against the mobile home. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 9. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $3,604,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 10. LEGISLATIVE COUNCIL STUDY. The legislative council shall study in each interim through 2012 the feasibility and desirability of property tax reform and providing property tax relief to taxpayers of the state, with the goal of reduction of each taxpayer's annual property tax bill to an amount that is not more than one and one-half percent of the true and full value of property, and including examination of the proper measure of education funding from local taxation and state resources and the variability of funding resources among taxing districts and examination of improved collection and reporting of property tax information to identify residency of property owners with minimized administrative difficulty. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the legislative assembly subsequent to each interim.

SECTION 11. EFFECTIVE DATE. Sections 1, 3, and 4 of this Act are effective for taxable years beginning after December 31, 2006. Section 8 of this Act is effective for taxable years beginning after December 31, 2007, for mobile home taxes. Section 2 of this Act is effective for taxable years beginning after December 31, 2007. Sections 5, 6, and 7 of this Act are effective for taxable years beginning after December 31, 2006."

Renumber accordingly

(2)

70102.0690
Title.

Prepared by the Legislative Council staff for
Senator Cook
April 25, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

That the House recede from its amendments as printed on pages 1445-1453 of the Senate Journal and pages 1615-1623 of the House Journal and that Reengrossed Senate Bill No. 2032 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact three new sections to chapter 57-38 and three new subsections to section 57-38-30.3 of the North Dakota Century Code, relating to income tax marriage penalty relief, a homestead income tax credit, and a commercial property income tax credit; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-14, 57-20-07.1, and 57-55-04 of the North Dakota Century Code, relating to the homestead credit, notice of assessment increases, school district levy limitations, contents of property tax statements, payment of real estate taxes, and mobile home taxes; to provide an appropriation; to provide for a legislative council study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

      (2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

      (3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable

valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

(4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

(5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two

hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 2. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more than ten percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than fifteen days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 3. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus eighteen percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007,

approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the eighteen percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ~~twenty~~ ten percent of the number of ~~persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required~~ electors who cast votes in the most recent election in the school district. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 4. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 5. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Marriage penalty credit.

1. A married couple filing a joint return under section 57-38-30.3 is allowed a credit of not to exceed three hundred dollars per couple as determined under this section. The tax commissioner shall adjust the maximum amount of the credit under this subsection each taxable year at the time and rate adjustments are made to rate schedules under subdivision g of subsection 1 of section 57-38-30.3.

2. The credit under this section is the difference between the tax on the couple's joint North Dakota taxable income under the rates and income levels in subdivision b of subsection 1 of section 57-38-30.3 and the sum of the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the earned income of the lesser-earning spouse, and the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the couple's joint North Dakota taxable income, minus the earned income of the lesser-earning spouse.

3. The tax commissioner shall prepare and make available to taxpayers a comprehensive table showing the credit under this section at brackets of earnings of the lesser-earning spouse and joint taxable income. The brackets of earnings may not be more than two thousand dollars.

4. For a nonresident or part-year resident, the credit under this section must be adjusted based on the percentage calculated under subdivision f of subsection 1 of section 57-38-30.3.

5. For purposes of this section:

   a. "Earned income" means the sum of the following, to the extent included in North Dakota taxable income:

      (1) Earned income as defined in section 32(c)(2) of the Internal Revenue Code;

      (2) Income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

      (3) Social security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

   b. "Earned income of the lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income for the taxable year minus the sum of:

      (1) The amount for one exemption under section 151(d) of the Internal Revenue Code; and

      (2) One-half of the amount of the standard deduction under section 63(c)(2)(A)(4) of the Internal Revenue Code.

SECTION 6. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Homestead Income tax credit - Rules.

1. In addition to any other credit or deduction allowed by law for a homeowner, an individual is entitled to a credit against the tax imposed under section 57-38-29 or section 57-38-30.3 for taxable years 2007 and 2008 in the amount of ten percent of property taxes or mobile home taxes

that became due during the income tax taxable year and are paid which were levied against the individual's homestead in this state. For purposes of this section, "property taxes" does not include any special assessments.

2. For purposes of this section, "homestead" means the dwelling occupied by the individual as the individual's primary residence and, if that residence is in this state, any residential or agricultural property owned by that individual in this state.

3. a. The amount of the credit under this section may not exceed one thousand dollars for a single individual or married persons filing a joint return or five hundred dollars for married individuals filing separate returns.

   b. The amount of the credit under this section may not exceed the taxpayer's tax liability under this chapter.

4. The amount of the credit under subsection 3 in excess of the taxpayer's tax liability may be carried forward for up to five years.

5. Persons owning property together are entitled to only one credit for a parcel of property between or among them under this section. Persons owning property together are each entitled to a percentage of the credit for a single individual under this section equal to their ownership interests in the property.

6. This section is not subject to subsection 1 or subsection 2 of section 57-38-45.

7. The tax commissioner shall adopt rules to provide for filing and verification of claims of credits under this section.

8. a. If, on November 15, 2008, the total amount of tax credits claimed under this section exceeds forty-seven million dollars, the tax commissioner shall reduce the rate of the credit under subsection 1. The adjusted credit rate must be calculated by the tax commissioner as follows:

      (1) The tax commissioner shall determine the percentage by which the credits claimed under this section exceeds forty-seven million dollars.

      (2) The difference between the number one and the amount calculated under subdivision a multiplied by ten percent is the adjusted credit rate for the 2008 taxable year.

   b. The tax commissioner shall report any adjustment under this subsection to the budget section of the legislative council for review.

SECTION 7. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Commercial property income tax credit - Rules.

1. In addition to any other credit or deduction allowed by law for a property owner, an individual or corporation is entitled to a credit against the tax imposed under sections 57-38-29, 57-39-30, or 57-38-30.3 for taxable years 2007 and 2008 in the amount of ten percent of property taxes or mobile home taxes that became due during the income tax taxable year and are paid which were levied against commercial property in this state.

For purposes of this section, "property taxes" does not include any special assessments.

a. The amount of the credit under this section may not exceed five hundred dollars for any taxpayer.

b. The amount of the credit under this section may not exceed the taxpayer's tax liability under this chapter.

c. The amount of the credit under this section may not exceed five hundred dollars for married persons filing a joint return or two hundred fifty dollars for a single individual or married individual filing separate returns.

2. The amount of the credit under subsection 1 in excess of the taxpayer's tax liability may be carried forward for up to five years.

4. Persons owning property together are entitled to only one credit for a parcel of property between or among them under this section. Persons owning property together are each entitled to a percentage of the credit equal to their ownership interests in the property. Married individuals owning property together are each entitled to a percentage of the credit for a single individual under this section equal to their ownership interests in the property.

5. This section is not subject to subsection 1 or subsection 2 of section 57-38-45.

6. A passthrough entity entitled to the credit under this section shall allocate the amount of the credit allowed with respect to the entity's property at the passthrough entity level. The amount of the total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity.

7. The tax commissioner shall adopt rules to provide for filing and verification of claims under this section.

8. a. If, on November 15, 2008, the total amount of credits claimed under this section exceeds six million dollars, the tax commissioner shall reduce the cap that applies to the credit under subsection 1. The adjusted credit cap must be calculated by the tax commissioner as follows:

(1) The tax commissioner shall determine the percentage by which the credits claimed under this section exceeds six million dollars.

(2) The difference between the number one and the amount calculated under paragraph 1 multiplied by the amount of the cap is the adjusted credit cap for the 2008 taxable year.

b. The tax commissioner shall report any proposed adjustment under this subsection to the budget section of the legislative council for approval.

SECTION 8. Three new subsections to section 57-38-30.3 of the North Dakota Century Code are created and enacted as follows:

A taxpayer filing a return under this section is entitled to the credit provided under section 5 of this Act.

A taxpayer filing a return under this section is entitled to the credit provided under section 6 of this Act.

A taxpayer filing a return under this section is entitled to the credit provided under section 7 of this Act.

SECTION 9. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the county and school district and any city or township that levied taxes against the mobile home. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 10. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $3,604,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 11. LEGISLATIVE COUNCIL STUDY. The legislative council shall study in each interim through 2012 the feasibility and desirability of property tax reform and providing property tax relief to taxpayers of the state, with the goal of reduction of each taxpayer's annual property tax bill to an amount that is not more than one and one-half percent of the true and full value of property, and including examination of the proper measure of education funding from local taxation and state resources and the variability of funding resources among taxing districts and examination of improved collection and reporting of property tax information to identify residency of property owners with minimized administrative difficulty. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the legislative assembly subsequent to each interim.

SECTION 12. EFFECTIVE DATE. Sections 1, 3, and 4 of this Act are effective for taxable years beginning after December 31, 2006. Section 9 of this Act is effective for taxable years beginning after December 31, 2007, for mobile home taxes. Section 2 of this Act is effective for taxable years beginning after December 31, 2007. Sections 5, 6, 7, and 8 of this Act are effective for taxable years beginning after December 31, 2006."

Renumber accordingly

70102.0686
Title.

Prepared by the Legislative Council staff for
Representative Belter
April 25, 2007

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

That the House recede from its amendments as printed on pages 1445-1453 of the Senate Journal and pages 1615-1623 of the House Journal and that Reengrossed Senate Bill No. 2032 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-01-20, a new section to chapter 57-38, and a new subsection to section 57-38-30.3 of the North Dakota Century Code, relating to allocation among school districts of legislative tax relief credit funds and income tax marriage penalty relief; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-14, 57-15-31, 57-20-07.1, 57-20-09, and 57-20-21.1, and section 57-55-04 of the North Dakota Century Code, relating to homestead credit, notice of assessment increases, school district levy limitations, contents of property tax statements, payment of real estate taxes, and mobile home taxes; to provide appropriations; to provide for a legislative council study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-01-20 of the North Dakota Century Code is created and enacted as follows:

57-01-20. Legislative tax relief credit.

1. The owner of a parcel of taxable residential, agricultural, or commercial property, a mobile home, or property containing one or more of those classifications of taxable property, is entitled to a credit against property taxes levied against that property. The credit applies to the total amount of property taxes in dollars levied against the taxable value of the property but the credit may not exceed one thousand dollars for any parcel of property.

   a. The credit applies to the total amount of property taxes in dollars levied against the taxable value of the property. The credit is equal to:

      (1) Ten percent of property taxes in dollars levied against residential property.

      (2) Six percent of property taxes in dollars levied against commercial or agricultural property.

      (3) Ten percent of mobile home taxes in dollars levied against residential mobile homes under chapter 57-55.

      (4) Six percent of mobile home taxes in dollars levied against commercial mobile homes under chapter 57-55.

   b. If a parcel of property contains residential property and agricultural or commercial property, or residential and both agricultural and commercial property, the county treasurer shall allow the credit in the appropriate percentage under subdivision a against property taxes in dollars levied against each classification of property on the parcel.

2. The owner, operator, or lessee of railroad property assessed by the state board of equalization under chapter 57-05 is entitled to a credit against

property taxes levied within each county against that property in the amount of six percent of property taxes levied in dollars against that property.

3. The owner, operator, or lessee of operative property of an air carrier transportation company assessed and taxed under chapter 57-32 is entitled to a credit in the amount of six percent of taxes in dollars levied against that property. The tax commissioner shall determine the total amount of credits under this subsection and certify the amount to the state treasurer for transfer from the general fund to the air transportation fund. The credit for each air transportation company must be allocated to each city or municipal airport authority where that company makes regularly scheduled landings, in the same manner as the tax collected from that company is allocated.

4. The tax commissioner shall determine the total amount of credits under subsections 1 and 2 for each county from the abstract of the tax list filed by the county auditor under section 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner shall certify to the state treasurer for payment, by March first following receipt of the abstract of the tax list, the amount determined for each county under this subsection. No penalty or interest applies to any state payment under this section, regardless of when the payment is made.

5. Upon receipt of the payment from the state treasurer under subsection 4, the county treasurer shall apportion and distribute it to the county and the taxing districts in the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.

6. After payments to counties under subsection 4 have been made, the tax commissioner shall certify to the state treasurer as necessary any supplemental amounts payable to counties or the air transportation fund or any amounts that must be returned by counties or returned from the air transportation fund for deposit in the state general fund to correct any errors in payments or reflect any abatement or compromise of taxes, court-ordered tax reduction or increase, or levy of taxes against omitted property. The county auditor shall provide any supplemental information requested by the tax commissioner after submission of the abstract of the tax list. The county treasurer shall apply to the tax commissioner for any supplemental payments to which the county treasurer believes the county is entitled.

7. Notwithstanding any other provision of law, the property tax credit under this section does not apply to any property subject to payments or taxes in lieu of personal or real property taxes except mobile homes.

8. a. Payments received by school districts under this section do not constitute increases in state aid for purposes of determining baseline funding under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

   b. Payments received by school districts under this section do not constitute new money for purposes of teacher compensation increases under Senate Bill No. 2200, as approved by the sixtieth legislative assembly.

9. If, on May 30, 2008, the total amount of legislative tax relief credits payable to counties under subsection 4 for taxes levied in 2007 exceeds forty-nine million dollars, or falls below forty-seven million dollars, the tax commissioner shall adjust the rate of the credit under this section effective

for property taxes levied in 2008. The budget section of the legislative council shall review the credit rate adjustment. The tax commissioner shall calculate the adjusted credit rates as follows:

a. The tax commissioner shall determine the percentage by which the legislative tax relief credits under this section exceeds forty-nine million dollars. The difference between one and the amount calculated under this subdivision multiplied by the percentage rates for credits under subsections 1, 2, and 3 are the adjusted credit rates for the taxes levied in 2008; or

b. The tax commissioner shall determine the percentage by which the legislative tax relief credits under this section falls below forty-seven million dollars. The sum of one and the absolute value of the amount calculated under this subdivision multiplied by the percentage rates for credits under subsections 1, 2, and 3 are the adjusted credit rates for the taxes levied in 2008.

SECTION 2. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

c. The exemption must be determined according to the following schedule:

(1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

(2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

(3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

(4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen

thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

(5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or

among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 3. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract

of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more than ten percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than fifteen days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 4. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus eighteen percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a

result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the eighteen percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ~~twenty~~ ten percent of the number of ~~persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required~~ electors who cast votes in the most recent election in the school district. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 5. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.

2. Estimated revenues from sources other than direct property taxes.

3. The total estimated collections from tax levies for previous years.

4. Such expenditures as are to be made from bond sources.

5. The amount of distributions received from an economic growth increment pool under section 57-15-61.

6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.

7. The amount allocated to the taxing district as a legislative tax relief credit allocation for the year under section 57-01-20.

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 6. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel. The tax statement must include a line item showing the total amount of legislative tax relief credit under section 57-01-20 which applies against the total taxes on the parcel. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 7. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax. Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, regardless of the deduction of any credit allowed under section 57-01-20, to the full amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 8. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes. When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of a legislative tax relief credit must be applied to taxes for the year for which the legislative tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 9. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Marriage penalty credit.

1. A married couple filing a joint return under section 57-38-30.3 is allowed a credit of not to exceed three hundred dollars per couple as determined

under this section. The tax commissioner shall adjust the maximum amount of the credit under this subsection each taxable year at the time and rate adjustments are made to rate schedules under subdivision g of subsection 1 of section 57-38-30.3.

2. The credit under this section is the difference between the tax on the couple's joint North Dakota taxable income under the rates and income levels in subdivision b of subsection 1 of section 57-38-30.3 and the sum of the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the earned income of the lesser-earning spouse, and the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the couple's joint North Dakota taxable income, minus the earned income of the lesser-earning spouse.

3. The tax commissioner shall prepare and make available to taxpayers a comprehensive table showing the credit under this section at brackets of earnings of the lesser-earning spouse and joint taxable income. The brackets of earnings may not be more than two thousand dollars.

4. For a nonresident or part-year resident, the credit under this section must be adjusted based on the percentage calculated under subdivision f of subsection 1 of section 57-38-30.3.

5. For purposes of this section:

   a. "Earned income" means the sum of the following, to the extent included in North Dakota taxable income:

      (1) Earned income as defined in section 32(c)(2) of the Internal Revenue Code;

      (2) Income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

      (3) Social security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

   b. "Earned income of the lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income for the taxable year minus the sum of:

      (1) The amount for one exemption under section 151(d) of the Internal Revenue Code; and

      (2) One-half of the amount of the standard deduction under section 63(c)(2)(A)(4) of the Internal Revenue Code.

SECTION 10. A new subsection to section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

A taxpayer filing a return under this section is entitled to the credits provided under section 9 of this Act.

SECTION 11. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable

valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the county and school district and any city or township that levied taxes against the mobile home. The tax statement must include a line item showing the total amount of legislative tax relief credit under section 57-01-20 which applies against the total taxes on the mobile home. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 12. APPROPRIATION. To the extent moneys are available in the permanent oil tax trust fund, the amount necessary to provide property tax relief payments to county treasurers under section 1 of this Act is appropriated, as a standing and continuing appropriation to the state treasurer, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 13. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $3,604,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 14. LEGISLATIVE COUNCIL STUDY. The legislative council shall study in each interim through 2012 the feasibility and desirability of property tax reform and providing property tax relief to taxpayers of the state, with the goal of reduction of each taxpayer's annual property tax bill to an amount that is not more than one and one-half percent of the true and full value of property, and including examination of the proper measure of education funding from local taxation and state resources and the variability of funding resources among taxing districts and examination of improved collection and reporting of property tax information to identify residency of property owners with minimized administrative difficulty. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the legislative assembly subsequent to each interim.

SECTION 15. EFFECTIVE DATE. Sections 1, 2, 4 through 8, and 11 of this Act are effective for taxable years beginning after December 31, 2006, for ad valorem property taxes and for taxable years beginning after December 31, 2007, for mobile home taxes. Section 3 of this Act is effective for taxable years beginning after December 31, 2007. Sections 9 and 10 of this Act are effective for taxable years beginning after December 31, 2006."

Renumber accordingly

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Title.1400

Prepared by the Legislative Council staff for
Representatives Drovdal and Belter
April 25, 2007

4-25-07
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PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

That the House recede from its amendments as printed on pages 1445-1453 of the Senate Journal and pages 1615-1623 of the House Journal and that Reengrossed Senate Bill No. 2032 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact three new sections to chapter 57-38 and three new subsections to section 57-38-30.3 of the North Dakota Century Code, relating to income tax marriage penalty relief, a homestead income tax credit, and a commercial property income tax credit; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-14, 57-20-07.1, and 57-55-04 of the North Dakota Century Code, relating to the homestead credit, notice of assessment increases, school district levy limitations, contents of property tax statements, payment of real estate taxes, and mobile home taxes; to provide an appropriation; to provide for a transfer; to provide for a legislative council study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

      (2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

      (3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five~~

~~hundred~~ dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

(4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

(5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the

person's annual income, but the refund may not be in excess of two hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a

continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 2. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more than ten percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than fifteen days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 3. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus eighteen percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot

must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the eighteen percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ~~twenty~~ ten percent of the number of ~~persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required~~ electors who cast votes in the most recent election in the school district. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 4. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 5. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Marriage penalty credit.

1. A married couple filing a joint return under section 57-38-30.3 is allowed a credit of not to exceed three hundred dollars per couple as determined under this section. The tax commissioner shall adjust the maximum amount of the credit under this subsection each taxable year at the time and rate adjustments are made to rate schedules under subdivision g of subsection 1 of section 57-38-30.3.

2. The credit under this section is the difference between the tax on the couple's joint North Dakota taxable income under the rates and income levels in subdivision b of subsection 1 of section 57-38-30.3 and the sum of the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the earned income of the lesser-earning spouse, and the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the couple's joint North Dakota taxable income, minus the earned income of the lesser-earning spouse.

3. The tax commissioner shall prepare and make available to taxpayers a comprehensive table showing the credit under this section at brackets of earnings of the lesser-earning spouse and joint taxable income. The brackets of earnings may not be more than two thousand dollars.

4. For a nonresident or part-year resident, the credit under this section must be adjusted based on the percentage calculated under subdivision f of subsection 1 of section 57-38-30.3.

5. For purposes of this section:

   a. "Earned income" means the sum of the following, to the extent included in North Dakota taxable income:

      (1) Earned income as defined in section 32(c)(2) of the Internal Revenue Code;

      (2) Income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

      (3) Social security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

   b. "Earned income of the lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income for the taxable year minus the sum of:

      (1) The amount for one exemption under section 151(d) of the Internal Revenue Code; and

      (2) One-half of the amount of the standard deduction under section 63(c)(2)(A)(4) of the Internal Revenue Code.

SECTION 6. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Homestead income tax credit - Rules.

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1. In addition to any other credit or deduction allowed by law for a homeowner, an individual is entitled to a credit against the tax imposed under section 57-38-29 or section 57-38-30.3 for taxable years 2007 and 2008 in the amount of ten percent of property taxes or mobile home taxes that became due during the income tax taxable year and are paid which were levied against the individual's homestead in this state. For purposes of this section, "property taxes" does not include any special assessments.

2. For purposes of this section, "homestead" means the dwelling occupied by the individual as the individual's primary residence and, if that residence is in this state, any residential or agricultural property owned by that individual in this state.

3. a. The amount of the credit under this section may not exceed one thousand dollars for married persons filing a joint return or five hundred dollars for a single individual or married individuals filing separate returns.

   b. The amount of the credit under this section may not exceed the taxpayer's tax liability under this chapter.

4. The amount of the credit under subsection 3 in excess of the taxpayer's tax liability may be carried forward for up to five years or the taxpayer may request that the tax commissioner issue the taxpayer a certificate in the amount of the excess which may be used by the taxpayer against property or mobile home tax liability of the taxpayer during the ensuing taxable year by delivering the certificate to the county treasurer in which the taxable property or mobile home is subject to taxes. The county treasurer shall forward certificates redeemed in payment of a tax obligation under this section to the tax commissioner, who shall issue payment to the county in the amount of the certificates.

5. Persons owning property together are entitled to only one credit for a parcel of property between or among them under this section. Persons owning property together are each entitled to a percentage of the credit for a single individual under this section equal to their ownership interests in the property.

6. This section is not subject to subsection 1 or subsection 2 of section 57-38-45.

7. The tax commissioner shall adopt rules to provide for filing and verification of claims of credits under this section and for issuance and redemption of tax certificates under subsection 4.

8. a. If, on November 15, 2008, the total amount of tax credits claimed under this section exceeds forty-seven million dollars, the tax commissioner shall reduce the rate of the credit under subsection 1. The adjusted credit rate must be calculated by the tax commissioner as follows:

      (1) The tax commissioner shall determine the percentage by which the credits claimed under this section exceeds forty-seven million dollars.

      (2) The difference between the number one and the amount calculated under subdivision a multiplied by ten percent is the adjusted credit rate for the 2008 taxable year.

b. The tax commissioner shall report any adjustment under this subsection to the budget section of the legislative council for review.

SECTION 7. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Commercial property income tax credit - Rules.

1. In addition to any other credit or deduction allowed by law for a property owner, an individual or corporation is entitled to a credit against the tax imposed under sections 57-38-29, 57-39-30, or 57-38-30.3 for taxable years 2007 and 2008 in the amount of ten percent of property taxes or mobile home taxes that became due during the income tax taxable year and are paid which were levied against commercial property in this state. For purposes of this section, "property taxes" does not include any special assessments.

   a. The amount of the credit under this section may not exceed one thousand dollars for any taxpayer.

   b. The amount of the credit under this section may not exceed the taxpayer's tax liability under this chapter.

   c. The amount of the credit under this section may not exceed one thousand dollars for married persons filing a joint return or five hundred dollars for a single individual or married individual filing separate returns.

2. The amount of the credit under subdivisions a and c of subsection 1 in excess of the taxpayer's tax liability may be carried forward for up to five years.

3. Persons owning property together are entitled to only one credit for property between or among them under this section. Persons owning property together are each entitled to a percentage of the credit equal to their ownership interests in the property. Married individuals owning property together are each entitled to a percentage of the credit for a single individual under this section equal to their ownership interests in the property.

4. This section is not subject to subsection 1 or subsection 2 of section 57-38-45.

5. A passthrough entity entitled to the credit under this section shall allocate the amount of the credit allowed with respect to the entity's property at the passthrough entity level. The amount of the total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity.

6. The tax commissioner shall adopt rules to provide for filing and verification of claims under this section.

7. a. If, on November 15, 2008, the total amount of credits claimed under this section exceeds seven million dollars, the tax commissioner shall reduce the cap that applies to the credit under subsection 1. The adjusted credit cap must be calculated by the tax commissioner as follows:

(1) The tax commissioner shall determine the percentage by which the credits claimed under this section exceeds seven million dollars.

(2) The difference between the number one and the amount calculated under paragraph 1 multiplied by the amount of the cap is the adjusted credit cap for the 2008 taxable year.

b. The tax commissioner shall report any proposed adjustment under this subsection to the budget section of the legislative council for approval.

SECTION 8. Three new subsections to section 57-38-30.3 of the North Dakota Century Code are created and enacted as follows:

A taxpayer filing a return under this section is entitled to the credit provided under section 5 of this Act.

A taxpayer filing a return under this section is entitled to the credit provided under section 6 of this Act.

A taxpayer filing a return under this section is entitled to the credit provided under section 7 of this Act.

SECTION 9. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the county and school district and any city or township that levied taxes against the mobile home. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 10. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $3,604,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 11. APPROPRIATION - TAX DEPARTMENT. There is appropriated from special funds, the sum of $1,100,000, or so much of the sum as may be necessary, to the tax commissioner, for the purpose of implementing the provisions of this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

10,690

SECTION 12. TRANSFER. During the biennium beginning July 1, 2007, and ending June 30, 2009, the director of the office of management and budget shall transfer $115,000,000 from the permanent oil tax trust fund to the general fund.

SECTION 13. LEGISLATIVE COUNCIL STUDY. The legislative council shall study in each interim through 2012 the feasibility and desirability of property tax reform and providing property tax relief to taxpayers of the state, with the goal of reduction of each taxpayer's annual property tax bill to an amount that is not more than one and one-half percent of the true and full value of property, and including examination of the proper measure of education funding from local taxation and state resources and the variability of funding resources among taxing districts and examination of improved collection and reporting of property tax information to identify residency of property owners with minimized administrative difficulty. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the legislative assembly subsequent to each interim.

SECTION 14. EFFECTIVE DATE. Sections 1, 3, and 4 of this Act are effective for taxable years beginning after December 31, 2006. Section 9 of this Act is effective for taxable years beginning after December 31, 2007, for mobile home taxes. Section 2 of this Act is effective for taxable years beginning after December 31, 2007. Sections 5, 6, 7, and 8 of this Act are effective for taxable years beginning after December 31, 2006."

Renumber accordingly

Date 4-25-07
Roll Call Vote #:

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2032

Senate Finance and Tax Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken 0697 Amendments

Motion Made By Belter Seconded By Cook

Senators	Yes	No	Representatives	Yes	No
Sen. Urlacher	✓		Rep. Belter	✓	
Sen. Cook	✓		Rep. Drovdal	✓	
Sen. Triplett	✓		Rep. S. Kelsh	✓	

Total (Yes) 6 No 0

Absent 0

Floor Assignment

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

Pass

REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)

Bill Number SB2032 (, as (re)engrossed): Date: 4-25-07

Your Conference Committee FINANCE & TAX

For the Senate: **For the House:**

	4/19	4/19	20	21	22	23	24	25		4/19	4/19	20	21	22	23	24	25
Urlacher	✓	✓	✓	✓	✓	✓	✓	✓	Belter	✓	✓	✓	✓	✓	✓	✓	✓
Cook	✓	✓	✓	✓	✓	✓	✓	✓	Drovdal	✓	✓	✓	✓	✓	✓	✓	✓
Triplett	✓	✓	✓	✓	✓	✓	✓	✓	S. Kelsh	✓	✓	✓	✓	✓	✓	✓	✓
	1	2								1	2						

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) 1445 -- 1453

____ and place 2032 on the Seventh order.

___✓___, adopt (further) amendments as follows, and place 2032 on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) ___Yes___ was placed on the Seventh order of business on the calendar.

DATE: 4-25-07
HOUSE CARRIER: Rep. Belter **SENATE CARRIER:** Cook

LC NO. 70102.0692 of amendment To Re-engrossed Bill
LC NO. of engrossment
Emergency clause added or deleted
Statement of purpose of amendment

MOTION MADE BY: Rep. Belter
SECONDED BY: Sen. Cook
VOTE COUNT: 6 **YES** 0 **NO** 0 **ABSENT**

REPORT OF CONFERENCE COMMITTEE

SB 2032, as reengrossed: Your conference committee (Sens. Urlacher, Cook, Triplett and Reps. Belter, Drovdal, S. Kelsh) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1445-1453, adopt amendments as follows, and place SB 2032 on the Seventh order:

That the House recede from its amendments as printed on pages 1445-1453 of the Senate Journal and pages 1615-1623 of the House Journal and that Reengrossed Senate Bill No. 2032 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact three new sections to chapter 57-38 and three new subsections to section 57-38-30.3 of the North Dakota Century Code, relating to income tax marriage penalty relief, a homestead income tax credit, and a commercial property income tax credit; to amend and reenact sections 57-02-08.1, 57-12-09, 57-15-14, 57-20-07.1, and 57-55-04 of the North Dakota Century Code, relating to the homestead credit, notice of assessment increases, school district levy limitations, contents of property tax statements, payment of real estate taxes, and mobile home taxes; to provide an appropriation; to provide for a transfer; to provide for a legislative council study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.

   b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.

   c. The exemption must be determined according to the following schedule:

      (1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable valuation.

      (2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~ dollars of taxable valuation.

(3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of ~~one~~ two thousand ~~eight hundred twenty-three~~ twenty-five dollars of taxable valuation.

(4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand ~~two~~ three hundred ~~fifteen~~ fifty dollars of taxable valuation.

(5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred ~~eight~~ seventy-five dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.

g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, excluding the unencumbered value of the person's residence that the person claims as a homestead, exceeds fifty thousand dollars, including the value of any assets divested within the last three years. For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.

h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances

furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of two hundred forty dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

e. This subsection does not apply to rents or fees paid by a person for any living quarters, including a nursing home licensed pursuant to section 23-16-01, if those living quarters are exempt from property taxation and the owner is not making a payment in lieu of property taxes.

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

3. All forms necessary to effectuate this section must be prescribed, designed, and made available by the tax commissioner. The county directors of tax equalization shall make these forms available upon request.

4. A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.

5. For the purposes of this section:

a. "Dependent" has the same meaning it has for federal income tax purposes.

b. "Homestead" has the same meaning as provided in section 47-18-01.

c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician.

SECTION 2. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract of land ~~together with~~ or any improvements thereon ~~by fifteen percent or more~~ to more than ten percent more than the amount of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or~~, mailed in writing to the property owner at the property owner's last-known address ~~except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars~~, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than fifteen days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of the local equalization board and must be mailed or delivered~~ at the expense of the assessment district for which the assessor is employed.

SECTION 3. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. ~~Tax~~ General fund levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus eighteen percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census:

   a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

b. There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.

2. In any school district having a total population of less than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

3. After June 30, 2007, in any school district election for approval by electors of unlimited or increased levy authority under subsection 1 or 2, the ballot must specify the number of mills, the percentage increase in dollars levied, or that unlimited levy authority is proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2007, approval by electors of unlimited or increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. In any school district in which the total assessed valuation of property has increased twenty percent or more over the prior year and in which as a result of that increase the school district is entitled to less in state aid payments provided in chapter 15.1-27 because of the deduction required in section 15.1-27-05, there may be levied any specific number of mills more in dollars than was levied in the prior year up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the school district. The additional levy authorized by this subsection may be levied for not more than two years because of any twenty percent or greater annual increase in assessed valuation. The total amount of revenue generated in excess of the eighteen percent increase which is otherwise permitted by this section may not exceed the amount of state aid payments lost as a result of applying the deduction provided in section 15.1-27-05 to the increased assessed valuation of the school district in a one-year period.

The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ~~twenty~~ ten percent of the number of ~~persons enumerated in the school census for that district for the most recent year such census was taken, unless such census is greater than four thousand in which case only fifteen percent of the number of persons enumerated in the school census is required~~ electors who cast votes in the most recent election in the school district. However, not fewer than twenty-five signatures are required unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located. However, the approval of discontinuing either such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 4. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 5. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Marriage penalty credit.

1. A married couple filing a joint return under section 57-38-30.3 is allowed a credit of not to exceed three hundred dollars per couple as determined under this section. The tax commissioner shall adjust the maximum amount of the credit under this subsection each taxable year at the time and rate adjustments are made to rate schedules under subdivision g of subsection 1 of section 57-38-30.3.

2. The credit under this section is the difference between the tax on the couple's joint North Dakota taxable income under the rates and income levels in subdivision b of subsection 1 of section 57-38-30.3 and the sum of the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the earned income of the lesser-earning spouse, and the tax under the rates and income levels of subdivision a of subsection 1 of section 57-38-30.3 on the couple's joint North Dakota taxable income, minus the earned income of the lesser-earning spouse.

3. The tax commissioner shall prepare and make available to taxpayers a comprehensive table showing the credit under this section at brackets of earnings of the lesser-earning spouse and joint taxable income. The brackets of earnings may not be more than two thousand dollars.

4. For a nonresident or part-year resident, the credit under this section must be adjusted based on the percentage calculated under subdivision f of subsection 1 of section 57-38-30.3.

5. For purposes of this section:

   a. "Earned income" means the sum of the following, to the extent included in North Dakota taxable income:

      (1) Earned income as defined in section 32(c)(2) of the Internal Revenue Code;

(2) Income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

(3) Social security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

b. "Earned income of the lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income for the taxable year minus the sum of:

(1) The amount for one exemption under section 151(d) of the Internal Revenue Code; and

(2) One-half of the amount of the standard deduction under section 63(c)(2)(A)(4) of the Internal Revenue Code.

SECTION 6. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Homestead income tax credit - Rules.

1. In addition to any other credit or deduction allowed by law for a homeowner, an individual is entitled to a credit against the tax imposed under section 57-38-29 or section 57-38-30.3 for taxable years 2007 and 2008 in the amount of ten percent of property taxes or mobile home taxes that became due during the income tax taxable year and are paid which were levied against the individual's homestead in this state. For purposes of this section, "property taxes" does not include any special assessments.

2. For purposes of this section, "homestead" means the dwelling occupied by the individual as the individual's primary residence and, if that residence is in this state, any residential or agricultural property owned by that individual in this state.

3. a. The amount of the credit under this section may not exceed one thousand dollars for married persons filing a joint return or five hundred dollars for a single individual or married individuals filing separate returns.

b. The amount of the credit under this section may not exceed the taxpayer's tax liability under this chapter.

4. The amount of the credit under subsection 3 in excess of the taxpayer's tax liability may be carried forward for up to five years or the taxpayer may request that the tax commissioner issue the taxpayer a certificate in the amount of the excess which may be used by the taxpayer against property or mobile home tax liability of the taxpayer during the ensuing taxable year by delivering the certificate to the county treasurer in which the taxable property or mobile home is subject to taxes. The county treasurer shall forward certificates redeemed in payment of a tax obligation under this section to the tax commissioner, who shall issue payment to the county in the amount of the certificates.

5. Persons owning property together are entitled to only one credit for a parcel of property between or among them under this section. Persons owning property together are each entitled to a percentage of the credit for

a single individual under this section equal to their ownership interests in the property.

6. This section is not subject to subsection 1 or subsection 2 of section 57-38-45.

7. The tax commissioner shall adopt rules to provide for filing and verification of claims of credits under this section and for issuance and redemption of tax certificates under subsection 4.

8. a. If, on November 15, 2008, the total amount of tax credits claimed under this section exceeds forty-seven million dollars, the tax commissioner shall reduce the rate of the credit under subsection 1. The adjusted credit rate must be calculated by the tax commissioner as follows:

(1) The tax commissioner shall determine the percentage by which the credits claimed under this section exceeds forty-seven million dollars.

(2) The difference between the number one and the amount calculated under subdivision a multiplied by ten percent is the adjusted credit rate for the 2008 taxable year.

b. The tax commissioner shall report any adjustment under this subsection to the budget section of the legislative council for review.

SECTION 7. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Commercial property income tax credit - Rules.

1. In addition to any other credit or deduction allowed by law for a property owner, an individual or corporation is entitled to a credit against the tax imposed under sections 57-38-29, 57-39-30, or 57-38-30.3 for taxable years 2007 and 2008 in the amount of ten percent of property taxes or mobile home taxes that became due during the income tax taxable year and are paid which were levied against commercial property in this state. For purposes of this section, "property taxes" does not include any special assessments.

a. The amount of the credit under this section may not exceed one thousand dollars for any taxpayer.

b. The amount of the credit under this section may not exceed the taxpayer's tax liability under this chapter.

c. The amount of the credit under this section may not exceed one thousand dollars for married persons filing a joint return or five hundred dollars for a single individual or married individual filing separate returns.

2. The amount of the credit under subdivisions a and c of subsection 1 in excess of the taxpayer's tax liability may be carried forward for up to five years.

3. Persons owning property together are entitled to only one credit for property between or among them under this section. Persons owning property together are each entitled to a percentage of the credit equal to their ownership interests in the property. Married individuals owning property together are each entitled to a percentage of the credit for a single individual under this section equal to their ownership interests in the property.

4. This section is not subject to subsection 1 or subsection 2 of section 57-38-45.

5. A passthrough entity entitled to the credit under this section shall allocate the amount of the credit allowed with respect to the entity's property at the passthrough entity level. The amount of the total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity.

6. The tax commissioner shall adopt rules to provide for filing and verification of claims under this section.

7. a. If, on November 15, 2008, the total amount of credits claimed under this section exceeds seven million dollars, the tax commissioner shall reduce the cap that applies to the credit under subsection 1. The adjusted credit cap must be calculated by the tax commissioner as follows:

   (1) The tax commissioner shall determine the percentage by which the credits claimed under this section exceeds seven million dollars.

   (2) The difference between the number one and the amount calculated under paragraph 1 multiplied by the amount of the cap is the adjusted credit cap for the 2008 taxable year.

   b. The tax commissioner shall report any proposed adjustment under this subsection to the budget section of the legislative council for approval.

SECTION 8. Three new subsections to section 57-38-30.3 of the North Dakota Century Code are created and enacted as follows:

A taxpayer filing a return under this section is entitled to the credit provided under section 5 of this Act.

A taxpayer filing a return under this section is entitled to the credit provided under section 6 of this Act.

A taxpayer filing a return under this section is entitled to the credit provided under section 7 of this Act.

SECTION 9. AMENDMENT. Section 57-55-04 of the North Dakota Century Code is amended and reenacted as follows:

57-55-04. Taxes - How determined - Disbursement. The director of tax equalization shall determine the tax for each mobile home by placing an evaluation on the mobile home based upon its assessed value and by adjusting the valuation of the

mobile home by the percentage provided in section 57-02-27 to determine its taxable valuation under standards and guides determined by the state tax commissioner and applying that evaluation to the preceding year's total mill levies applying to property within the taxing district in which the mobile home is located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the county and school district and any city or township that levied taxes against the mobile home. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 10. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $3,604,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 11. APPROPRIATION - TAX DEPARTMENT. There is appropriated from special funds, the sum of $1,100,000, or so much of the sum as may be necessary, to the tax commissioner, for the purpose of implementing the provisions of this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 12. TRANSFER. During the biennium beginning July 1, 2007, and ending June 30, 2009, the director of the office of management and budget shall transfer $115,000,000 from the permanent oil tax trust fund to the general fund.

SECTION 13. LEGISLATIVE COUNCIL STUDY. The legislative council shall study in each interim through 2012 the feasibility and desirability of property tax reform and providing property tax relief to taxpayers of the state, with the goal of reduction of each taxpayer's annual property tax bill to an amount that is not more than one and one-half percent of the true and full value of property, and including examination of the proper measure of education funding from local taxation and state resources and the variability of funding resources among taxing districts and examination of improved collection and reporting of property tax information to identify residency of property owners with minimized administrative difficulty. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the legislative assembly subsequent to each interim.

SECTION 14. EFFECTIVE DATE. Sections 1, 3, and 4 of this Act are effective for taxable years beginning after December 31, 2006. Section 9 of this Act is effective for taxable years beginning after December 31, 2007, for mobile home taxes. Section 2 of this Act is effective for taxable years beginning after December 31, 2007. Sections 5, 6, 7, and 8 of this Act are effective for taxable years beginning after December 31, 2006."

Renumber accordingly

Reengrossed SB 2032 was placed on the Seventh order of business on the calendar.

2007 TESTIMONY

SB 2032

North Dakota Farmers Union

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SB 2032
Senate Finance and Taxation Committee

Chairman Urlacher and Members of the Senate Finance and Taxation committee,

My name is Kayla Pulvermacher; I am here representing the members of North Dakota Farmers Union. I am here to testify in support of SB 2032. Thank you for the opportunity to present our views on property tax relief to our school districts.

North Dakota Farmers Union believes that it is the responsibility of the state to provide a significant portion of the funding for elementary and secondary education, as outlined by the state's constitution.

NDFU believes that funding for elementary and secondary schools should be based on a formula of 70 percent funding from the state. We support funding changes that would shift the reliance from property taxes to adequate, state general funds. Our policy calls for a significant restructuring of the state tax system with property tax relief being a main priority. Our reliance on property taxes to fund education has placed an unfair burden on North Dakota property owners.

SB 2032, as proposed by the Interim Finance and Taxation Committee, was written to provide property tax relief to school districts. NDFU believes this bill is a move in the right direction. As the bill is written, it would provide significant tax relief to school districts, as long as it is combined with adequate funding at the state level.

As we move forward with the transition of the state to provide more funds for education, we as policyholders and stakeholders need to be dedicated to assuring that there is adequate funding available to maintain our commitment to property tax relief. This can be accomplished by the Legislature working together to provide a comprehensive plan that will change the way education is funded in North Dakota.

North Dakota Farmers Union believes that every child in our state should have equal opportunity to obtain the most effective education that can be provided by the state's resources. We commend and appreciate the quality of education that is provided by North Dakota schools.

Thank you Chairman Urlacher and members of the committee. I will answer any questions at this time.

Senate Finance and Taxation Committee
SB2032
Bev Nielson, North Dakota School Boards Association

NDSBA's 2006 Delegate Assembly passed the following Resolution:
"NDSBA will support direct state funding of K-12 education at a level adequate to reduce reliance on local property taxes."

Our position is that K-12 education in North Dakota should be adequately funded before money is sent back to taxpayers or district levying authority restricted.

During the Interim, our testimony was consistent. We believe the equity and adequacy issues in K-12 funding must be resolved in the following order:

1. Adopt and fund an equity formula.
2. Establish what the state considers an adequate educational program for ND K-12 schools.
3. Determine the cost of providing that educational program statewide and appropriate adequate dollars to fund the state's share of those costs.
4. Then enact comprehensive property tax reform that guarantees school districts' the ability to levy sufficient local taxes to support their share of the cost of education.

Sending money back to the taxpayers sends the message that these funds are not needed to adequately fund K-12 education. We cannot concur with that assumption.

If there are sustainable dollars available, we believe they should be applied to K-12 funding; thereby beginning to reduce reliance on local property taxes. If you are not positive the appropriation is sustainable, it is reckless to leave the school districts with no authority to re-levy the dollars.

If we are being asked to accept that tax relief is a political imperative this Session, then we would support the Governor's approach in HB1051 over the more drastic changes in SB2032, which severely limit local school boards' authority to tax before we are assured adequate funding from the state.

Senate Finance and Taxation Committee
SB2032

Dr. M. Douglas Johnson, Executive Director
North Dakota Council of Educational Leaders

Chairman Urlacher and members of the Senate Finance and Taxation Committee, for the record my name is Doug Johnson and I am the executive director of the North Dakota Council of Educational Leaders (NDCEL) which represents North Dakota's school leaders. I am here to testify in Opposition to **SB 2032.** At the NDCEL's 2006 Representative Assembly, the follow position statement was passed:

> "The NDCEL supports property tax relief legislation that provides direct to the taxpayer relief by the year 2013, assumes 70 percent funding of the cost of education, and is based on an adequacy model."

The NDCEL supports the need for providing North Dakota residents property tax relief. It also supports having the State pay a greater share of the cost of educating K-12 students. **SB 2032** provides for property tax relief, which we support. However, SB 2032 does not provide a way to have the state to adequately fund education at 70% of the cost of education. For these reasons, the NDCEL has some concerns with this bill as it is currently proposed.

First, the property tax relief proposes capping mill levies at 165 mills and using $74 million in surplus dollars general fund dollars to fund a dollar for dollar property tax relief exchange with local school districts. Our concern is that the $74 million in surplus dollars may not be sustainable in the coming biennia. Should there be a down turn in the State's economy and the money needed to sustain property tax

relief is not available, the next legislative session may have to increase taxes from other sources such as income and sales tax to sustain property tax relief. If that is not done school districts would have to pick up the difference in per pupil payments. However, if they are ready at the mill levy cap they would have no way of generating those needed funds to make up that difference in per pupil payments.

Second, the State has yet to define adequate funding of education and how this cost will be funded in the future. It is the position of the NDCEL that public education be funded at an adequate level by the State so that local school districts do not have to rely on local property taxes to pay the majority of the cost of educating their students.

Finally, there is another bill, **HB 1051** which proposes property tax relief. This bill keeps the current mill levy caps and increases consistent with current law. Further, it a tax relief package based only on the current surplus and does not bind the legislature to future commitments of property tax relief if the surplus dollars are not available. The NDCEL supports the property tax relief outlined in **HB 1051**.

Chairman Urlacher and members of the Senate Finance and Taxation Committee, this concludes my testimony on **SB2032**. At this time I would be happy to answer any questions that you have in regard to my testimony.

PROPERTY TAX RELIEF THROUGH ALLOCATIONS TO SCHOOL DISTRICTS

Finance and Taxation Bill 70102.0300 and Amendments
NDSBA Conference
September 27, 2006

Two Main Functions of Property Tax Reduction Bill

Provides appropriation and for allocation

Reduces school district property tax levy authority by the amount of property tax relief received by each school district

What the Bill Does and Does Not Provide

It Does:

Provide for enhanced funding by receiving property tax relief and raising its property tax levy **IF**

- A district has authority to increase its levy (Must levy less than 185 mills or have unlimited levy)

Addresses equity funding issues by:

- Providing a greater measure of property tax relief to school districts levying at higher mill rates; and
- Addressing funding for school districts having below average taxable valuation per student

It Does Not:

Provide enhanced funding to school district

Property Tax Relief Bill
APPROPRIATION AND ALLOCATION

Provides an appropriation of
$74,054,859

Amount allocated over the 2007-09
$35,897,132 in the first year
$38,157,727 in the second year

Allocates appropriated funds among school districts following a "Six-Step Allocation Process

Terms You Need To Know Before Starting the 6 Step Process

Adjusted Combined Levy

GF Levy "3" (GF Levy, HS Tuition, Transportation) for 2005 minus 60% maximum mills that may be levied without voter approval

Adjusted Property Tax Revenue

Adjusted Combined Levy divided by 1,000 times a district's Taxable Valuation

Adjusted Property Tax Relief

Adjusted Property Tax Revenue for district divided by the Adjusted Property Tax Revenue total for the state times the property relief appropriation

Adjusted Factor

Taxable Valuation Per Student of state divided by the Taxable Valuation of district times (subject to Max 1.25 - Min .75)

District Adjusted Property Tax Relief

Adjusted Property Tax Relief times the Adjustment Factor

Relief Cap

If district's Adjusted Property Tax Revenue is greater than 5% of the statewide total the relief cannot exceed a district's percent of students times the Appropriation

Final Adjusted Property Tax Relief

Adjusted Property Tax Relief times Appropriation divided by the Total Adjusted Property Tax Relief

Property Tax Relief in Mills

The Adjusted Property Tax Relief divided by Taxable Valuation times 1,000

Six Step Allocation Process: Step 1

Determination of an Adjusted "Combined Education Mill Rate"

"Combined Education Mill Rate"

Total mills levied for general fund, high school tuition, and transportation

"Combined Education Mill Rate" from the previous year must be reduced 60% of the maximum number of mills that may be levied (NDCC 57-15-14)

Maximum number of mills is reduced from 185 to 165 mills for 2007

Combined Education Mill Rate" Example for Step 1

Applying the "Combined Education Mill Rate" to a district with 185 Mills

- 60% X 185 Mills = 111 Mills (74 Mill reduction in the first year)
- 60% X 165 Mills = 99 Mills (76 Mill reduction in the second year)

Districts levying 111 mills or less in the first year:

- Would have an "adjusted combined education mill rate" of zero mills; and,
- Would not receive a property tax relief allocation

Subtracting 111 mills from the mill rate for each district means:

- Only the amount levied by a school district in excess of 111 mills will be included in computing a property tax relief allocation

Six Step Allocation Process: Step 2

Determine "Adjusted Combined Education Levy" in Dollars for Each School District

- "Adjusted Combined Education Mill Rate" for each school district is multiplied times the district's taxable valuation of property
- Determines the number of dollars in property taxes levied by the school district to be considered eligible for a allocation of property tax relief

Six Step Allocation Process: Step 3

- "Adjusted Combined Educational Levies in Dollars" for all districts are totaled and divided into each district's adjusted combined education levy
- Resulting percentage is the school district's share of the total amount to be allocated for the year

Six Step Allocation Process: Step 4

Percentage calculated in Step 3 is multiplied times the amount of property tax relief available for the year.

This determines the annual amount of property tax relief for each district in dollars.

Six Step Allocation Process: Step 5

Adjust Property Tax Relief Amounts to Reflect Taxable Valuation Per Student

Each district's "Property Tax Relief Allocation" is adjusted by:

- Multiplying the allocation times an Adjustment Factor which is;
  - Determined by dividing statewide average taxable valuation per student; and,
  - By the taxable valuation per student for the school district.

This adjustment will

- Increase property tax relief payments to districts with below average taxable valuation per student, and
- Reduce payments to school districts with above average taxable valuation per student.

The Adjustment Factor is limited to no more than 1.25 and no less than .75.

Six Step Allocation Process: Step 6

- The Adjustment Factors will make total payments based on the amount available
- Payments will be prorated to allocate the full amount available among eligible districts
- Property tax relief allocations to school districts will occur by April 15 of the budget year (beginning 2008)
- August 1, 2007 - Tax Commissioner will certify the amount of property tax relief for the next budget year to each school district

Changes to Property Tax Limitations

- Removes districts from the option of basing property tax levy limitations on property taxes levied in dollars in the base year for the taxing district (NDCC 57-15-01.1)
- This is the section of law, for most districts levying more than 185 mills, that provides authority for the levying in an amount over 185 mills.

Formula Calculations

	District	District Formula Calculation	State Totals
Enrollment	211		97,120
Taxable Valuation	3,036,812	Taken from 2005-2006 Financial Facts	1,640,262,995
Taxable Valuation/Pupil	17,255	Taken from 2005-2006 Financial Facts	16,165
GF Levy "3"	185.00	Taken from 2005-2006 Financial Facts	198.86
Adjusted Combined Levy	74.00	(185 mills - 111 mills) = 74.00 mills	88.83
Adjusted Property Tax Rev	224,724	(74 mills/1,000) X 3,036,812 = 224,724	145,368,828
Adjusted Property Tax Relief 1	55,493	(224,724/145,368,828) X 35,897,132 = 55,493	38,157,727
Adjustment Factor	0.94	(16,165/17,255) = 0.94 [1.25 max --.75 min]	
Adjusted Property Tax Relief 2	52,052	55,493 X .94 = 52,052	36,749,646
Relief Cap	52,052	If district Adjusted Property Tax Revenue is greater than 5% of statewide total relief amount can't exceed districts percent of students times the appropriation	30,727,686
Final Adj. Property Tax Relief	72,480	(52,052 X 35,897,132) / 36,749,646	38,157,727
Property Tax Relief in Mills	23.87	(72,480 / 3,036,812) X 1,000 = 23.87	22.40

District Comparison
Adjusted Mill Cap at 60%

District >	Dist A	Dist B	Dist C	Dist D	State Totals
Enrollment	340	211	197	9	97,120
Taxable Valuation	3,879,037	3,036,812	4,051,363	352,228	1,640,262,995
Taxable Valuation/Pupil	12,314	17,255	19,292	19,568	16,165
GF Levy "3"	159.45	185.00	160.93	127.68	198.86
Adjusted Combined Levy	48.45	74.00	49.93	16.68	88.83
Adjusted Property Tax Rev	187,939	224,724	202,285	5,875	145,368,828
Adjusted Property Tax Relief 1	46,409	55,493	49,952	1,451	38,157,727
Adjustment Factor	1.25	0.94	0.84	0.83	
Adjusted Property Tax Relief 2	58,012	52,052	41,907	1,200	36,749,646
Relief Cap	58,012	52,052	41,907	1,200	30,727,686
Final Adj. Property Tax Relief	80,779	72,480	58,353	1,671	38,157,727
Property Tax Relief in Mills	20.82	23.87	14.4	4.74	22.40

New Section Added to NDCC (57-15-02.2)

New Section added to NDCC 57-15-01.2 which is the same as NDCC 57-15-01.1 except that:

It applies only to school districts, and;

Requires a reduction of levy authority in dollars in the amount of property tax relief allocated to the school district for the budget year to the extent that amount exceeds the property tax relief allocation of the school district in the base year

Changes to NDCC 57-15-14

Section 57-15-14 currently allows a school district to levy up to 185 mills and to increase its levy in dollars by 18 percent per year until the 185 mill limit is reached.

Beginning in taxable year 2007, the Property Tax Reduction Bill:

Reduces the maximum levy to 165 mills, and

Reduces the maximum annual increase for districts levying less than 165 mills to two percentage points more than the consumer price index increase (CPI) for the Midwest region.

Eliminates the option of voter approval of unlimited levy and allow an increase of up to 5 percent more than the maximum levy otherwise allowed by law.

Current unlimited levy authority for districts in which voters have previously approved an unlimited levy remains (Bismarck, Grand Forks, and Williston School Districts

Changes to NDCC 57-15-31

Section 57-15-31 is amended by the bill:

- Requires subtraction of the property tax relief allocation for a school district from the school district budget in determining the property tax levy for the district

For Copies of This Presentation Contact

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Adjusted Mill Levy Cap ---> 60%

Property Tax Relief Bill

A bill for an Act to provide and appropriation for school district property tax relief.

- Provides for the allocation of school district property tax relief funds.
- Amends general fund levy limitations for school districts .
- Provides a statement of intent to increase the state share of funding for elementary and secondary education.

Column Descriptions	
Codist	County District identifier
Dname	District name
DTYPE	District type
K-12 Fall Enrollment	K-12 Enrollment - Fall 2005
Taxable Valuation	District taxable valuation
Taxable Valuation Per Pupil	District taxable valuation divided by census
GF LEVY	General Fund levy
HS TUITION	General Fund High School Tuition levy
HS TRANSP	General Fund High School Transportation levy
*GF Levy 3	Sum of GFLEVY, HSTUIT, HSTRAN levies
1. Adjusted Combined Levy	*GF Levy 3 minus the **adjusted mill levy cap, may not be reduced below 0 mills.
1. Adjusted Property Tax Revenu	Adjusted Combined Levy divided by 1000 times the Taxable Valuation for the district.
1. Adjusted Property Tax Relief	The Adjusted Property Tax Revenue for the district divided by the Adjusted Property Tax Revenue total for the state times the property relief appropriation.
2. Adjustment Factor	The Taxable Valuation Per Student of the state divided by the Taxable Valuation Per Student of the district times, subject to a minimum and maximum.
2. Adjusted Property Tax Relief	1. Adjusted Property Tax Relief times the Adjustment Factor.
3. Relief Cap	If a district's Adjusted Property Tax Revenue is greater than 5% of the statewide total then the relief amount cannot exceed the district's percent of students times the appropriation.
3. Final Adjusted Property Tax R	2. Adjusted Property Tax Relief times ***Appropriation/the Total 2. Adjusted Property Tax Relief
4. Property Tax Relief In Mills	The Adjusted Property Tax Relief divided by Taxable Valuation times 1000.

Factors	Year 1	Year 2
***Appropriation	35,897,132	38,157,727
Statutory mill levy cap	185	185
Percentage of the statutory mill le	60%	60%
**Adjusted mill levy cap	111.00	111.00
Adjustment factor range		
Minimum	75%	75%
Maximum	125%	125%

NOTE: The attached projections are based on 2005-2006 Taxable Valuation and Mill Levy Data.

Property Tax Relief Bill - Year 1
Data sources: School Finance Facts - February 2006

Max Mill Rate *185*

Min *75%*
Max *125%*

60% *Year 1 relief* *35,897,132*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief in Mills
1013	Hettinger 13	1	336	6,256,269	22,750	175.60	-	7.67	183.27	72.27	452,141	111,651	0.75	83,738	-	83,738	116,601	18.64
2002	Valley City 2	1	1,136	15,656,756	13,579	185.00	10.22	-	195.22	84.22	1,318,612	325,616	1.19	388,106	-	388,106	540,419	34.52
2046	Litchville-Marion 46	1	179	6,323,234	34,935	154.88	-	-	154.88	43.88	277,464	68,516	0.75	51,387	-	51,387	71,554	11.32
2065	N Central 65	1	144	6,208,428	40,845	150.96	-	-	150.96	39.96	248,089	61,263	0.75	45,947	-	45,947	63,979	10.31
2082	Wimbledon-Courtenay	1	149	5,824,238	40,729	169.16	-	-	169.16	58.16	338,738	83,647	0.75	62,735	-	62,735	87,356	15.00
3005	Minnewaukan 5	1	181	1,488,653	18,844	174.90	9.45	-	184.35	73.35	109,193	26,964	0.86	23,159	-	23,159	32,248	21.66
3006	Leeds 6	1	172	4,400,729	26,040	164.75	-	-	164.75	53.75	236,539	58,411	0.75	43,808	-	43,808	61,000	13.86
3009	Maddock 9	1	196	3,990,031	23,471	182.96	-	-	182.96	71.96	287,123	70,902	0.75	53,176	-	53,176	74,045	18.56
3016	Oberon 16	2	44	980,512	23,346	101.69	40.80	12.75	155.24	44.24	43,378	10,712	0.75	8,034	-	8,034	11,187	11.41
3029	Warwick 29	1	195	1,160,259	3,933	157.72	-	-	157.72	46.72	54,207	13,386	1.25	16,732	-	16,732	23,299	20.08
3030	Ft Totten 30	1	171	115,975	232	185.00	122.97	-	307.97	196.97	22,844	5,641	1.25	7,051	-	7,051	9,818	84.66
4001	Billings Co 1	2	50	4,988,496	42,275	-	40.09	-	40.09	-	-	-	0.75	-	-	-	-	-
5001	Bottineau 1	1	712	12,314,497	17,369	150.23	-	-	150.23	39.23	483,098	119,295	0.93	111,163	-	111,163	154,789	12.57
5017	Westhope 17	1	117	3,709,988	28,984	151.78	-	-	151.78	40.78	151,293	37,360	0.75	28,020	-	28,020	39,017	10.52
5054	Newburg-United 54	1	73	5,069,268	63,366	152.88	1.01	-	153.89	42.89	217,421	53,690	0.75	40,267	-	40,267	56,070	11.06
6001	Bowman 1	1	375	5,285,569	14,682	158.71	-	-	158.71	47.71	252,174	62,272	1.10	68,646	-	68,646	95,587	18.08
6017	Rhame 17	1	65	2,571,075	42,149	147.19	-	-	147.19	36.19	93,047	22,977	0.75	17,233	-	17,233	23,996	9.33
6033	Scranton 33	1	150	3,469,394	25,324	144.98	-	-	144.98	33.98	117,890	29,112	0.75	21,834	-	21,834	30,402	8.76
7014	Bowbells 14	1	76	2,924,060	35,659	171.00	-	-	171.00	60.00	175,444	43,324	0.75	32,493	-	32,493	45,245	15.47
7027	Powers Lake 27	1	103	2,006,580	17,602	187.16	-	-	187.16	76.16	152,821	37,737	0.92	34,699	-	34,699	48,317	24.08
7036	Burke Central 36	1	84	3,459,604	46,128	144.81	-	-	144.81	33.81	116,969	28,884	0.75	21,663	-	21,663	30,165	8.72
8001	Bismarck 1	1	10,549	159,235,829	14,534	234.56	-	-	234.56	123.56	19,675,179	4,858,555	1.11	5,410,466	3,899,082	3,899,082	3,899,082	24.49
8025	Naughton 25	3	11	262,989	29,221	170.35	57.04	-	227.39	116.39	30,609	7,559	0.75	5,669	-	5,669	7,894	30.02
8028	Wing 28	1	84	2,115,991	34,129	144.14	-	-	144.14	33.14	70,124	17,316	0.75	12,987	-	12,987	18,084	8.55
8029	Baldwin 29	2	17	787,460	13,347	152.39	120.64	-	273.03	162.03	127,592	31,507	1.21	38,207	-	38,207	53,201	67.56
8033	Menoken 33	2	12	1,207,574	17,008	67.71	92.75	-	160.46	49.46	59,727	14,749	0.95	14,035	-	14,035	19,543	16.18
8035	Sterling 35	2	33	2,040,637	26,850	168.01	10.29	10.29	188.59	77.59	158,333	39,098	0.75	29,324	-	29,324	40,832	20.01
8039	Apple Creek 39	2	51	2,071,446	13,628	83.75	198.79	-	282.54	171.54	355,336	87,746	1.19	104,210	-	104,210	145,107	70.05
8045	Manning 45	3	4	233,096	6,660	219.94	31.99	-	251.93	140.93	32,850	8,112	1.25	10,140	-	10,140	14,119	60.57
9001	Fargo 1	1	10,747	204,886,521	18,060	288.19	-	-	288.19	177.19	36,303,843	8,964,809	0.90	8,034,077	3,972,266	3,972,266	3,972,266	19.39
9002	Kindred 2	1	675	12,110,009	18,404	166.41	-	-	166.41	55.41	671,016	165,699	0.88	145,721	-	145,721	202,909	16.76
9004	Maple Valley 4	1	262	8,833,027	30,777	171.61	-	-	171.61	60.61	535,370	132,203	0.75	99,152	-	99,152	138,065	15.63
9006	West Fargo 6	1	5,677	109,514,539	20,640	185.00	3.51	-	188.51	77.51	8,488,472	2,096,129	0.78	1,643,694	-	1,643,694	2,288,763	20.90
9007	Mapleton 7	2	76	3,059,481	15,852	140.48	124.21	-	264.69	153.69	470,212	116,113	1.02	118,552	-	118,552	165,078	53.96

Property Tax Relief Bill - Year 1 | *Max Mill Rate* 185 | *Min* 75%
Data sources: School Finance Facts - February 2006 | *Max* 125%

60% *Year 1 relief* *35,897,132*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
9017	Central Cass 17	1	821	12,826,622	17,125	156.57	-	-	156.57	45.57	584,509	144,338	0.95	136,415	-	136,415	189,951	14.81
9080	Page 80	2	107	3,658,493	35,519	167.07	-	-	167.07	56.07	205,132	50,655	0.75	37,991	-	37,991	52,901	14.46
9097	Northern Cass	1	486	10,747,660	25,408	170.81	-	-	170.81	59.81	642,818	158,736	0.75	119,052	-	119,052	165,774	15.42
10019	Munich 19	1	108	3,266,616	35,507	150.50	-	-	150.50	39.50	129,031	31,863	0.75	23,897	-	23,897	33,276	10.19
10023	Langdon Area 23	1	472	12,478,925	23,238	160.85	-	-	160.85	49.85	622,074	153,614	0.75	115,211	-	115,211	160,425	12.86
11040	Ellendale 40	1	358	6,598,071	17,227	174.60	-	-	174.60	63.60	419,637	103,625	0.94	97,357	-	97,357	135,564	20.55
11041	Oakes 41	1	522	8,141,253	16,649	185.00	0.96	-	185.96	74.96	610,268	150,699	0.97	146,499	-	146,499	203,992	25.06
12001	Divide County 1	1	265	6,747,080	27,427	143.17	-	-	143.17	32.17	217,054	53,599	0.75	40,199	-	40,199	55,975	8.30
13008	Dodge 8	2	19	626,526	27,240	189.27	-	-	189.27	78.27	49,038	12,109	0.75	9,082	-	9,082	12,646	20.18
13016	Killdeer 16	1	383	7,487,935	25,383	158.78	-	-	158.78	47.78	357,774	88,348	0.75	66,261	-	66,261	92,265	12.32
13019	Halliday 19	1	30	1,911,249	17,862	171.68	-	-	171.68	60.68	115,975	28,639	0.91	25,950	-	25,950	36,134	18.91
13037	Twin Buttes 37	2	41	25,137	335	-	-	-	-	-	-	-	1.25	-	-	-	-	-
14001	New Rockford 1	1	375	5,338,816	16,478	185.00	-	-	185.00	74.00	395,072	97,559	0.98	95,824	-	95,824	133,430	24.99
14012	Sheyenne 12	1	93	1,537,106	21,649	185.00	-	-	185.00	74.00	113,746	28,088	0.75	21,066	-	21,066	29,334	19.08
15006	Hazelton-Moffit-Braddo	1	143	3,804,828	28,394	152.96	-	-	152.96	41.96	159,651	39,424	0.75	29,568	-	29,568	41,172	10.82
15010	Bakker 10	2	5	1,058,829	34,156	99.29	19.44	-	118.73	7.73	8,185	2,021	0.75	1,516	-	1,516	2,111	1.99
15015	Strasburg 15	1	172	3,111,824	18,413	149.11	-	-	149.11	38.11	118,592	29,285	0.88	25,741	-	25,741	35,844	11.52
15036	Linton 36	1	339	5,345,770	17,527	176.14	-	-	176.14	65.14	348,223	85,990	0.92	79,406	-	79,406	110,569	20.68
16049	Carrington 49	1	647	12,365,237	20,271	149.50	-	-	149.50	38.50	476,062	117,558	0.80	93,862	-	93,862	130,698	10.57
17003	Beach 3	1	300	4,054,094	18,597	148.65	-	-	148.65	37.65	152,637	37,692	0.87	32,803	-	32,803	45,677	11.27
17006	Lone Tree 6	2	41	1,451,095	27,906	106.82	81.32	-	188.14	77.14	111,937	27,642	0.75	20,731	-	20,731	28,867	19.89
18001	Grand Forks 1	1	7,453	116,001,892	17,132	214.62	-	-	214.62	103.62	12,020,116	2,968,227	0.94	2,804,153	2,754,750	2,754,750	2,754,750	23.75
18044	Larimore 44	1	528	7,037,632	14,103	180.92	-	-	180.92	69.92	492,071	121,511	1.15	139,450	-	139,450	194,177	27.59
18061	Thompson 61	1	413	6,011,608	14,145	163.23	-	-	163.23	52.23	313,986	77,535	1.14	88,717	-	88,717	123,535	20.55
18125	Manvel 125	2	142	3,706,128	13,331	37.09	145.37	10.70	193.16	82.16	304,495	75,192	1.21	91,289	-	91,289	127,116	34.30
18127	Emerado 127	2	68	2,074,452	12,203	138.05	145.89	7.99	291.93	180.93	375,331	92,684	1.25	115,854	-	115,854	161,322	77.77
18128	Midway 128	1	264	5,817,784	21,468	190.57	-	-	190.57	79.57	462,921	114,313	0.75	86,182	-	86,182	120,004	20.63
18129	Northwood 129	1	315	5,458,723	15,686	181.36	-	-	181.36	70.36	384,076	94,843	1.03	97,860	-	97,860	136,265	24.96
19018	Roosevelt 18	2	153	2,242,598	15,683	173.40	8.40	-	181.80	70.80	158,776	39,208	1.03	40,463	-	40,463	56,343	25.12
19049	Elgin-New Leipzig 49	1	164	3,979,083	21,625	203.18	-	-	203.18	92.18	366,792	90,575	0.75	67,931	-	67,931	94,591	23.77
20007	Midkota 7	1	140	5,529,534	35,220	188.58	-	-	188.58	77.58	428,981	105,932	0.75	79,449	-	79,449	110,629	20.01
20018	Griggs County Central	1	322	5,884,134	20,220	190.00	-	-	190.00	79.00	464,847	114,788	0.80	91,882	-	91,882	127,941	21.74
21001	Mott-Regent 1	1	248	6,888,542	29,438	146.06	-	-	146.06	35.06	241,512	59,639	0.75	44,729	-	44,729	62,283	9.04
21009	New England 9	1	170	4,861,960	29,466	170.57	-	-	170.57	59.57	289,627	71,520	0.75	53,640	-	53,640	74,691	15.36

Property Tax Relief Bill - Year 1
Data sources: School Finance Facts - February 2006

Max Mill Rate *185*

Min *75%*
Max *125%*

60% *Year 1 relief* *35,897,132*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
22011	Pettibone-Tuttle 11	2	9	1,124,330	43,243	200.46	-	-	200.46	89.46	100,583	24,838	0.75	18,628	-	18,628	25,939	23.07
22014	Robinson 14	2	11	1,151,158	42,635	176.84	64.05	-	240.89	129.89	149,524	36,923	0.75	27,692	-	27,692	38,560	33.50
22020	Tuttle-Pettibone 20	1	28	1,321,507	77,736	184.59	-	-	184.59	73.59	97,250	24,015	0.75	18,011	-	18,011	25,079	18.98
22026	Steele-Dawson 26	1	292	4,446,727	22,234	167.24	-	-	167.24	56.24	250,084	61,755	0.75	46,316	-	46,316	64,493	14.50
22028	Tappen 28	1	95	1,658,047	16,919	195.00	-	-	195.00	84.00	139,276	34,393	0.96	32,901	-	32,901	45,812	27.63
23003	Edgeley 3	1	221	5,771,101	23,556	152.48	-	-	152.48	41.48	239,385	59,113	0.75	44,335	-	44,335	61,734	10.70
23007	Kulm 7	1	120	5,612,982	45,634	155.89	-	-	155.89	44.89	251,967	62,220	0.75	46,665	-	46,665	64,979	11.58
23008	LaMoure 8	1	330	5,241,991	18,655	162.15	-	-	162.15	51.15	268,128	66,211	0.87	57,444	-	57,444	79,989	15.26
24002	Napoleon 2	1	232	3,850,714	17,039	170.10	-	-	170.10	59.10	227,577	56,198	0.95	53,381	-	53,381	74,330	19.30
24056	Gackle-Streeter 56	1	103	4,623,978	41,286	139.71	-	-	139.71	28.71	132,754	32,782	0.75	24,587	-	24,587	34,236	7.40
25001	Velva 1	1	422	7,159,479	19,943	147.50	-	-	147.50	36.50	261,321	64,530	0.81	52,370	-	52,370	72,923	10.19
25014	Anamoose 14	1	95	1,879,778	24,734	183.53	14.36	-	197.89	86.89	163,334	40,333	0.75	30,250	-	30,250	42,122	22.41
25057	Drake 57	1	123	3,621,425	27,644	163.14	1.00	-	164.14	53.14	192,443	47,521	0.75	35,641	-	35,641	49,628	13.70
25060	TGU 60	1	366	11,212,666	29,353	144.93	-	-	144.93	33.93	380,446	93,947	0.75	70,460	-	70,460	98,112	8.75
26004	Zeeland 4	1	55	2,753,777	45,896	149.24	-	-	149.24	38.24	105,304	26,004	0.75	19,503	-	19,503	27,157	9.86
26009	Ashley 9	1	153	3,831,573	26,065	164.21	6.52	-	170.73	59.73	228,860	56,514	0.75	42,386	-	42,386	59,020	15.40
26019	Wishek 19	1	249	3,976,388	19,492	158.44	-	-	158.44	47.44	188,640	46,582	0.83	38,679	-	38,679	53,859	13.54
27001	McKenzie Co 1	1	549	9,863,061	16,745	140.21	-	-	140.21	29.21	288,100	71,143	0.97	68,764	-	68,764	95,750	9.71
27002	Alexander 2	1	46	2,932,546	66,649	153.09	-	-	153.09	42.09	123,431	30,480	0.75	22,860	-	22,860	31,831	10.85
27014	Yellowstone 14	2	48	1,563,428	19,543	166.30	24.16	4.75	195.21	84.21	131,656	32,511	0.83	26,925	-	26,925	37,491	23.98
27018	Earl	3	8	489,482	32,632	-	16.96	4.09	21.05	-	-	-	0.75	-	-	-	-	-
27032	Horse Creek 32	3	6	1,090,951	83,919	45.83	45.83	13.75	105.41	-	-	-	0.75	-	-	-	-	-
27036	Mandaree 36	1	208	86,199	444	81.21	-	-	81.21	-	-	-	1.25	-	-	-	-	-
28001	Montefiore 1	1	217	3,351,906	15,961	167.22	-	-	167.22	56.22	188,444	46,534	1.01	47,187	-	47,187	65,706	19.60
28004	Washburn 4	1	305	4,898,982	17,311	142.89	-	-	142.89	31.89	156,229	38,579	0.93	36,069	-	36,069	50,225	10.25
28008	Underwood 8	1	206	4,838,426	22,931	164.07	7.44	-	171.51	60.51	292,773	72,297	0.75	54,223	-	54,223	75,502	15.60
28050	Max 50	1	156	2,946,044	19,640	154.86	-	-	154.86	43.86	129,213	31,908	0.82	26,295	-	26,295	36,614	12.43
28051	Garrison 51	1	340	7,179,592	23,386	165.05	-	-	165.05	54.05	388,057	95,826	0.75	71,870	-	71,870	100,075	13.94
28072	Turtle Lake-Mercer 72	1	173	4,607,206	27,424	164.96	-	-	164.96	53.96	248,605	61,390	0.75	46,043	-	46,043	64,112	13.92
28085	White Shield 85	1	121	297,440	2,564	185.00	-	-	185.00	74.00	22,011	5,435	1.25	6,794	-	6,794	9,460	31.81
29003	Hazen 3	1	652	5,775,328	9,530	185.00	-	-	185.00	74.00	427,374	105,535	1.25	131,919	-	131,919	183,691	31.81
29020	Golden Valley 20	1	46	1,192,422	22,082	169.74	-	-	169.74	58.74	70,043	17,296	0.75	12,972	-	12,972	18,063	15.15
29027	Beulah 27	1	761	9,577,756	13,683	185.29	-	-	185.29	74.29	711,531	175,704	1.18	207,833	-	207,833	289,397	30.22
30001	Mandan 1	1	3,165	43,080,321	12,067	185.00	-	-	185.00	74.00	3,187,944	787,225	1.25	984,032	-	984,032	1,370,216	31.81

Property Tax Relief Bill - Year 1 *Max Mill Rate* *185* *Min* *75%*

Data sources: School Finance Facts - February 2006 *Max* *125%*

60% *Year 1 relief* *35,897,132*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
30004	Little Heart 4	2	25	843,801	20,581	120.72	50.96	9.48	181.16	70.16	59,201	14,619	0.79	11,496	-	11,496	16,008	18.97
30007	New Salem 7	1	340	3,879,037	12,314	159.45	-	-	159.45	48.45	187,939	46,409	1.25	58,012	-	58,012	80,779	20.82
30008	Sims 8	2	20	1,516,725	36,113	120.00	42.20	5.93	168.13	57.13	86,650	21,397	0.75	16,048	-	16,048	22,346	14.73
30013	Hebron 13	1	164	3,756,193	24,234	166.39	-	-	166.39	55.39	208,056	51,377	0.75	38,533	-	38,533	53,655	14.28
30017	Sweet Briar 17	3	9	352,228	19,568	65.22	62.46	-	127.68	16.68	5,875	1,451	0.83	1,200	-	1,200	1,671	4.74
30039	Flasher 39	1	211	3,036,812	17,255	185.00	-	-	185.00	74.00	224,724	55,493	0.94	52,052	-	52,052	72,480	23.87
30048	Glen Ullin 48	1	197	4,051,363	19,292	160.93	-	-	160.93	49.93	202,285	49,952	0.84	41,907	-	41,907	58,353	14.40
31001	New Town 1	1	731	3,167,106	4,245	159.86	-	-	159.86	48.86	154,745	38,212	1.25	47,766	-	47,766	66,511	21.00
31002	Stanley 2	1	340	5,936,719	19,213	185.00	-	-	185.00	74.00	439,317	108,484	0.84	91,387	-	91,387	127,252	21.43
31003	Parshall 3	1	276	3,466,428	14,877	167.41	-	-	167.41	56.41	195,541	48,287	1.09	52,532	-	52,532	73,148	21.10
32001	Dakota Prairie 1	1	292	9,484,748	23,477	185.00	-	-	185.00	74.00	701,871	173,319	0.75	129,989	-	129,989	181,004	19.08
32066	Lakota 66	1	232	4,593,929	26,402	185.00	-	-	185.00	74.00	339,951	83,947	0.75	62,960	-	62,960	87,669	19.08
33001	Center-Stanton 1	1	265	4,777,434	15,511	174.87	-	-	174.87	63.87	305,135	75,349	1.04	78,624	-	78,624	109,480	22.92
34006	Cavalier 6	1	510	8,383,369	20,598	185.00	-	-	185.00	74.00	620,369	153,193	0.79	120,372	-	120,372	167,612	19.99
34012	Valley 12	1	160	3,690,799	24,123	179.10	13.16	-	192.26	81.26	299,914	74,060	0.75	55,545	-	55,545	77,344	20.96
34019	Drayton 19	1	153	5,391,769	39,356	183.91	1.04	-	184.95	73.95	398,721	98,460	0.75	73,845	-	73,845	102,825	19.07
34043	St Thomas 43	1	105	3,107,077	27,255	180.24	22.53	1.61	204.38	93.38	290,139	71,646	0.75	53,735	-	53,735	74,823	24.08
34100	North Border 100	1	485	12,176,984	24,501	184.90	-	-	184.90	73.90	899,879	222,215	0.75	166,661	-	166,661	232,067	19.06
35001	Wolford 1	1	48	1,609,044	32,181	185.00	-	-	185.00	74.00	119,069	29,403	0.75	22,052	-	22,052	30,706	19.08
35005	Rugby 5	1	546	10,451,078	16,775	185.00	-	-	185.00	74.00	773,380	190,977	0.96	184,260	-	184,260	256,573	24.55
36001	Devils Lake 1	1	1,810	18,179,717	9,390	185.00	6.00	-	191.00	80.00	1,454,377	359,141	1.25	448,927	-	448,927	625,109	34.38
36002	Edmore 2	1	80	4,681,856	59,264	147.59	-	-	147.59	36.59	171,309	42,303	0.75	31,727	-	31,727	44,178	9.44
36044	Starkweather 44	1	95	2,826,981	35,785	150.34	-	-	150.34	39.34	111,213	27,463	0.75	20,597	-	20,597	28,681	10.15
37002	Sheldon 2	2	25	1,401,069	18,196	175.58	71.37	-	246.95	135.95	190,475	47,036	0.89	41,837	-	41,837	58,256	41.58
37006	Ft Ransom 6	2	16	927,596	23,785	159.93	80.97	-	240.90	129.90	120,495	29,755	0.75	22,316	-	22,316	31,074	33.50
37019	Lisbon 19	1	640	8,685,666	15,735	185.00	-	-	185.00	74.00	642,739	158,717	1.03	163,256	-	163,256	227,326	26.17
37022	Enderlin 22	1	308	5,940,531	22,002	183.99	2.02	-	186.01	75.01	445,599	110,036	0.75	82,527	-	82,527	114,914	19.34
38001	Mohall-Lansford-Sherw	1	332	10,283,775	29,382	150.15	-	-	150.15	39.15	402,610	99,420	0.75	74,565	-	74,565	103,828	10.10
38026	Glenburn 26	1	291	3,591,024	19,307	132.83	-	-	132.83	21.83	78,392	19,358	0.84	16,228	-	16,228	22,596	6.29
39008	Hankinson 8	1	318	5,207,976	18,600	170.00	-	-	170.00	59.00	307,271	75,877	0.87	66,025	-	66,025	91,937	17.65
39018	Fairmount 18	1	108	4,237,833	45,083	188.07	-	-	188.07	77.07	326,610	80,652	0.75	60,489	-	60,489	84,228	19.88
39028	Lidgerwood 28	1	197	3,735,487	19,059	185.00	-	-	185.00	74.00	276,426	68,260	0.85	57,967	-	57,967	80,716	21.61
39037	Wahpeton 37	1	1,378	20,433,503	14,259	185.00	1.30	-	186.30	75.30	1,538,643	379,950	1.14	431,271	-	431,271	600,523	29.39
39042	Wyndmere 42	1	242	6,272,091	25,811	151.46	-	-	151.46	40.46	253,769	62,665	0.75	46,999	-	46,999	65,444	10.43

Property Tax Relief Bill - Year 1 *Max Mill Rate* *185* *Min* *75%*

Data sources: School Finance Facts - February 2006 *Max* *125%*

60% Year 1 relief *35,897,132*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
39044	Richland 44	1	327	5,467,514	17,140	185.00	-	-	185.00	74.00	404,596	99,910	0.94	94,343	-	94,343	131,369	24.03
40001	Dunseith 1	1	405	1,485,154	1,787	141.40	8.63	-	150.03	39.03	57,966	14,314	1.25	17,892	-	17,892	24,914	16.78
40003	St John 3	1	313	759,113	1,698	156.66	-	-	156.66	45.66	34,661	8,559	1.25	10,699	-	10,699	14,898	19.63
40004	Mt Pleasant 4	1	281	4,036,924	14,017	182.81	2.48	-	185.29	74.29	299,903	74,058	1.15	85,512	-	85,512	119,071	29.50
40007	Belcourt 7	1	1,683	336,646	156	-	-	-	-	-	-	-	1.25	-	-	-	-	-
40029	Rolette 29	1	173	2,984,321	15,874	185.00	-	-	185.00	74.00	220,840	54,534	1.02	55,602	-	55,602	77,423	25.94
41002	Milnor 2	1	293	3,626,309	12,905	170.26	4.69	-	174.95	63.95	231,902	57,266	1.25	71,582	-	71,582	99,674	27.49
41003	N Sargent 3	1	226	3,014,453	15,700	177.98	4.33	-	182.31	71.31	214,961	53,082	1.03	54,722	-	54,722	76,197	25.28
41006	Sargent Central 6	1	285	7,291,149	27,410	184.60	2.47	-	187.07	76.07	554,638	136,961	0.75	102,721	-	102,721	143,034	19.62
42016	Goodrich 16	1	44	1,670,052	39,763	188.55	2.99	-	191.54	80.54	134,506	33,215	0.75	24,911	-	24,911	34,687	20.77
42019	McClusky 19	1	94	2,599,702	28,886	184.83	-	-	184.83	73.83	191,936	47,396	0.75	35,547	-	35,547	49,498	19.04
43003	Solen 3	1	171	250,941	740	188.00	-	-	188.00	77.00	19,322	4,771	1.25	5,964	-	5,964	8,305	33.10
43004	Ft Yates 4	1	223	477,409	596	188.17	-	-	188.17	77.17	36,842	9,098	1.25	11,372	-	11,372	15,835	33.17
43008	Selfridge 8	1	42	1,338,521	16,732	138.59	-	-	138.59	27.59	36,930	9,119	0.97	8,821	-	8,821	12,283	9.18
44012	Marmarth 12	2	9	1,351,251	54,050	33.30	30.34	4.81	68.45	-	-	-	0.75	-	-	-	-	-
44032	Central Elementary 32	2	4	1,381,364	69,068	28.96	39.09	11.58	79.63	-	-	-	0.75	-	-	-	-	-
45001	Dickinson 1	1	2,592	32,202,949	10,681	185.00	-	-	185.00	74.00	2,383,018	588,458	1.25	735,573	-	735,573	1,024,249	31.81
45009	South Heart 9	1	244	2,874,314	11,406	148.20	-	-	148.20	37.20	106,924	26,404	1.25	33,005	-	33,005	45,957	15.99
45013	Belfield 13	1	211	1,597,293	9,076	185.00	-	-	185.00	74.00	118,200	29,188	1.25	36,485	-	36,485	50,804	31.81
45034	Richardton-Taylor 34	1	271	4,301,620	18,867	185.00	-	-	185.00	74.00	318,320	78,605	0.86	67,431	-	67,431	93,895	21.83
46010	Hope 10	1	133	3,587,302	28,930	174.09	-	-	174.09	63.09	226,323	55,888	0.75	41,916	-	41,916	58,366	16.27
46019	Finley-Sharon 19	1	173	4,330,867	22,915	185.00	-	-	185.00	74.00	320,484	79,140	0.75	59,355	-	59,355	82,649	19.08
47001	Jamestown 1	1	2,346	31,455,516	12,704	185.00	7.00	-	192.00	81.00	2,547,897	629,173	1.25	786,467	-	786,467	1,095,116	34.81
47003	Medina 3	1	154	3,352,685	22,501	172.10	-	-	172.10	61.10	204,849	50,585	0.75	37,939	-	37,939	52,828	15.76
47010	Pingree-Buchanan	1	163	3,134,243	28,493	163.87	-	-	163.87	52.87	165,707	40,920	0.75	30,690	-	30,690	42,734	13.63
47014	Montpelier 14	1	95	2,467,621	25,180	180.05	-	-	180.05	69.05	170,389	42,076	0.75	31,557	-	31,557	43,941	17.81
47019	Kensal 19	1	55	2,585,919	51,718	169.95	-	-	169.95	58.95	152,440	37,643	0.75	28,232	-	28,232	39,312	15.20
47026	Spiritwood 26	2	18	3,091,682	181,864	140.27	-	-	140.27	29.27	90,494	22,346	0.75	16,760	-	16,760	23,337	7.55
48002	Bisbee-Egeland 2	1	69	3,564,730	48,832	176.41	-	-	176.41	65.41	233,169	57,578	0.75	43,184	-	43,184	60,131	16.87
48008	Southern 8	1	208	3,808,688	17,715	165.41	3.15	-	168.56	57.56	219,228	54,136	0.91	49,460	-	49,460	68,871	18.08
48028	North Central 28	1	76	2,401,696	31,191	170.18	-	-	170.18	59.18	142,132	35,098	0.75	26,323	-	26,323	36,654	15.26
49003	Central Valley 3	1	274	6,099,276	19,932	151.66	-	-	151.66	40.66	247,997	61,240	0.81	49,727	-	49,727	69,243	11.35
49007	Hatton 7	1	240	3,858,703	15,192	194.02	-	-	194.02	83.02	320,350	79,107	1.07	84,277	-	84,277	117,352	30.41
49009	Hillsboro 9	1	410	9,395,412	23,726	185.00	-	-	185.00	74.00	695,260	171,686	0.75	128,765	-	128,765	179,299	19.08

Property Tax Relief Bill - Year 1
Data sources: School Finance Facts - February 2006

Max Mill Rate *185* *Min* *75%* *Max* *125%*

60% *Year 1 relief* *35,897,132*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
49014	May-Port CG 14	1	583	10,840,325	19,782	180.00	-	-	180.00	69.00	747,982	184,706	0.82	151,120	-	151,120	210,427	19.41
50003	Grafton 3	1	947	9,811,124	10,889	185.00	-	-	185.00	74.00	726,023	179,283	1.25	224,104	-	224,104	312,053	31.81
50005	Fordville-Lankin 5	1	103	2,912,015	29,120	163.98	-	-	163.98	52.98	154,279	38,097	0.75	28,573	-	28,573	39,786	13.66
50020	Minto 20	1	231	3,923,362	19,815	178.93	1.99	-	180.92	69.92	274,321	67,740	0.82	55,331	-	55,331	77,045	19.64
50051	Nash 51	2	15	896,182	25,605	185.23	22.43	-	207.66	96.66	86,625	21,391	0.75	16,043	-	16,043	22,339	24.93
50078	Park River 78	1	404	5,789,789	16,128	193.21	2.94	-	196.15	85.15	493,001	121,741	1.00	122,171	-	122,171	170,117	29.38
50106	Edinburg 106	1	128	1,908,918	18,900	185.33	-	-	185.33	74.33	141,890	35,038	0.86	30,005	-	30,005	41,780	21.89
50128	Adams 128	2	75	1,966,615	28,921	167.80	-	-	167.80	56.80	111,704	27,584	0.75	20,688	-	20,688	28,807	14.65
51001	Minot 1	1	6,476	78,272,711	14,015	185.00	10.86	-	195.86	84.86	6,642,222	1,640,219	1.15	1,894,181	2,393,635	1,894,181	2,393,635	30.58
51004	Nedrose 4	2	239	5,279,928	13,822	89.02	108.90	-	197.92	86.92	458,931	113,328	1.17	132,702	-	132,702	184,781	35.00
51007	United 7	1	563	6,790,126	10,367	185.00	-	-	185.00	74.00	502,469	124,079	1.25	155,099	-	155,099	215,967	31.81
51010	Bell 10	2	147	2,679,863	11,911	120.16	102.62	8.22	231.00	120.00	321,584	79,411	1.25	99,264	-	99,264	138,220	51.58
51016	Sawyer 16	1	123	2,487,577	17,642	184.99	-	-	184.99	73.99	184,056	45,450	0.92	41,697	-	41,697	58,061	23.34
51019	Eureka 19	2	11	945,732	21,994	49.93	80.89	-	130.82	19.82	18,744	4,629	0.75	3,472	-	3,472	4,834	5.11
51028	Kenmare 28	1	273	6,797,510	26,974	185.00	-	-	185.00	74.00	503,016	124,214	0.75	93,160	-	93,160	129,721	19.08
51041	Surrey 41	1	352	3,081,422	10,170	184.84	-	-	184.84	73.84	227,532	56,186	1.25	70,233	-	70,233	97,796	31.74
51070	S Prairie 70	2	146	3,627,466	20,265	128.53	58.62	4.80	191.95	80.95	293,643	72,512	0.80	57,913	-	57,913	80,641	22.23
51161	Lewis and Clark 161	1	383	9,242,389	26,257	159.20	-	-	159.20	48.20	445,483	110,007	0.75	82,505	-	82,505	114,884	12.43
52025	Fessenden-Bowdon 25	1	184	7,493,949	37,470	145.45	-	-	145.45	34.45	258,167	63,751	0.75	47,813	-	47,813	66,578	8.88
52035	Pleasant Valley 3	2	16	1,025,551	32,048	176.49	11.70	4.88	193.07	82.07	84,167	20,784	0.75	15,588	-	15,588	21,706	21.16
52038	Harvey 38	1	464	8,570,870	19,794	181.07	-	-	181.07	70.07	600,561	148,301	0.82	121,262	-	121,262	168,851	19.70
53001	Williston 1	1	2,157	18,248,719	7,809	238.47	-	-	238.47	127.47	2,326,164	574,419	1.25	718,024	-	718,024	999,813	54.79
53002	Nesson 2	1	158	3,363,674	20,263	178.45	-	-	178.45	67.45	226,880	56,025	0.80	44,750	-	44,750	62,312	18.53
53006	Eight Mile 6	1	230	1,481,413	9,942	175.51	-	-	175.51	64.51	95,566	23,599	1.25	29,499	-	29,499	41,075	27.73
53008	New 8	2	204	7,515,886	24,970	139.70	62.53	2.66	204.89	93.89	705,667	174,256	0.75	130,692	-	130,692	181,982	24.21
53015	Tioga 15	1	244	5,689,804	24,631	185.72	-	-	185.72	74.72	425,142	104,984	0.75	78,738	-	78,738	109,639	19.27
53091	Wildrose-Alamo 91	1	37	1,886,384	44,914	169.64	-	-	169.64	58.64	110,618	27,316	0.75	20,487	-	20,487	28,527	15.12
53099	Grenora 99	1	49	3,474,883	59,912	185.00	-	-	185.00	74.00	257,141	63,498	0.75	47,624	-	47,624	66,313	19.08
	North Dakota		97,120	1,633,911,435	16,185	194.93	4.14	0.17	199.63	88.97	145,368,828	35,897,132		34,572,470	13,019,733	28,949,871	35,897,132	21.97
														Uncapped District Total		16,429,592		

* GF Levy 3 = general fund, transportation and tuition levies.

Property Tax Relief Bill - Year 2
Data sources: School Finance Facts - February 2006

Max Mill Rate 185 *Min* 75%
Max 125%

60% *Year 2 relief* *38,157,727*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
1013	Hettinger 13	1	336	6,256,269	22,750	175.60	-	7.67	183.27	72.27	452,141	118,682	0.75	89,011	-	89,011	123,944	19.81
2002	Valley City 2	1	1,136	15,656,756	13,579	185.00	10.22	-	195.22	84.22	1,318,612	346,121	1.19	412,547	-	412,547	574,451	36.69
2046	Litchville-Marion 46	1	179	6,323,234	34,935	154.88	-	-	154.88	43.88	277,464	72,831	0.75	54,623	-	54,623	76,060	12.03
2065	N Central 65	1	144	6,208,428	40,845	150.96	-	-	150.96	39.96	248,089	65,121	0.75	48,840	-	48,840	68,008	10.95
2082	Wimbledon-Courtenay	1	149	5,824,238	40,729	169.16	-	-	169.16	58.16	338,738	88,915	0.75	66,686	-	66,686	92,857	15.94
3005	Minnewaukan 5	1	181	1,488,653	18,844	174.90	9.45	-	184.35	73.35	109,193	28,662	0.86	24,618	-	24,618	34,279	23.03
3006	Leeds 6	1	172	4,400,729	26,040	164.75	-	-	164.75	53.75	236,539	62,089	0.75	46,567	-	46,567	64,842	14.73
3009	Maddock 9	1	196	3,990,031	23,471	182.96	-	-	182.96	71.96	287,123	75,367	0.75	56,525	-	56,525	78,708	19.73
3016	Oberon 16	2	44	980,512	23,346	101.69	40.80	12.75	155.24	44.24	43,378	11,386	0.75	8,540	-	8,540	11,891	12.13
3029	Warwick 29	1	195	1,160,259	3,933	157.72	-	-	157.72	46.72	54,207	14,229	1.25	17,786	-	17,786	24,766	21.35
3030	Ft Totten 30	1	171	115,975	232	185.00	122.97	-	307.97	196.97	22,844	5,996	1.25	7,495	-	7,495	10,437	89.99
4001	Billings Co 1	2	50	4,988,496	42,275	-	40.09	-	40.09	-	-	-	0.75	-	-	-	-	-
5001	Bottineau 1	1	712	12,314,497	17,369	150.23	-	-	150.23	39.23	483,098	126,808	0.93	118,164	-	118,164	164,537	13.36
5017	Westhope 17	1	117	3,709,988	28,984	151.78	-	-	151.78	40.78	151,293	39,713	0.75	29,785	-	29,785	41,474	11.18
5054	Newburg-United 54	1	73	5,069,268	63,366	152.88	1.01	-	153.89	42.89	217,421	57,071	0.75	42,803	-	42,803	59,601	11.76
6001	Bowman 1	1	375	5,285,569	14,682	158.71	-	-	158.71	47.71	252,174	66,193	1.10	72,969	-	72,969	101,606	19.22
6017	Rhame 17	1	65	2,571,075	42,149	147.19	-	-	147.19	36.19	93,047	24,424	0.75	18,318	-	18,318	25,507	9.92
6033	Scranton 33	1	150	3,469,394	25,324	144.98	-	-	144.98	33.98	117,890	30,945	0.75	23,209	-	23,209	32,317	9.31
7014	Bowbells 14	1	76	2,924,060	35,659	171.00	-	-	171.00	60.00	175,444	46,052	0.75	34,539	-	34,539	48,094	16.45
7027	Powers Lake 27	1	103	2,006,580	17,602	187.16	-	-	187.16	76.16	152,821	40,114	0.92	36,885	-	36,885	51,360	25.60
7036	Burke Central 36	1	84	3,459,604	46,128	144.81	-	-	144.81	33.81	116,969	30,703	0.75	23,027	-	23,027	32,064	9.27
8001	Bismarck 1	1	10,549	159,235,829	14,534	234.56	-	-	234.56	123.56	19,675,179	5,164,519	1.11	5,751,186	4,144,624	4,144,624	4,144,624	26.03
8025	Naughton 25	3	11	262,989	29,221	170.35	57.04	-	227.39	116.39	30,609	8,035	0.75	6,026	-	6,026	8,391	31.91
8028	Wing 28	1	84	2,115,991	34,129	144.14	-	-	144.14	33.14	70,124	18,407	0.75	13,805	-	13,805	19,223	9.08
8029	Baldwin 29	2	17	787,460	13,347	152.39	120.64	-	273.03	162.03	127,592	33,492	1.21	40,613	-	40,613	56,551	71.82
8033	Menoken 33	2	12	1,207,574	17,008	67.71	92.75	-	160.46	49.46	59,727	15,678	0.95	14,919	-	14,919	20,774	17.20
8035	Sterling 35	2	33	2,040,637	26,850	168.01	10.29	10.29	188.59	77.59	158,333	41,561	0.75	31,171	-	31,171	43,403	21.27
8039	Apple Creek 39	2	51	2,071,446	13,628	83.75	198.79	-	282.54	171.54	355,336	93,272	1.19	110,772	-	110,772	154,245	74.46
8045	Manning 45	3	4	233,096	6,660	219.94	31.99	-	251.93	140.93	32,850	8,623	1.25	10,779	-	10,779	15,009	64.39
9001	Fargo 1	1	10,747	204,886,521	18,060	288.19	-	-	288.19	177.19	36,303,843	9,529,362	0.90	8,540,017	4,222,417	4,222,417	4,222,417	20.61
9002	Kindred 2	1	675	12,110,009	18,404	166.41	-	-	166.41	55.41	671,016	176,134	0.88	154,897	-	154,897	215,687	17.81
9004	Maple Valley 4	1	262	8,833,027	30,777	171.61	-	-	171.61	60.61	535,370	140,529	0.75	105,397	-	105,397	146,759	16.61
9006	West Fargo 6	1	5,677	109,514,539	20,640	185.00	3.51	-	188.51	77.51	8,488,472	2,228,131	0.78	1,747,204	-	1,747,204	2,432,896	22.22
9007	Mapleton 7	2	76	3,059,481	15,852	140.48	124.21	-	264.69	153.69	470,212	123,425	1.02	126,018	-	126,018	175,474	57.35

Property Tax Relief Bill - Year 2
Data sources: School Finance Facts - February 2006

Max Mill Rate *185*

Min *75%*
Max *125%*

60% *Year 2 relief* *38,157,727*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief in Mills
9017	Central Cass 17	1	821	12,826,622	17,125	156.57	-	-	156.57	45.57	584,509	153,427	0.95	145,006	-	145,006	201,913	15.74
9080	Page 80	2	107	3,658,493	35,519	167.07	-	-	167.07	56.07	205,132	53,845	0.75	40,384	-	40,384	56,232	15.37
9097	Northern Cass	1	486	10,747,660	25,408	170.81	-	-	170.81	59.81	642,818	168,733	0.75	126,549	-	126,549	176,214	16.40
10019	Munich 19	1	108	3,266,616	35,507	150.50	-	-	150.50	39.50	129,031	33,869	0.75	25,402	-	25,402	35,371	10.83
10023	Langdon Area 23	1	472	12,478,925	23,238	160.85	-	-	160.85	49.85	622,074	163,288	0.75	122,466	-	122,466	170,528	13.67
11040	Ellendale 40	1	358	6,598,071	17,227	174.60	-	-	174.60	63.60	419,637	110,150	0.94	103,488	-	103,488	144,101	21.84
11041	Oakes 41	1	522	8,141,253	16,649	185.00	0.96	-	185.96	74.96	610,268	160,189	0.97	155,724	-	155,724	216,839	26.63
12001	Divide County 1	1	265	6,747,080	27,427	143.17	-	-	143.17	32.17	217,054	56,974	0.75	42,731	-	42,731	59,500	8.82
13008	Dodge 8	2	19	626,526	27,240	189.27	-	-	189.27	78.27	49,038	12,872	0.75	9,654	-	9,654	13,443	21.46
13016	Killdeer 16	1	383	7,487,935	25,383	158.78	-	-	158.78	47.78	357,774	93,912	0.75	70,434	-	70,434	98,076	13.10
13019	Halliday 19	1	30	1,911,249	17,862	171.68	-	-	171.68	60.68	115,975	30,442	0.91	27,584	-	27,584	38,409	20.10
13037	Twin Buttes 37	2	41	25,137	335	-	-	-	-	-	-	-	1.25	-	-	-	-	-
14001	New Rockford 1	1	375	5,338,816	16,478	185.00	-	-	185.00	74.00	395,072	103,702	0.98	101,858	-	101,858	141,833	26.57
14012	Sheyenne 12	1	93	1,537,106	21,649	185.00	-	-	185.00	74.00	113,746	29,857	0.75	22,393	-	22,393	31,181	20.29
15006	Hazelton-Moffit-Braddo	1	143	3,804,828	28,394	152.96	-	-	152.96	41.96	159,651	41,907	0.75	31,430	-	31,430	43,765	11.50
15010	Bakker 10	2	5	1,058,829	34,156	99.29	19.44	-	118.73	7.73	8,185	2,148	0.75	1,611	-	1,611	2,244	2.12
15015	Strasburg 15	1	172	3,111,824	18,413	149.11	-	-	149.11	38.11	118,592	31,129	0.88	27,362	-	27,362	38,101	12.24
15036	Linton 36	1	339	5,345,770	17,527	176.14	-	-	176.14	65.14	348,223	91,405	0.92	84,406	-	84,406	117,531	21.99
16049	Carrington 49	1	647	12,365,237	20,271	149.50	-	-	149.50	38.50	476,062	124,961	0.80	99,773	-	99,773	138,929	11.24
17003	Beach 3	1	300	4,054,094	18,597	148.65	-	-	148.65	37.65	152,637	40,065	0.87	34,869	-	34,869	48,553	11.98
17006	Lone Tree 6	2	41	1,451,095	27,906	106.82	81.32	-	188.14	77.14	111,937	29,382	0.75	22,037	-	22,037	30,685	21.15
18001	Grand Forks 1	1	7,453	116,001,892	17,132	214.62	-	-	214.62	103.62	12,020,116	3,155,149	0.94	2,980,743	2,928,228	2,928,228	2,928,228	25.24
18044	Lanmore 44	1	528	7,037,632	14,103	180.92	-	-	180.92	69.92	492,071	129,163	1.15	148,231	-	148,231	206,405	29.33
18061	Thompson 61	1	413	6,011,608	14,145	163.23	-	-	163.23	52.23	313,986	82,418	1.14	94,304	-	94,304	131,314	21.84
18125	Manvel 125	2	142	3,706,128	13,331	37.09	145.37	10.70	193.16	82.16	304,495	79,927	1.21	97,038	-	97,038	135,121	36.46
18127	Emerado 127	2	68	2,074,452	12,203	138.05	145.89	7.99	291.93	180.93	375,331	98,520	1.25	123,150	-	123,150	171,481	82.66
18128	Midway 128	1	264	5,817,784	21,468	190.57	-	-	190.57	79.57	462,921	121,512	0.75	91,609	-	91,609	127,561	21.93
18129	Northwood 129	1	315	5,458,723	15,686	181.36	-	-	181.36	70.36	384,076	100,816	1.03	104,023	-	104,023	144,847	26.53
19018	Roosevelt 18	2	153	2,242,598	15,683	173.40	8.40	-	181.80	70.80	158,776	41,677	1.03	43,011	-	43,011	59,891	26.71
19049	Elgin-New Leipzig 49	1	164	3,979,083	21,625	203.18	-	-	203.18	92.18	366,792	96,279	0.75	72,209	-	72,209	100,548	25.27
20007	Midkota 7	1	140	5,529,534	35,220	188.58	-	-	188.58	77.58	428,981	112,603	0.75	84,452	-	84,452	117,595	21.27
20018	Griggs County Central	1	322	5,884,134	20,220	190.00	-	-	190.00	79.00	464,847	122,017	0.80	97,668	-	97,668	135,998	23.11
21001	Mott-Regent 1	1	248	6,888,542	29,438	146.06	-	-	146.06	35.06	241,512	63,394	0.75	47,546	-	47,546	66,205	9.61
21009	New England 9	1	170	4,861,960	29,466	170.57	-	-	170.57	59.57	289,627	76,024	0.75	57,018	-	57,018	79,395	16.33

Property Tax Relief Bill - Year 2
Data sources: School Finance Facts - February 2006

Max Mill Rate *185* *Min* *75%*
Max *125%*

60% *Year 2 relief* *38,157,727*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
22011	Pettibone-Tuttle 11	2	9	1,124,330	43,243	200.46	-	-	200.46	89.46	100,583	26,402	0.75	19,801	-	19,801	27,572	24.52
22014	Robinson 14	2	11	1,151,158	42,635	176.84	64.05	-	240.89	129.89	149,524	39,248	0.75	29,436	-	29,436	40,989	35.61
22020	Tuttle-Pettibone 20	1	28	1,321,507	77,736	184.59	-	-	184.59	73.59	97,250	25,527	0.75	19,145	-	19,145	26,659	20.17
22026	Steele-Dawson 26	1	292	4,446,727	22,234	167.24	-	-	167.24	56.24	250,084	65,644	0.75	49,233	-	49,233	68,555	15.42
22028	Tappen 28	1	95	1,658,047	16,919	195.00	-	-	195.00	84.00	139,276	36,558	0.96	34,972	-	34,972	48,697	29.37
23003	Edgeley 3	1	221	5,771,101	23,556	152.48	-	-	152.48	41.48	239,385	62,836	0.75	47,127	-	47,127	65,622	11.37
23007	Kulm 7	1	120	5,612,982	45,634	155.89	-	-	155.89	44.89	251,967	66,139	0.75	49,604	-	49,604	69,071	12.31
23008	LaMoure 8	1	330	5,241,991	18,655	162.15	-	-	162.15	51.15	268,128	70,381	0.87	61,062	-	61,062	85,026	16.22
24002	Napoleon 2	1	232	3,850,714	17,039	170.10	-	-	170.10	59.10	227,577	59,737	0.95	56,743	-	56,743	79,011	20.52
24056	Gackle-Streeter 56	1	103	4,623,978	41,286	139.71	-	-	139.71	28.71	132,754	34,847	0.75	26,135	-	26,135	36,392	7.87
25001	Velva 1	1	422	7,159,479	19,943	147.50	-	-	147.50	36.50	261,321	68,594	0.81	55,668	-	55,668	77,515	10.83
25014	Anamoose 14	1	95	1,879,778	24,734	183.53	14.36	-	197.89	86.89	163,334	42,873	0.75	32,155	-	32,155	44,774	23.82
25057	Drake 57	1	123	3,621,425	27,644	163.14	1.00	-	164.14	53.14	192,443	50,514	0.75	37,886	-	37,886	52,754	14.57
25060	TGU 60	1	366	11,212,666	29,353	144.93	-	-	144.93	33.93	380,446	99,863	0.75	74,897	-	74,897	104,291	9.30
26004	Zeeland 4	1	55	2,753,777	45,896	149.24	-	-	149.24	38.24	105,304	27,641	0.75	20,731	-	20,731	28,867	10.48
26009	Ashley 9	1	153	3,831,573	26,065	164.21	6.52	-	170.73	59.73	228,860	60,073	0.75	45,055	-	45,055	62,737	16.37
26019	Wishek 19	1	249	3,976,388	19,492	158.44	-	-	158.44	47.44	188,640	49,516	0.83	41,115	-	41,115	57,251	14.40
27001	McKenzie Co 1	1	549	9,863,061	16,745	140.21	-	-	140.21	29.21	288,100	75,623	0.97	73,094	-	73,094	101,780	10.32
27002	Alexander 2	1	46	2,932,546	66,649	153.09	-	-	153.09	42.09	123,431	32,399	0.75	24,299	-	24,299	33,836	11.54
27014	Yellowstone 14	2	48	1,563,428	19,543	166.30	24.16	4.75	195.21	84.21	131,656	34,558	0.83	28,620	-	28,620	39,852	25.49
27018	Earl	3	8	489,482	32,632	-	16.96	4.09	21.05	-	-	-	0.75	-	-	-	-	-
27032	Horse Creek 32	3	6	1,090,951	83,919	45.83	45.83	13.75	105.41	-	-	-	0.75	-	-	-	-	-
27036	Mandaree 36	1	208	86,199	444	81.21	-	-	81.21	-	-	-	1.25	-	-	-	-	-
28001	Montefiore 1	1	217	3,351,906	15,961	167.22	-	-	167.22	56.22	188,444	49,465	1.01	50,159	-	50,159	69,844	20.84
28004	Washburn 4	1	305	4,888,982	17,311	142.89	-	-	142.89	31.89	156,229	41,008	0.93	38,341	-	38,341	53,388	10.90
28008	Underwood 8	1	206	4,838,426	22,931	164.07	7.44	-	171.51	60.51	292,773	76,850	0.75	57,637	-	57,637	80,257	16.59
28050	Max 50	1	156	2,946,044	19,640	154.86	-	-	154.86	43.86	129,213	33,917	0.82	27,951	-	27,951	38,920	13.21
28051	Garrison 51	1	340	7,179,592	23,386	165.05	-	-	165.05	54.05	388,057	101,861	0.75	76,396	-	76,396	106,377	14.82
28072	Turtle Lake-Mercer 72	1	173	4,607,206	27,424	164.96	-	-	164.96	53.96	248,605	65,256	0.75	48,942	-	48,942	68,149	14.79
28085	White Shield 85	1	121	297,440	2,564	185.00	-	-	185.00	74.00	22,011	5,778	1.25	7,222	-	7,222	10,056	33.81
29003	Hazen 3	1	652	5,775,328	9,530	185.00	-	-	185.00	74.00	427,374	112,181	1.25	140,226	-	140,226	195,258	33.81
29020	Golden Valley 20	1	46	1,192,422	22,082	169.74	-	-	169.74	58.74	70,043	18,385	0.75	13,789	-	13,789	19,201	16.10
29027	Beulah 27	1	761	9,577,756	13,683	185.29	-	-	185.29	74.29	711,531	186,769	1.18	220,921	-	220,921	307,621	32.12
30001	Mandan 1	1	3,165	43,080,321	12,067	185.00	-	-	185.00	74.00	3,187,944	836,800	1.25	1,046,000	-	1,046,000	1,456,504	33.81

Property Tax Relief Bill - Year 2
Data sources: School Finance Facts - February 2006

Max Mill Rate *185* *Min* *75%* *Max* *125%*

60% *Year 2 relief* *38,157,727*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
30004	Little Heart 4	2	25	843,801	20,581	120.72	50.96	9.48	181.16	70.16	59,201	15,540	0.79	12,220	-	12,220	17,016	20.17
30007	New Salem 7	1	340	3,879,037	12,314	159.45	-	-	159.45	48.45	187,939	49,332	1.25	61,665	-	61,665	85,866	22.14
30008	Sims 8	2	20	1,516,725	36,113	120.00	42.20	5.93	168.13	57.13	86,650	22,745	0.75	17,059	-	17,059	23,753	15.66
30013	Hebron 13	1	164	3,756,193	24,234	166.39	-	-	166.39	55.39	208,056	54,612	0.75	40,959	-	40,959	57,034	15.18
30017	Sweet Briar 17	3	9	352,228	19,568	65.22	62.46	-	127.68	16.68	5,875	1,542	0.83	1,276	-	1,276	1,776	5.04
30039	Flasher 39	1	211	3,036,812	17,255	185.00	-	-	185.00	74.00	224,724	58,988	0.94	55,330	-	55,330	77,044	25.37
30048	Glen Ullin 48	1	197	4,051,363	19,292	160.93	-	-	160.93	49.93	202,285	53,097	0.84	44,546	-	44,546	62,028	15.31
31001	New Town 1	1	731	3,167,106	4,245	159.86	-	-	159.86	48.86	154,745	40,619	1.25	50,774	-	50,774	70,700	22.32
31002	Stanley 2	1	340	5,936,719	19,213	185.00	-	-	185.00	74.00	439,317	115,316	0.84	97,142	-	97,142	135,265	22.78
31003	Parshall 3	1	276	3,466,428	14,877	167.41	-	-	167.41	56.41	195,541	51,327	1.09	55,840	-	55,840	77,755	22.43
32001	Dakota Prairie 1	1	292	9,484,748	23,477	185.00	-	-	185.00	74.00	701,871	184,234	0.75	138,175	-	138,175	192,402	20.29
32066	Lakota 66	1	232	4,593,929	26,402	185.00	-	-	185.00	74.00	339,951	89,233	0.75	66,925	-	66,925	93,190	20.29
33001	Center-Stanton 1	1	265	4,777,434	15,511	174.87	-	-	174.87	63.87	305,135	80,095	1.04	83,575	-	83,575	116,374	24.36
34006	Cavalier 6	1	510	8,383,369	20,598	185.00	-	-	185.00	74.00	620,369	162,840	0.79	127,953	-	127,953	178,168	21.25
34012	Valley 12	1	160	3,690,799	24,123	179.10	13.16	-	192.26	81.26	299,914	78,724	0.75	59,043	-	59,043	82,215	22.28
34019	Drayton 19	1	153	5,391,769	39,356	183.91	1.04	-	184.95	73.95	398,721	104,660	0.75	78,495	-	78,495	109,300	20.27
34043	St Thomas 43	1	105	3,107,077	27,255	180.24	22.53	1.61	204.38	93.38	290,139	76,158	0.75	57,119	-	57,119	79,535	25.60
34100	North Border 100	1	485	12,176,984	24,501	184.90	-	-	184.90	73.90	899,879	236,208	0.75	177,156	-	177,156	246,681	20.26
35001	Wolford 1	1	48	1,609,044	32,181	185.00	-	-	185.00	74.00	119,069	31,254	0.75	23,441	-	23,441	32,640	20.29
35005	Rugby 5	1	546	10,451,078	16,775	185.00	-	-	185.00	74.00	773,380	203,004	0.96	195,864	-	195,864	272,731	26.10
36001	Devils Lake 1	1	1,810	18,179,717	9,390	185.00	6.00	-	191.00	80.00	1,454,377	381,758	1.25	477,198	-	477,198	664,474	36.55
36002	Edmore 2	1	80	4,681,856	59,264	147.59	-	-	147.59	36.59	171,309	44,967	0.75	33,725	-	33,725	46,961	10.03
36044	Starkweather 44	1	95	2,826,981	35,785	150.34	-	-	150.34	39.34	111,213	29,192	0.75	21,894	-	21,894	30,487	10.78
37002	Sheldon 2	2	25	1,401,069	18,196	175.58	71.37	-	246.95	135.95	190,475	49,998	0.89	44,472	-	44,472	61,925	44.20
37006	Ft Ransom 6	2	16	927,596	23,785	159.93	80.97	-	240.90	129.90	120,495	31,629	0.75	23,721	-	23,721	33,031	35.61
37019	Lisbon 19	1	640	8,685,666	15,735	185.00	-	-	185.00	74.00	642,739	168,712	1.03	173,537	-	173,537	241,642	27.82
37022	Enderlin 22	1	308	5,940,531	22,002	183.99	2.02	-	186.01	75.01	445,599	116,965	0.75	87,724	-	87,724	122,151	20.56
38001	Mohall-Lansford-Sherw	1	332	10,283,775	29,382	150.15	-	-	150.15	39.15	402,610	105,681	0.75	79,260	-	79,260	110,366	10.73
38026	Glenburn 26	1	291	3,591,024	19,307	132.83	-	-	132.83	21.83	78,392	20,577	0.84	17,250	-	17,250	24,019	6.69
39008	Hankinson 8	1	318	5,207,976	18,600	170.00	-	-	170.00	59.00	307,271	80,655	0.87	70,183	-	70,183	97,726	18.76
39018	Fairmount 18	1	108	4,237,833	45,083	188.07	-	-	188.07	77.07	326,610	85,731	0.75	64,299	-	64,299	89,533	21.13
39028	Lidgerwood 28	1	197	3,735,487	19,059	185.00	-	-	185.00	74.00	276,426	72,559	0.85	61,617	-	61,617	85,799	22.97
39037	Wahpeton 37	1	1,378	20,433,503	14,259	185.00	1.30	-	186.30	75.30	1,538,643	403,877	1.14	458,430	-	458,430	638,341	31.24
39042	Wyndmere 42	1	242	6,272,091	25,811	151.46	-	-	151.46	40.46	253,769	66,612	0.75	49,959	-	49,959	69,565	11.09

Property Tax Relief Bill - Year 2
Data sources: School Finance Facts - February 2006

Max Mill Rate 185 *Min* 75%
Max 125%

60% *Year 2 relief* *38,157,727*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
39044	Richland 44	1	327	5,467,514	17,140	185.00	-	-	185.00	74.00	404,596	106,202	0.94	100,285	-	100,285	139,642	25.54
40001	Dunseith 1	1	405	1,485,154	1,787	141.40	8.63	-	150.03	39.03	57,966	15,215	1.25	19,019	-	19,019	26,483	17.83
40003	St John 3	1	313	759,113	1,698	156.66	-	-	156.66	45.66	34,661	9,098	1.25	11,373	-	11,373	15,836	20.86
40004	Mt Pleasant 4	1	281	4,036,924	14,017	182.81	2.48	-	185.29	74.29	299,903	78,721	1.15	90,897	-	90,897	126,570	31.35
40007	Belcourt 7	1	1,683	336,646	156	-	-	-	-	-	-	-	1.25	-	-	-	-	-
40029	Rolette 29	1	173	2,984,321	15,874	185.00	-	-	185.00	74.00	220,840	57,968	1.02	59,104	-	59,104	82,299	27.58
41002	Milnor 2	1	293	3,626,309	12,905	170.26	4.69	-	174.95	63.95	231,902	60,872	1.25	76,090	-	76,090	105,951	29.22
41003	N Sargent 3	1	226	3,014,453	15,700	177.98	4.33	-	182.31	71.31	214,961	56,425	1.03	58,168	-	58,168	80,996	26.87
41006	Sargent Central 6	1	285	7,291,149	27,410	184.60	2.47	-	187.07	76.07	554,638	145,586	0.75	109,190	-	109,190	152,041	20.85
42016	Goodrich 16	1	44	1,670,052	39,763	188.55	2.99	-	191.54	80.54	134,506	35,306	0.75	26,480	-	26,480	36,872	22.08
42019	McClusky 19	1	94	2,599,702	28,886	184.83	-	-	184.83	73.83	191,936	50,381	0.75	37,786	-	37,786	52,615	20.24
43003	Solen 3	1	171	250,941	740	188.00	-	-	188.00	77.00	19,322	5,072	1.25	6,340	-	6,340	8,828	35.18
43004	Ft Yates 4	1	223	477,409	596	188.17	-	-	188.17	77.17	36,842	9,671	1.25	12,088	-	12,088	16,832	35.26
43008	Selfridge 8	1	42	1,338,521	16,732	138.59	-	-	138.59	27.59	36,930	9,694	0.97	9,377	-	9,377	13,057	9.75
44012	Marmarth 12	2	9	1,351,251	54,050	33.30	30.34	4.81	68.45	-	-	-	0.75	-	-	-	-	-
44032	Central Elementary 32	2	4	1,381,364	69,068	28.96	39.09	11.58	79.63	-	-	-	0.75	-	-	-	-	-
45001	Dickinson 1	1	2,592	32,202,949	10,681	185.00	-	-	185.00	74.00	2,383,018	625,516	1.25	781,895	-	781,895	1,088,751	33.81
45009	South Heart 9	1	244	2,874,314	11,406	148.20	-	-	148.20	37.20	106,924	28,067	1.25	35,083	-	35,083	48,852	17.00
45013	Belfield 13	1	211	1,597,293	9,076	185.00	-	-	185.00	74.00	118,200	31,026	1.25	38,783	-	38,783	54,003	33.81
45034	Richardton-Taylor 34	1	271	4,301,620	18,867	185.00	-	-	185.00	74.00	318,320	83,555	0.86	71,678	-	71,678	99,808	23.20
46010	Hope 10	1	133	3,587,302	28,930	174.09	-	-	174.09	63.09	226,323	59,407	0.75	44,555	-	44,555	62,041	17.29
46019	Finley-Sharon 19	1	173	4,330,867	22,915	185.00	-	-	185.00	74.00	320,484	84,124	0.75	63,093	-	63,093	87,853	20.29
47001	Jamestown 1	1	2,346	31,455,516	12,704	185.00	7.00	-	192.00	81.00	2,547,897	668,795	1.25	835,994	-	835,994	1,164,080	37.01
47003	Medina 3	1	154	3,352,685	22,501	172.10	-	-	172.10	61.10	204,849	53,771	0.75	40,328	-	40,328	56,155	16.75
47010	Pingree-Buchanan	1	163	3,134,243	28,493	163.87	-	-	163.87	52.87	165,707	43,496	0.75	32,622	-	32,622	45,425	14.49
47014	Montpelier 14	1	95	2,467,621	25,180	180.05	-	-	180.05	69.05	170,389	44,725	0.75	33,544	-	33,544	46,708	18.93
47019	Kensal 19	1	55	2,585,919	51,718	169.95	-	-	169.95	58.95	152,440	40,014	0.75	30,010	-	30,010	41,788	16.16
47026	Spiritwood 26	2	18	3,091,682	181,864	140.27	-	-	140.27	29.27	90,494	23,754	0.75	17,815	-	17,815	24,807	8.02
48002	Bisbee-Egeland 2	1	69	3,564,730	48,832	176.41	-	-	176.41	65.41	233,169	61,204	0.75	45,903	-	45,903	63,918	17.93
48008	Southern 8	1	208	3,808,688	17,715	165.41	3.15	-	168.56	57.56	219,228	57,545	0.91	52,575	-	52,575	73,208	19.22
48028	North Central 28	1	76	2,401,696	31,191	170.18	-	-	170.18	59.18	142,132	37,308	0.75	27,981	-	27,981	38,962	16.22
49003	Central Valley 3	1	274	6,099,276	19,932	151.66	-	-	151.66	40.66	247,997	65,096	0.81	52,859	-	52,859	73,604	12.07
49007	Hatton 7	1	240	3,858,703	15,192	194.02	-	-	194.02	83.02	320,350	84,088	1.07	89,585	-	89,585	124,742	32.33
49009	Hillsboro 9	1	410	9,395,412	23,726	185.00	-	-	185.00	74.00	695,260	182,498	0.75	136,874	-	136,874	190,590	20.29

Property Tax Relief Bill - Year 2
Data sources: School Finance Facts - February 2006

Max Mill Rate *185* *Min* *75%* *Max* *125%*

60% *Year 2 relief* *38,157,727*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
49014	May-Port CG 14	1	583	10,840,325	19,782	180.00	-	-	180.00	69.00	747,982	196,337	0.82	160,637	-	160,637	223,679	20.63
50003	Grafton 3	1	947	9,811,124	10,889	185.00	-	-	185.00	74.00	726,023	190,573	1.25	238,216	-	238,216	331,705	33.81
50005	Fordville-Lankin 5	1	103	2,912,015	29,120	163.98	-	-	163.98	52.98	154,279	40,496	0.75	30,372	-	30,372	42,292	14.52
50020	Minto 20	1	231	3,923,362	19,815	178.93	1.99	-	180.92	69.92	274,321	72,006	0.82	58,815	-	58,815	81,897	20.87
50051	Nash 51	2	15	896,182	25,605	185.23	22.43	-	207.66	96.66	86,625	22,738	0.75	17,054	-	17,054	23,746	26.50
50078	Park River 78	1	404	5,789,789	16,128	193.21	2.94	-	196.15	85.15	493,001	129,407	1.00	129,865	-	129,865	180,830	31.23
50106	Edinburg 106	1	128	1,908,918	18,900	185.33	-	-	185.33	74.33	141,890	37,245	0.86	31,894	-	31,894	44,411	23.27
50128	Adams 128	2	75	1,966,615	28,921	167.80	-	-	167.80	56.80	111,704	29,321	0.75	21,991	-	21,991	30,621	15.57
51001	Minot 1	1	6,476	78,272,711	14,015	185.00	10.86	-	195.86	84.86	6,642,222	1,743,511	1.15	2,013,466	2,544,372	2,013,466	2,544,372	32.51
51004	Nedrose 4	2	239	5,279,928	13,822	89.02	108.90	-	197.92	86.92	458,931	120,464	1.17	141,059	-	141,059	196,418	37.20
51007	United 7	1	563	6,790,126	10,367	185.00	-	-	185.00	74.00	502,469	131,893	1.25	164,866	-	164,866	229,568	33.81
51010	Bell 10	2	147	2,679,863	11,911	120.16	102.62	8.22	231.00	120.00	321,584	84,412	1.25	105,515	-	105,515	146,925	54.83
51016	Sawyer 16	1	123	2,487,577	17,642	184.99	-	-	184.99	73.99	184,056	48,313	0.92	44,323	-	44,323	61,717	24.81
51019	Eureka 19	2	11	945,732	21,994	49.93	80.89	-	130.82	19.82	18,744	4,920	0.75	3,690	-	3,690	5,138	5.43
51028	Kenmare 28	1	273	6,797,510	26,974	185.00	-	-	185.00	74.00	503,016	132,036	0.75	99,027	-	99,027	137,890	20.29
51041	Surrey 41	1	352	3,081,422	10,170	184.84	-	-	184.84	73.84	227,532	59,725	1.25	74,656	-	74,656	103,955	33.74
51070	S Prairie 70	2	146	3,627,466	20,265	128.53	58.62	4.80	191.95	80.95	293,643	77,078	0.80	61,560	-	61,560	85,719	23.63
51161	Lewis and Clark 161	1	383	9,242,389	26,257	159.20	-	-	159.20	48.20	445,483	116,934	0.75	87,701	-	87,701	122,119	13.21
52025	Fessenden-Bowdon 25	1	184	7,493,949	37,470	145.45	-	-	145.45	34.45	258,167	67,766	0.75	50,824	-	50,824	70,771	9.44
52035	Pleasant Valley 3	2	16	1,025,551	32,048	176.49	11.70	4.88	193.07	82.07	84,167	22,093	0.75	16,570	-	16,570	23,072	22.50
52038	Harvey 38	1	464	8,570,870	19,794	181.07	-	-	181.07	70.07	600,561	157,641	0.82	128,898	-	128,898	179,485	20.94
53001	Williston 1	1	2,157	18,248,719	7,809	238.47	-	-	238.47	127.47	2,326,164	610,593	1.25	763,241	-	763,241	1,062,775	58.24
53002	Nesson 2	1	158	3,363,674	20,263	178.45	-	-	178.45	67.45	226,880	59,553	0.80	47,568	-	47,568	66,236	19.69
53006	Eight Mile 6	1	230	1,481,413	9,942	175.51	-	-	175.51	64.51	95,566	25,085	1.25	31,356	-	31,356	43,662	29.47
53008	New 8	2	204	7,515,886	24,970	139.70	62.53	2.66	204.89	93.89	705,667	185,230	0.75	138,922	-	138,922	193,442	25.74
53015	Tioga 15	1	244	5,689,804	24,631	185.72	-	-	185.72	74.72	425,142	111,595	0.75	83,696	-	83,696	116,543	20.48
53091	Wildrose-Alamo 91	1	37	1,886,384	44,914	169.64	-	-	169.64	58.64	110,618	29,036	0.75	21,777	-	21,777	30,323	16.07
53099	Grenora 99	1	49	3,474,883	59,912	185.00	-	-	185.00	74.00	257,141	67,497	0.75	50,623	-	50,623	70,489	20.29
	North Dakota		97,120	1,640,262,995	16,185	194.93	4.14	0.17	198.86	88.63	145,368,828	38,157,727		36,749,646	13,839,641	30,772,968	38,157,727	22.40
															Uncapped District Total	17,464,233		

* GF Levy 3 = general fund, transportation and tuition levies.

Adjusted Mill Levy Cap ---> 60%

Property Tax Relief Bill

A bill for an Act to provide and appropriation for school district property tax relief.

- Provides for the allocation of school district property tax relief funds.
- Amends general fund levy limitations for school districts .
- Provides a statement of intent to increase the state share of funding for elementary and secondary education.

Column Descriptions	
Codist	County District identifier
Dname	District name
DTYPE	District type
K-12 Fall Enrollment	K-12 Enrollment - Fall 2005
Taxable Valuation	District taxable valuation
Taxable Valuation Per Pupil	District taxable valuation divided by census
GF LEVY	General Fund levy
HS TUITION	General Fund High School Tuition levy
HS TRANSP	General Fund High School Transportation levy
*GF Levy 3	Sum of GFLEVY, HSTUIT, HSTRAN levies
1. Adjusted Combined Levy	*GF Levy 3 minus the **adjusted mill levy cap, may not be reduced below 0 mills.
1. Adjusted Property Tax Revenu	Adjusted Combined Levy divided by 1000 times the Taxable Valuation for the district.
1. Adjusted Property Tax Relief	The Adjusted Property Tax Revenue for the district divided by the Adjusted Property Tax Revenue total for the state times the property relief appropriation.
2. Adjustment Factor	The Taxable Valuation Per Student of the state divided by the Taxable Valuation Per Student of the district times, subject to a minimum and maximum.
2. Adjusted Property Tax Relief	1. Adjusted Property Tax Relief times the Adjustment Factor.
3. Relief Cap	If a district's Adjusted Property Tax Revenue is greater than 5% of the statewide total then the relief amount cannot exceed the district's percent of students times the appropriation.
3. Final Adjusted Property Tax R	2. Adjusted Property Tax Relief times ***Appropriation/the Total 2. Adjusted Property Tax Relief
4. Property Tax Relief In Mills	The Adjusted Property Tax Relief divided by Taxable Valuation times 1000.

Factors	Year 1	Year 2
***Appropriation	35,897,132	38,157,727
Statutory mill levy cap	185	165
Percentage of the statutory mill le	60%	60%
**Adjusted mill levy cap	111.00	99.00
Adjustment factor range		
Minimum	75%	75%
Maximum	125%	125%

NOTE: The attached projections are based on 2005-2006 Taxable Valuation and Mill Levy Data.

Property Tax Relief Bill - Year 1 *Max Mill Rate* *185* *Min* *75%*

Data sources: School Finance Facts - February 2006 *Max* *125%*

60% *Year 1 relief* *35,897,132*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
1013	Hettinger 13	1	336	6,256,269	22,750	175.60	-	7.67	183.27	72.27	452,141	111,651	0.75	83,738	-	83,738	116,601	18.64
2002	Valley City 2	1	1,136	15,656,756	13,579	185.00	10.22	-	195.22	84.22	1,318,612	325,616	1.19	388,106	-	388,106	540,419	34.52
2046	Litchville-Marion 46	1	179	6,323,234	34,935	154.88	-	-	154.88	43.88	277,464	68,516	0.75	51,387	-	51,387	71,554	11.32
2065	N Central 65	1	144	6,208,428	40,845	150.96	-	-	150.96	39.96	248,089	61,263	0.75	45,947	-	45,947	63,979	10.31
2082	Wimbledon-Courtenay	1	149	5,824,238	40,729	169.16	-	-	169.16	58.16	338,738	83,647	0.75	62,735	-	62,735	87,356	15.00
3005	Minnewaukan 5	1	181	1,488,653	18,844	174.90	9.45	-	184.35	73.35	109,193	26,964	0.86	23,159	-	23,159	32,248	21.66
3006	Leeds 6	1	172	4,400,729	26,040	164.75	-	-	164.75	53.75	236,539	58,411	0.75	43,808	-	43,808	61,000	13.86
3009	Maddock 9	1	196	3,990,031	23,471	182.96	-	-	182.96	71.96	287,123	70,902	0.75	53,176	-	53,176	74,045	18.56
3016	Oberon 16	2	44	980,512	23,346	101.69	40.80	12.75	155.24	44.24	43,378	10,712	0.75	8,034	-	8,034	11,187	11.41
3029	Warwick 29	1	195	1,160,259	3,933	157.72	-	-	157.72	46.72	54,207	13,386	1.25	16,732	-	16,732	23,299	20.08
3030	Ft Totten 30	1	171	115,975	232	185.00	122.97	-	307.97	196.97	22,844	5,641	1.25	7,051	-	7,051	9,818	84.66
4001	Billings Co 1	2	50	4,988,496	42,275	-	40.09	-	40.09	-	-	-	0.75	-	-	-	-	-
5001	Bottineau 1	1	712	12,314,497	17,369	150.23	-	-	150.23	39.23	483,098	119,295	0.93	111,163	-	111,163	154,789	12.57
• 5017	Westhope 17	1	117	3,709,988	28,984	151.78	-	-	151.78	40.78	151,293	37,360	0.75	28,020	-	28,020	39,017	10.52
5054	Newburg-United 54	1	73	5,069,268	63,366	152.88	1.01	-	153.89	42.89	217,421	53,690	0.75	40,267	-	40,267	56,070	11.06
6001	Bowman 1	1	375	5,285,569	14,682	158.71	-	-	158.71	47.71	252,174	62,272	1.10	68,646	-	68,646	95,587	18.08
6017	Rhame 17	1	65	2,571,075	42,149	147.19	-	-	147.19	36.19	93,047	22,977	0.75	17,233	-	17,233	23,996	9.33
6033	Scranton 33	1	150	3,469,394	25,324	144.98	-	-	144.98	33.98	117,890	29,112	0.75	21,834	-	21,834	30,402	8.76
7014	Bowbells 14	1	76	2,924,060	35,659	171.00	-	-	171.00	60.00	175,444	43,324	0.75	32,493	-	32,493	45,245	15.47
7027	Powers Lake 27	1	103	2,006,580	17,602	187.16	-	-	187.16	76.16	152,821	37,737	0.92	34,699	-	34,699	48,317	24.08
7036	Burke Central 36	1	84	3,459,604	46,128	144.81	-	-	144.81	33.81	116,969	28,884	0.75	21,663	-	21,663	30,165	8.72
8001	Bismarck 1	1	10,549	159,235,829	14,534	234.56	-	-	234.56	123.56	19,675,179	4,858,555	1.11	5,410,466	3,899,082	3,899,082	3,899,082	24.49
8025	Naughton 25	3	11	262,989	29,221	170.35	57.04	-	227.39	116.39	30,609	7,559	0.75	5,669	-	5,669	7,894	30.02
8028	Wing 28	1	84	2,115,991	34,129	144.14	-	-	144.14	33.14	70,124	17,316	0.75	12,987	-	12,987	18,084	8.55
8029	Baldwin 29	2	17	787,460	13,347	152.39	120.64	-	273.03	162.03	127,592	31,507	1.21	38,207	-	38,207	53,201	67.56
8033	Menoken 33	2	12	1,207,574	17,008	67.71	92.75	-	160.46	49.46	59,727	14,749	0.95	14,035	-	14,035	19,543	16.18
8035	Sterling 35	2	33	2,040,637	26,850	168.01	10.29	10.29	188.59	77.59	158,333	39,098	0.75	29,324	-	29,324	40,832	20.01
8039	Apple Creek 39	2	51	2,071,446	13,628	83.75	198.79	-	282.54	171.54	355,336	87,746	1.19	104,210	-	104,210	145,107	70.05
8045	Manning 45	3	4	233,096	6,660	219.94	31.99	-	251.93	140.93	32,850	8,112	1.25	10,140	-	10,140	14,119	60.57
• 9001	Fargo 1	1	10,747	204,886,521	18,060	288.19	-	-	288.19	177.19	36,303,843	8,964,809	0.90	8,034,077	3,972,266	3,972,266	3,972,266	19.39
9002	Kindred 2	1	675	12,110,009	18,404	166.41	-	-	166.41	55.41	671,016	165,699	0.88	145,721	-	145,721	202,909	16.76
9004	Maple Valley 4	1	262	8,833,027	30,777	171.61	-	-	171.61	60.61	535,370	132,203	0.75	99,152	-	99,152	138,065	15.63
9006	West Fargo 6	1	5,677	109,514,539	20,640	185.00	3.51	-	188.51	77.51	8,488,472	2,096,129	0.78	1,643,694	-	1,643,694	2,288,763	20.90
9007	Mapleton 7	2	76	3,059,481	15,852	140.48	124.21	-	264.69	153.69	470,212	116,113	1.02	118,552	-	118,552	165,078	53.96

Property Tax Relief Bill - Year 1
Data sources: School Finance Facts - February 2006

Max Mill Rate *185* *Min* *75%* *Max* *125%*

60% *Year 1 relief* *35,897,132*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
9017	Central Cass 17	1	821	12,826,622	17,125	156.57	-	-	156.57	45.57	584,509	144,338	0.95	136,415	-	136,415	189,951	14.81
9080	Page 80	2	107	3,658,493	35,519	167.07	-	-	167.07	56.07	205,132	50,655	0.75	37,991	-	37,991	52,901	14.46
9097	Northern Cass	1	486	10,747,660	25,408	170.81	-	-	170.81	59.81	642,818	158,736	0.75	119,052	-	119,052	165,774	15.42
10019	Munich 19	1	108	3,266,616	35,507	150.50	-	-	150.50	39.50	129,031	31,863	0.75	23,897	-	23,897	33,276	10.19
10023	Langdon Area 23	1	472	12,478,925	23,238	160.85	-	-	160.85	49.85	622,074	153,614	0.75	115,211	-	115,211	160,425	12.86
11040	Ellendale 40	1	358	6,598,071	17,227	174.60	-	-	174.60	63.60	419,637	103,625	0.94	97,357	-	97,357	135,564	20.55
11041	Oakes 41	1	522	8,141,253	16,649	185.00	0.96	-	185.96	74.96	610,268	150,699	0.97	146,499	-	146,499	203,992	25.06
12001	Divide County 1	1	265	6,747,080	27,427	143.17	-	-	143.17	32.17	217,054	53,599	0.75	40,199	-	40,199	55,975	8.30
13008	Dodge 8	2	19	626,526	27,240	189.27	-	-	189.27	78.27	49,038	12,109	0.75	9,082	-	9,082	12,646	20.18
13016	Killdeer 16	1	383	7,487,935	25,383	158.78	-	-	158.78	47.78	357,774	88,348	0.75	66,261	-	66,261	92,265	12.32
13019	Halliday 19	1	30	1,911,249	17,862	171.68	-	-	171.68	60.68	115,975	28,639	0.91	25,950	-	25,950	36,134	18.91
13037	Twin Buttes 37	2	41	25,137	335	-	-	-	-	-	-	-	1.25	-	-	-	-	-
14001	New Rockford 1	1	375	5,338,816	16,478	185.00	-	-	185.00	74.00	395,072	97,559	0.98	95,824	-	95,824	133,430	24.99
14012	Sheyenne 12	1	93	1,537,106	21,649	185.00	-	-	185.00	74.00	113,746	28,088	0.75	21,066	-	21,066	29,334	19.08
15006	Hazelton-Moffit-Braddo	1	143	3,804,828	26,394	152.96	-	-	152.96	41.96	159,651	39,424	0.75	29,568	-	29,568	41,172	10.82
15010	Bakker 10	2	5	1,058,829	34,156	99.29	19.44	-	118.73	7.73	8,185	2,021	0.75	1,516	-	1,516	2,111	1.99
15015	Strasburg 15	1	172	3,111,824	18,413	149.11	-	-	149.11	38.11	118,592	29,285	0.88	25,741	-	25,741	35,844	11.52
15036	Linton 36	1	339	5,345,770	17,527	176.14	-	-	176.14	65.14	348,223	85,990	0.92	79,406	-	79,406	110,569	20.68
16049	Carrington 49	1	647	12,365,237	20,271	149.50	-	-	149.50	38.50	476,062	117,558	0.80	93,862	-	93,862	130,698	10.57
17003	Beach 3	1	300	4,054,094	18,597	148.65	-	-	148.65	37.65	152,637	37,692	0.87	32,803	-	32,803	45,677	11.27
17006	Lone Tree 6	2	41	1,451,095	27,906	106.82	81.32	-	188.14	77.14	111,937	27,642	0.75	20,731	-	20,731	28,867	19.89
18001	Grand Forks 1	1	7,453	116,001,892	17,132	214.62	-	-	214.62	103.62	12,020,116	2,968,227	0.94	2,804,153	2,754,750	2,754,750	2,754,750	23.75
18044	Larimore 44	1	528	7,037,632	14,103	180.92	-	-	180.92	69.92	492,071	121,511	1.15	139,450	-	139,450	194,177	27.59
18061	Thompson 61	1	413	6,011,608	14,145	163.23	-	-	163.23	52.23	313,986	77,535	1.14	88,717	-	88,717	123,535	20.55
18125	Manvel 125	2	142	3,706,128	13,331	37.09	145.37	10.70	193.16	82.16	304,495	75,192	1.21	91,289	-	91,289	127,116	34.30
* 18127	Emerado 127	2	68	2,074,452	12,203	138.05	145.89	7.99	291.93	180.93	375,331	92,684	1.25	115,854	-	115,854	161,322	77.77
18128	Midway 128	1	264	5,817,784	21,468	190.57	-	-	190.57	79.57	462,921	114,313	0.75	86,182	-	86,182	120,004	20.63
18129	Northwood 129	1	315	5,458,723	15,686	181.36	-	-	181.36	70.36	384,076	94,843	1.03	97,860	-	97,860	136,265	24.96
19018	Roosevelt 18	2	153	2,242,598	15,683	173.40	8.40	-	181.80	70.80	158,776	39,208	1.03	40,463	-	40,463	56,343	25.12
19049	Elgin-New Leipzig 49	1	164	3,979,083	21,625	203.18	-	-	203.18	92.18	366,792	90,575	0.75	67,931	-	67,931	94,591	23.77
20007	Midkota 7	1	140	5,529,534	35,220	188.58	-	-	188.58	77.58	428,981	105,932	0.75	79,449	-	79,449	110,629	20.01
20018	Griggs County Central	1	322	5,884,134	20,220	190.00	-	-	190.00	79.00	464,847	114,788	0.80	91,882	-	91,882	127,941	21.74
21001	Mott-Regent 1	1	248	6,888,542	29,438	146.06	-	-	146.06	35.06	241,512	59,639	0.75	44,729	-	44,729	62,283	9.04
21009	New England 9	1	170	4,861,960	29,466	170.57	-	-	170.57	59.57	289,627	71,520	0.75	53,640	-	53,640	74,691	15.36

Property Tax Relief Bill - Year 1
Data sources: School Finance Facts - February 2006

Max Mill Rate *185* *Min* *75%*
Max *125%*

60% *Year 1 relief* *35,897,132*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
22011	Pettibone-Tuttle 11	2	9	1,124,330	43,243	200.46	-	-	200.46	89.46	100,583	24,838	0.75	18,628	-	18,628	25,939	23.07
22014	Robinson 14	2	11	1,151,158	42,635	176.84	64.05	-	240.89	129.89	149,524	36,923	0.75	27,692	-	27,692	38,560	33.50
22020	Tuttle-Pettibone 20	1	28	1,321,507	77,736	184.59	-	-	184.59	73.59	97,250	24,015	0.75	18,011	-	18,011	25,079	18.98
22026	Steele-Dawson 26	1	292	4,446,727	22,234	167.24	-	-	167.24	56.24	250,084	61,755	0.75	46,316	-	46,316	64,493	14.50
22028	Tappen 28	1	95	1,658,047	16,919	195.00	-	-	195.00	84.00	139,276	34,393	0.96	32,901	-	32,901	45,812	27.63
23003	Edgeley 3	1	221	5,771,101	23,556	152.48	-	-	152.48	41.48	239,385	59,113	0.75	44,335	-	44,335	61,734	10.70
23007	Kulm 7	1	120	5,612,982	45,634	155.89	-	-	155.89	44.89	251,967	62,220	0.75	46,665	-	46,665	64,979	11.58
23008	LaMoure 8	1	330	5,241,991	18,655	162.15	-	-	162.15	51.15	268,128	66,211	0.87	57,444	-	57,444	79,989	15.26
24002	Napoleon 2	1	232	3,850,714	17,039	170.10	-	-	170.10	59.10	227,577	56,198	0.95	53,381	-	53,381	74,330	19.30
24056	Gackle-Streeter 56	1	103	4,623,978	41,286	139.71	-	-	139.71	28.71	132,754	32,782	0.75	24,587	-	24,587	34,236	7.40
25001	Velva 1	1	422	7,159,479	19,943	147.50	-	-	147.50	36.50	261,321	64,530	0.81	52,370	-	52,370	72,923	10.19
25014	Anamoose 14	1	95	1,879,778	24,734	183.53	14.36	-	197.89	86.89	163,334	40,333	0.75	30,250	-	30,250	42,122	22.41
25057	Drake 57	1	123	3,621,425	27,644	163.14	1.00	-	164.14	53.14	192,443	47,521	0.75	35,641	-	35,641	49,628	13.70
25060	TGU 60	1	366	11,212,666	29,353	144.93	-	-	144.93	33.93	380,446	93,947	0.75	70,460	-	70,460	98,112	8.75
26004	Zeeland 4	1	55	2,753,777	45,896	149.24	-	-	149.24	38.24	105,304	26,004	0.75	19,503	-	19,503	27,157	9.86
26009	Ashley 9	1	153	3,831,573	26,065	164.21	6.52	-	170.73	59.73	228,860	56,514	0.75	42,386	-	42,386	59,020	15.40
26019	Wishek 19	1	249	3,976,388	19,492	158.44	-	-	158.44	47.44	188,640	46,582	0.83	38,679	-	38,679	53,859	13.54
27001	McKenzie Co 1	1	549	9,863,061	16,745	140.21	-	-	140.21	29.21	288,100	71,143	0.97	68,764	-	68,764	95,750	9.71
27002	Alexander 2	1	46	2,932,546	66,649	153.09	-	-	153.09	42.09	123,431	30,480	0.75	22,860	-	22,860	31,831	10.85
27014	Yellowstone 14	2	48	1,563,428	19,543	166.30	24.16	4.75	195.21	84.21	131,656	32,511	0.83	26,925	-	26,925	37,491	23.98
27018	Earl	3	8	489,482	32,632	-	16.96	4.09	21.05	-	-	-	0.75	-	-	-	-	-
27032	Horse Creek 32	3	6	1,090,951	83,919	45.83	45.83	13.75	105.41	-	-	-	0.75	-	-	-	-	-
27036	Mandaree 36	1	208	86,199	444	81.21	-	-	81.21	-	-	-	1.25	-	-	-	-	-
28001	Montefiore 1	1	217	3,351,906	15,961	167.22	-	-	167.22	56.22	188,444	46,534	1.01	47,187	-	47,187	65,706	19.60
28004	Washburn 4	1	305	4,898,982	17,311	142.89	-	-	142.89	31.89	156,229	38,579	0.93	36,069	-	36,069	50,225	10.25
28008	Underwood 8	1	206	4,838,426	22,931	164.07	7.44	-	171.51	60.51	292,773	72,297	0.75	54,223	-	54,223	75,502	15.60
28050	Max 50	1	156	2,946,044	19,640	154.86	-	-	154.86	43.86	129,213	31,908	0.82	26,295	-	26,295	36,614	12.43
28051	Garrison 51	1	340	7,179,592	23,386	165.05	-	-	165.05	54.05	388,057	95,826	0.75	71,870	-	71,870	100,075	13.94
28072	Turtle Lake-Mercer 72	1	173	4,607,206	27,424	164.96	-	-	164.96	53.96	248,605	61,390	0.75	46,043	-	46,043	64,112	13.92
28085	White Shield 85	1	121	297,440	2,564	185.00	-	-	185.00	74.00	22,011	5,435	1.25	6,794	-	6,794	9,460	31.81
29003	Hazen 3	1	652	5,775,328	9,530	185.00	-	-	185.00	74.00	427,374	105,535	1.25	131,919	-	131,919	183,691	31.81
29020	Golden Valley 20	1	46	1,192,422	22,082	169.74	-	-	169.74	58.74	70,043	17,296	0.75	12,972	-	12,972	18,063	15.15
29027	Beulah 27	1	761	9,577,756	13,683	185.29	-	-	185.29	74.29	711,531	175,704	1.18	207,833	-	207,833	289,397	30.22
30001	Mandan 1	1	3,165	43,080,321	12,067	185.00	-	-	185.00	74.00	3,187,944	787,225	1.25	984,032	-	984,032	1,370,216	31.81

Property Tax Relief Bill - Year 1
Data sources: School Finance Facts - February 2006

Max Mill Rate *185*

Min *75%*
Max *125%*

60% Year 1 relief *35,897,132*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief in Mills
30004	Little Heart 4	2	25	843,801	20,581	120.72	50.96	9.48	181.16	70.16	59,201	14,619	0.79	11,496	-	11,496	16,008	18.97
30007	New Salem 7	1	340	3,879,037	12,314	159.45	-	-	159.45	48.45	187,939	46,409	1.25	58,012	-	58,012	80,779	20.82
30008	Sims 8	2	20	1,516,725	36,113	120.00	42.20	5.93	168.13	57.13	86,650	21,397	0.75	16,048	-	16,048	22,346	14.73
30013	Hebron 13	1	164	3,756,193	24,234	166.39	-	-	166.39	55.39	208,056	51,377	0.75	38,533	-	38,533	53,655	14.28
30017	Sweet Briar 17	3	9	352,228	19,568	65.22	62.46	-	127.68	16.68	5,875	1,451	0.83	1,200	-	1,200	1,671	4.74
30039	Flasher 39	1	211	3,036,812	17,255	185.00	-	-	185.00	74.00	224,724	55,493	0.94	52,052	-	52,052	72,480	23.87
30048	Glen Ullin 48	1	197	4,051,363	19,292	160.93	-	-	160.93	49.93	202,285	49,952	0.84	41,907	-	41,907	58,353	14.40
31001	New Town 1	1	731	3,167,106	4,245	159.86	-	-	159.86	48.86	154,745	38,212	1.25	47,766	-	47,766	66,511	21.00
31002	Stanley 2	1	340	5,936,719	19,213	185.00	-	-	185.00	74.00	439,317	108,484	0.84	91,387	-	91,387	127,252	21.43
31003	Parshall 3	1	276	3,466,428	14,877	167.41	-	-	167.41	56.41	195,541	48,287	1.09	52,532	-	52,532	73,148	21.10
32001	Dakota Prairie 1	1	292	9,484,748	23,477	185.00	-	-	185.00	74.00	701,871	173,319	0.75	129,989	-	129,989	181,004	19.08
32066	Lakota 66	1	232	4,593,929	26,402	185.00	-	-	185.00	74.00	339,951	83,947	0.75	62,960	-	62,960	87,669	19.08
33001	Center-Stanton 1	1	265	4,777,434	15,511	174.87	-	-	174.87	63.87	305,135	75,349	1.04	78,624	-	78,624	109,480	22.92
34006	Cavalier 6	1	510	8,383,369	20,598	185.00	-	-	185.00	74.00	620,369	153,193	0.79	120,372	-	120,372	167,612	19.99
34012	Valley 12	1	160	3,690,799	24,123	179.10	13.16	-	192.26	81.26	299,914	74,060	0.75	55,545	-	55,545	77,344	20.96
34019	Drayton 19	1	153	5,391,769	39,356	183.91	1.04	-	184.95	73.95	398,721	98,460	0.75	73,845	-	73,845	102,825	19.07
34043	St Thomas 43	1	105	3,107,077	27,255	180.24	22.53	1.61	204.38	93.38	290,139	71,646	0.75	53,735	-	53,735	74,823	24.08
34100	North Border 100	1	485	12,176,984	24,501	184.90	-	-	184.90	73.90	899,879	222,215	0.75	166,661	-	166,661	232,067	19.06
35001	Wolford 1	1	48	1,609,044	32,181	185.00	-	-	185.00	74.00	119,069	29,403	0.75	22,052	-	22,052	30,706	19.08
35005	Rugby 5	1	546	10,451,078	16,775	185.00	-	-	185.00	74.00	773,380	190,977	0.96	184,260	-	184,260	256,573	24.55
36001	Devils Lake 1	1	1,810	18,179,717	9,390	185.00	6.00	-	191.00	80.00	1,454,377	359,141	1.25	448,927	-	448,927	625,109	34.38
36002	Edmore 2	1	80	4,681,856	59,264	147.59	-	-	147.59	36.59	171,309	42,303	0.75	31,727	-	31,727	44,178	9.44
36044	Starkweather 44	1	95	2,826,981	35,785	150.34	-	-	150.34	39.34	111,213	27,463	0.75	20,597	-	20,597	28,681	10.15
37002	Sheldon 2	2	25	1,401,069	18,196	175.58	71.37	-	246.95	135.95	190,475	47,036	0.89	41,837	-	41,837	58,256	41.58
37006	Ft Ransom 6	2	16	927,596	23,785	159.93	80.97	-	240.90	129.90	120,495	29,755	0.75	22,316	-	22,316	31,074	33.50
37019	Lisbon 19	1	640	8,685,666	15,735	185.00	-	-	185.00	74.00	642,739	158,717	1.03	163,256	-	163,256	227,326	26.17
37022	Enderlin 22	1	308	5,940,531	22,002	183.99	2.02	-	186.01	75.01	445,599	110,036	0.75	82,527	-	82,527	114,914	19.34
38001	Mohall-Lansford-Sherw	1	332	10,283,775	29,382	150.15	-	-	150.15	39.15	402,610	99,420	0.75	74,565	-	74,565	103,828	10.10
38026	Glenburn 26	1	291	3,591,024	19,307	132.83	-	-	132.83	21.83	78,392	19,358	0.84	16,228	-	16,228	22,596	6.29
39008	Hankinson 8	1	318	5,207,976	18,600	170.00	-	-	170.00	59.00	307,271	75,877	0.87	66,025	-	66,025	91,937	17.65
39018	Fairmount 18	1	108	4,237,833	45,083	188.07	-	-	188.07	77.07	326,610	80,652	0.75	60,489	-	60,489	84,228	19.88
39028	Lidgerwood 28	1	197	3,735,487	19,059	185.00	-	-	185.00	74.00	276,426	68,260	0.85	57,967	-	57,967	80,716	21.61
39037	Wahpeton 37	1	1,378	20,433,503	14,259	185.00	1.30	-	186.30	75.30	1,538,643	379,950	1.14	431,271	-	431,271	600,523	29.39
39042	Wyndmere 42	1	242	6,272,091	25,811	151.46	-	-	151.46	40.46	253,769	62,665	0.75	46,999	-	46,999	65,444	10.43

Property Tax Relief Bill - Year 1
Data sources: School Finance Facts - February 2006

Max Mill Rate *185*

Min *75%*
Max *125%*

60% *Year 1 relief* *35,897,132*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
39044	Richland 44	1	327	5,467,514	17,140	185.00	-	-	185.00	74.00	404,596	99,910	0.94	94,343	-	94,343	131,369	24.03
40001	Dunseith 1	1	405	1,485,154	1,787	141.40	8.63	-	150.03	39.03	57,966	14,314	1.25	17,892	-	17,892	24,914	16.78
40003	St John 3	1	313	759,113	1,698	156.66	-	-	156.66	45.66	34,661	8,559	1.25	10,699	-	10,699	14,898	19.63
40004	Mt Pleasant 4	1	281	4,036,924	14,017	182.81	2.48	-	185.29	74.29	299,903	74,058	1.15	85,512	-	85,512	119,071	29.50
40007	Belcourt 7	1	1,683	336,646	156	-	-	-	-	-	-	-	1.25	-	-	-	-	-
40029	Rolette 29	1	173	2,984,321	15,874	185.00	-	-	185.00	74.00	220,840	54,534	1.02	55,602	-	55,602	77,423	25.94
41002	Milnor 2	1	293	3,626,309	12,905	170.26	4.69	-	174.95	63.95	231,902	57,266	1.25	71,582	-	71,582	99,674	27.49
41003	N Sargent 3	1	226	3,014,453	15,700	177.98	4.33	-	182.31	71.31	214,961	53,082	1.03	54,722	-	54,722	76,197	25.28
41006	Sargent Central 6	1	285	7,291,149	27,410	184.60	2.47	-	187.07	76.07	554,638	136,961	0.75	102,721	-	102,721	143,034	19.62
42016	Goodrich 16	1	44	1,670,052	39,763	188.55	2.99	-	191.54	80.54	134,506	33,215	0.75	24,911	-	24,911	34,687	20.77
42019	McClusky 19	1	94	2,599,702	28,886	184.83	-	-	184.83	73.83	191,936	47,396	0.75	35,547	-	35,547	49,498	19.04
43003	Solen 3	1	171	250,941	740	188.00	-	-	188.00	77.00	19,322	4,771	1.25	5,964	-	5,964	8,305	33.10
43004	Ft Yates 4	1	223	477,409	596	188.17	-	-	188.17	77.17	36,842	9,098	1.25	11,372	-	11,372	15,835	33.17
43008	Selfridge 8	1	42	1,338,521	16,732	138.59	-	-	138.59	27.59	36,930	9,119	0.97	8,821	-	8,821	12,283	9.18
44012	Marmarth 12	2	9	1,351,251	54,050	33.30	30.34	4.81	68.45	-	-	-	0.75	-	-	-	-	-
44032	Central Elementary 32	2	4	1,381,364	69,068	28.96	39.09	11.58	79.63	-	-	-	0.75	-	-	-	-	-
45001	Dickinson 1	1	2,592	32,202,949	10,681	185.00	-	-	185.00	74.00	2,383,018	588,458	1.25	735,573	-	735,573	1,024,249	31.81
45009	South Heart 9	1	244	2,874,314	11,406	148.20	-	-	148.20	37.20	106,924	26,404	1.25	33,005	-	33,005	45,957	15.99
45013	Belfield 13	1	211	1,597,293	9,076	185.00	-	-	185.00	74.00	118,200	29,188	1.25	36,485	-	36,485	50,804	31.81
45034	Richardton-Taylor 34	1	271	4,301,620	18,867	185.00	-	-	185.00	74.00	318,320	78,605	0.86	67,431	-	67,431	93,895	21.83
46010	Hope 10	1	133	3,587,302	28,930	174.09	-	-	174.09	63.09	226,323	55,888	0.75	41,916	-	41,916	58,366	16.27
46019	Finley-Sharon 19	1	173	4,330,867	22,915	185.00	-	-	185.00	74.00	320,484	79,140	0.75	59,355	-	59,355	82,649	19.08
47001	Jamestown 1	1	2,346	31,455,516	12,704	185.00	7.00	-	192.00	81.00	2,547,897	629,173	1.25	786,467	-	786,467	1,095,116	34.81
47003	Medina 3	1	154	3,352,685	22,501	172.10	-	-	172.10	61.10	204,849	50,585	0.75	37,939	-	37,939	52,828	15.76
47010	Pingree-Buchanan	1	163	3,134,243	28,493	163.87	-	-	163.87	52.87	165,707	40,920	0.75	30,690	-	30,690	42,734	13.63
47014	Montpelier 14	1	95	2,467,621	25,180	180.05	-	-	180.05	69.05	170,389	42,076	0.75	31,557	-	31,557	43,941	17.81
47019	Kensal 19	1	55	2,585,919	51,718	169.95	-	-	169.95	58.95	152,440	37,643	0.75	28,232	-	28,232	39,312	15.20
47026	Spiritwood 26	2	18	3,091,682	181,864	140.27	-	-	140.27	29.27	90,494	22,346	0.75	16,760	-	16,760	23,337	7.55
48002	Bisbee-Egeland 2	1	69	3,564,730	48,832	176.41	-	-	176.41	65.41	233,169	57,578	0.75	43,184	-	43,184	60,131	16.87
48008	Southern 8	1	208	3,808,688	17,715	165.41	3.15	-	168.56	57.56	219,228	54,136	0.91	49,460	-	49,460	68,871	18.08
48028	North Central 28	1	76	2,401,696	31,191	170.18	-	-	170.18	59.18	142,132	35,098	0.75	26,323	-	26,323	36,654	15.26
49003	Central Valley 3	1	274	6,099,276	19,932	151.66	-	-	151.66	40.66	247,997	61,240	0.81	49,727	-	49,727	69,243	11.35
49007	Hatton 7	1	240	3,858,703	15,192	194.02	-	-	194.02	83.02	320,350	79,107	1.07	84,277	-	84,277	117,352	30.41
49009	Hillsboro 9	1	410	9,395,412	23,726	185.00	-	-	185.00	74.00	695,260	171,686	0.75	128,765	-	128,765	179,299	19.08

Property Tax Relief Bill - Year 1
Data sources: School Finance Facts - February 2006

Max Mill Rate *185* *Min* *75%* *Max* *125%*

60% *Year 1 relief* *35,897,132*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
49014	May-Port CG 14	1	583	10,840,325	19,782	180.00	-	-	180.00	69.00	747,982	184,706	0.82	151,120	-	151,120	210,427	19.41
50003	Grafton 3	1	947	9,811,124	10,889	185.00	-	-	185.00	74.00	726,023	179,283	1.25	224,104	-	224,104	312,053	31.81
50005	Fordville-Lankin 5	1	103	2,912,015	29,120	163.98	-	-	163.98	52.98	154,279	38,097	0.75	28,573	-	28,573	39,786	13.66
50020	Minto 20	1	231	3,923,362	19,815	178.93	1.99	-	180.92	69.92	274,321	67,740	0.82	55,331	-	55,331	77,045	19.64
50051	Nash 51	2	15	896,182	25,605	185.23	22.43	-	207.66	96.66	86,625	21,391	0.75	16,043	-	16,043	22,339	24.93
50078	Park River 78	1	404	5,789,789	16,128	193.21	2.94	-	196.15	85.15	493,001	121,741	1.00	122,171	-	122,171	170,117	29.38
50106	Edinburg 106	1	128	1,908,918	18,900	185.33	-	-	185.33	74.33	141,890	35,038	0.86	30,005	-	30,005	41,780	21.89
50128	Adams 128	2	75	1,966,615	28,921	167.80	-	-	167.80	56.80	111,704	27,584	0.75	20,688	-	20,688	28,807	14.65
51001	Minot 1	1	6,476	78,272,711	14,015	185.00	10.86	-	195.86	84.86	6,642,222	1,640,219	1.15	1,894,181	2,393,635	1,894,181	2,393,635	30.58
51004	Nedrose 4	2	239	5,279,928	13,822	89.02	108.90	-	197.92	86.92	458,931	113,328	1.17	132,702	-	132,702	184,781	35.00
51007	United 7	1	563	6,790,126	10,367	185.00	-	-	185.00	74.00	502,469	124,079	1.25	155,099	-	155,099	215,967	31.81
51010	Bell 10	2	147	2,679,863	11,911	120.16	102.62	8.22	231.00	120.00	321,584	79,411	1.25	99,264	-	99,264	138,220	51.58
51016	Sawyer 16	1	123	2,487,577	17,642	184.99	-	-	184.99	73.99	184,056	45,450	0.92	41,697	-	41,697	58,061	23.34
51019	Eureka 19	2	11	945,732	21,994	49.93	80.89	-	130.82	19.82	18,744	4,629	0.75	3,472	-	3,472	4,834	5.11
51028	Kenmare 28	1	273	6,797,510	26,974	185.00	-	-	185.00	74.00	503,016	124,214	0.75	93,160	-	93,160	129,721	19.08
51041	Surrey 41	1	352	3,081,422	10,170	184.84	-	-	184.84	73.84	227,532	56,186	1.25	70,233	-	70,233	97,796	31.74
51070	S Prairie 70	2	146	3,627,466	20,265	128.53	58.62	4.80	191.95	80.95	293,643	72,512	0.80	57,913	-	57,913	80,641	22.23
51161	Lewis and Clark 161	1	383	9,242,389	26,257	159.20	-	-	159.20	48.20	445,483	110,007	0.75	82,505	-	82,505	114,884	12.43
52025	Fessenden-Bowdon 25	1	184	7,493,949	37,470	145.45	-	-	145.45	34.45	258,167	63,751	0.75	47,813	-	47,813	66,578	8.88
52035	Pleasant Valley 3	2	16	1,025,551	32,048	176.49	11.70	4.88	193.07	82.07	84,167	20,784	0.75	15,588	-	15,588	21,706	21.16
52038	Harvey 38	1	464	8,570,870	19,794	181.07	-	-	181.07	70.07	600,561	148,301	0.82	121,262	-	121,262	168,851	19.70
53001	Williston 1	1	2,157	18,248,719	7,809	238.47	-	-	238.47	127.47	2,326,164	574,419	1.25	718,024	-	718,024	999,813	54.79
53002	Nesson 2	1	158	3,363,674	20,263	178.45	-	-	178.45	67.45	226,880	56,025	0.80	44,750	-	44,750	62,312	18.53
53006	Eight Mile 6	1	230	1,481,413	9,942	175.51	-	-	175.51	64.51	95,566	23,599	1.25	29,499	-	29,499	41,075	27.73
53008	New 8	2	204	7,515,886	24,970	139.70	62.53	2.66	204.89	93.89	705,667	174,256	0.75	130,692	-	130,692	181,982	24.21
53015	Tioga 15	1	244	5,689,804	24,631	185.72	-	-	185.72	74.72	425,142	104,984	0.75	78,738	-	78,738	109,639	19.27
53091	Wildrose-Alamo 91	1	37	1,886,384	44,914	169.64	-	-	169.64	58.64	110,618	27,316	0.75	20,487	-	20,487	28,527	15.12
53099	Grenora 99	1	49	3,474,883	59,912	185.00	-	-	185.00	74.00	257,141	63,498	0.75	47,624	-	47,624	66,313	19.08
	North Dakota		97,120	1,633,911,435	16,185	194.93	4.14	0.17	199.63	88.97	145,368,828	35,897,132		34,572,470	13,019,733	28,949,871	35,897,132	21.97
															Uncapped District Total	16,429,592		

* GF Levy 3 = general fund, transportation and tuition levies.

Property Tax Relief Bill - Year 2 | *Max Mill Rate* 165 | *Min* 75%
Data sources: School Finance Facts - February 2006 | *Max* 125%

60% *Year 2 relief* *38,157,727*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
1013	Hettinger 13	1	336	6,256,269	22,750	175.60	-	7.67	183.27	84.27	527,216	122,023	0.75	91,517	-	91,517	122,851	19.64
2002	Valley City 2	1	1,136	15,656,756	13,579	185.00	10.22	-	195.22	96.22	1,506,493	348,674	1.19	415,589	-	415,589	557,882	35.63
2046	Litchville-Marion 46	1	179	6,323,234	34,935	154.88	-	-	154.88	55.88	353,342	81,780	0.75	61,335	-	61,335	82,335	13.02
2065	N Central 65	1	144	6,208,428	40,845	150.96	-	-	150.96	51.96	322,590	74,663	0.75	55,997	-	55,997	75,170	12.11
2082	Wimbledon-Courtenay	1	149	5,824,238	40,729	169.16	-	-	169.16	70.16	408,629	94,576	0.75	70,932	-	70,932	95,218	16.35
3005	Minnewaukan 5	1	181	1,488,653	18,844	174.90	9.45	-	184.35	85.35	127,057	29,407	0.86	25,257	-	25,257	33,905	22.78
3006	Leeds 6	1	172	4,400,729	26,040	164.75	-	-	164.75	65.75	289,348	66,969	0.75	50,227	-	50,227	67,424	15.32
3009	Maddock 9	1	196	3,990,031	23,471	182.96	-	-	182.96	83.96	335,003	77,536	0.75	58,152	-	58,152	78,062	19.56
3016	Oberon 16	2	44	980,512	23,346	101.69	40.80	12.75	155.24	56.24	55,144	12,763	0.75	9,572	-	9,572	12,850	13.10
3029	Warwick 29	1	195	1,160,259	3,933	157.72	-	-	157.72	58.72	68,130	15,769	1.25	19,711	-	19,711	26,459	22.80
3030	Ft Totten 30	1	171	115,975	232	185.00	122.97	-	307.97	208.97	24,235	5,609	1.25	7,011	-	7,011	9,412	81.16
4001	Billings Co 1	2	50	4,988,496	42,275	-	40.09	-	40.09	-	-	-	0.75	-	-	-	-	-
5001	Bottineau 1	1	712	12,314,497	17,369	150.23	-	-	150.23	51.23	630,872	146,014	0.93	136,060	-	136,060	182,646	14.83
5017	Westhope 17	1	117	3,709,988	28,984	151.78	-	-	151.78	52.78	195,813	45,320	0.75	33,990	-	33,990	45,628	12.30
5054	Newburg-United 54	1	73	5,069,268	63,366	152.88	1.01	-	153.89	54.89	278,252	64,401	0.75	48,301	-	48,301	64,838	12.79
6001	Bowman 1	1	375	5,285,569	14,682	158.71	-	-	158.71	59.71	315,601	73,045	1.10	80,523	-	80,523	108,093	20.45
6017	Rhame 17	1	65	2,571,075	42,149	147.19	-	-	147.19	48.19	123,900	28,676	0.75	21,507	-	21,507	28,871	11.23
6033	Scranton 33	1	150	3,469,394	25,324	144.98	-	-	144.98	45.98	159,523	36,921	0.75	27,691	-	27,691	37,172	10.71
7014	Bowbells 14	1	76	2,924,060	35,659	171.00	-	-	171.00	72.00	210,532	48,727	0.75	36,545	-	36,545	49,058	16.78
7027	Powers Lake 27	1	103	2,006,580	17,602	187.16	-	-	187.16	88.16	176,900	40,943	0.92	37,647	-	37,647	50,537	25.19
7036	Burke Central 36	1	84	3,459,604	46,128	144.81	-	-	144.81	45.81	158,484	36,681	0.75	27,511	-	27,511	36,930	10.67
8001	Bismarck 1	1	10,549	159,235,829	14,534	234.56	-	-	234.56	135.56	21,586,009	4,996,022	1.11	5,563,549	4,144,624	4,144,624	4,144,624	26.03
8025	Naughton 25	3	11	262,989	29,221	170.35	57.04	-	227.39	128.39	33,765	7,815	0.75	5,861	-	5,861	7,868	29.92
8028	Wing 28	1	84	2,115,991	34,129	144.14	-	-	144.14	45.14	95,516	22,107	0.75	16,580	-	16,580	22,257	10.52
8029	Baldwin 29	2	17	787,460	13,347	152.39	120.64	-	273.03	174.03	137,042	31,718	1.21	38,462	-	38,462	51,631	65.57
8033	Menoken 33	2	12	1,207,574	17,008	67.71	92.75	-	160.46	61.46	74,217	17,177	0.95	16,346	-	16,346	21,943	18.17
8035	Sterling 35	2	33	2,040,637	26,850	168.01	10.29	10.29	188.59	89.59	182,821	42,313	0.75	31,735	-	31,735	42,601	20.88
8039	Apple Creek 39	2	51	2,071,446	13,628	83.75	198.79	-	282.54	183.54	380,193	87,995	1.19	104,505	-	104,505	140,286	67.72
8045	Manning 45	3	4	233,096	6,660	219.94	31.99	-	251.93	152.93	35,647	8,250	1.25	10,313	-	10,313	13,844	59.39
9001	Fargo 1	1	10,747	204,886,521	18,060	288.19	-	-	288.19	189.19	38,762,481	8,971,469	0.90	8,040,046	4,222,417	4,222,417	4,222,417	20.61
9002	Kindred 2	1	675	12,110,009	18,404	166.41	-	-	166.41	67.41	816,336	188,939	0.88	166,158	-	166,158	223,049	18.42
9004	Maple Valley 4	1	262	8,833,027	30,777	171.61	-	-	171.61	72.61	641,366	148,442	0.75	111,332	-	111,332	149,450	16.92
9006	West Fargo 6	1	5,677	109,514,539	20,640	185.00	3.51	-	188.51	89.51	9,802,646	2,268,796	0.78	1,779,092	-	1,779,092	2,388,231	21.81
9007	Mapleton 7	2	76	3,059,481	15,852	140.48	124.21	-	264.69	165.69	506,925	117,326	1.02	119,791	-	119,791	160,806	52.56

Property Tax Relief Bill - Year 2
Data sources: School Finance Facts - February 2006

Max Mill Rate *165*

Min *75%*
Max *125%*

60% *Year 2 relief* *38,157,727*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
9017	Central Cass 17	1	821	12,826,622	17,125	156.57	-	-	156.57	57.57	738,429	170,907	0.95	161,526	-	161,526	216,831	16.90
9080	Page 80	2	107	3,658,493	35,519	167.07	-	-	167.07	68.07	249,034	57,638	0.75	43,229	-	43,229	58,030	15.86
9097	Northern Cass	1	486	10,747,660	25,408	170.81	-	-	170.81	71.81	771,789	178,629	0.75	133,971	-	133,971	179,842	16.73
10019	Munich 19	1	108	3,266,616	35,507	150.50	-	-	150.50	51.50	168,231	38,937	0.75	29,202	-	29,202	39,201	12.00
10023	Langdon Area 23	1	472	12,478,925	23,238	160.85	-	-	160.85	61.85	771,822	178,636	0.75	133,977	-	133,977	179,849	14.41
11040	Ellendale 40	1	358	6,598,071	17,227	174.60	-	-	174.60	75.60	498,814	115,449	0.94	108,466	-	108,466	145,604	22.07
11041	Oakes 41	1	522	8,141,253	16,649	185.00	0.96	-	185.96	86.96	707,963	163,856	0.97	159,290	-	159,290	213,828	26.26
12001	Divide County 1	1	265	6,747,080	27,427	143.17	-	-	143.17	44.17	298,019	68,976	0.75	51,732	-	51,732	69,444	10.29
13008	Dodge 8	2	19	626,526	27,240	189.27	-	-	189.27	90.27	56,557	13,090	0.75	9,817	-	9,817	13,179	21.03
13016	Killdeer 16	1	383	7,487,935	25,383	158.78	-	-	158.78	59.78	447,629	103,602	0.75	77,702	-	77,702	104,306	13.93
13019	Halliday 19	1	30	1,911,249	17,862	171.68	-	-	171.68	72.68	138,910	32,150	0.91	29,132	-	29,132	39,106	20.46
13037	Twin Buttes 37	2	41	25,137	335	-	-	-	-	-	-	-	1.25	-	-	-	-	-
14001	New Rockford 1	1	375	5,338,816	16,478	185.00	-	-	185.00	86.00	459,138	106,266	0.98	104,377	-	104,377	140,114	26.24
14012	Sheyenne 12	1	93	1,537,106	21,649	185.00	-	-	185.00	86.00	132,191	30,595	0.75	22,946	-	22,946	30,803	20.04
15006	Hazelton-Moffit-Braddo	1	143	3,804,828	28,394	152.96	-	-	152.96	53.96	205,309	47,518	0.75	35,639	-	35,639	47,841	12.57
15010	Bakker 10	2	5	1,058,829	34,156	99.29	19.44	-	118.73	19.73	20,891	4,835	0.75	3,626	-	3,626	4,868	4.60
15015	Strasburg 15	1	172	3,111,824	18,413	149.11	-	-	149.11	50.11	155,934	36,090	0.88	31,723	-	31,723	42,585	13.68
15036	Linton 36	1	339	5,345,770	17,527	176.14	-	-	176.14	77.14	412,373	95,443	0.92	88,135	-	88,135	118,311	22.13
16049	Carrington 49	1	647	12,365,237	20,271	149.50	-	-	149.50	50.50	624,444	144,526	0.80	115,394	-	115,394	154,904	12.53
17003	Beach 3	1	300	4,054,094	18,597	148.65	-	-	148.65	49.65	201,286	46,587	0.87	40,545	-	40,545	54,427	13.43
17006	Lone Tree 6	2	41	1,451,095	27,906	106.82	81.32	-	188.14	89.14	129,351	29,938	0.75	22,453	-	22,453	30,141	20.77
18001	Grand Forks 1	1	7,453	116,001,892	17,132	214.62	-	-	214.62	115.62	13,412,139	3,104,203	0.94	2,932,613	2,928,228	2,928,228	2,928,228	25.24
18044	Larimore 44	1	528	7,037,632	14,103	180.92	-	-	180.92	81.92	576,523	133,435	1.15	153,133	-	153,133	205,564	29.21
18061	Thompson 61	1	413	6,011,608	14,145	163.23	-	-	163.23	64.23	386,126	89,368	1.14	102,256	-	102,256	137,268	22.83
18125	Manvel 125	2	142	3,706,128	13,331	37.09	145.37	10.70	193.16	94.16	348,969	80,768	1.21	98,059	-	98,059	131,634	35.52
18127	Emerado 127	2	68	2,074,452	12,203	138.05	145.89	7.99	291.93	192.93	400,224	92,631	1.25	115,788	-	115,788	155,433	74.93
18128	Midway 128	1	264	5,817,784	21,468	190.57	-	-	190.57	91.57	532,734	123,300	0.75	92,957	-	92,957	124,785	21.45
18129	Northwood 129	1	315	5,458,723	15,686	181.36	-	-	181.36	82.36	449,580	104,054	1.03	107,364	-	107,364	144,125	26.40
19018	Roosevelt 18	2	153	2,242,598	15,683	173.40	8.40	-	181.80	82.80	185,687	42,977	1.03	44,352	-	44,352	59,538	26.55
19049	Elgin-New Leipzig 49	1	164	3,979,083	21,625	203.18	-	-	203.18	104.18	414,541	95,944	0.75	71,958	-	71,958	96,596	24.28
20007	Midkota 7	1	140	5,529,534	35,220	188.58	-	-	188.58	89.58	495,336	114,644	0.75	85,983	-	85,983	115,423	20.87
20018	Griggs County Central	1	322	5,884,134	20,220	190.00	-	-	190.00	91.00	535,456	123,930	0.80	99,199	-	99,199	133,164	22.63
21001	Mott-Regent 1	1	248	6,888,542	29,438	146.06	-	-	146.06	47.06	324,175	75,029	0.75	56,272	-	56,272	75,539	10.97
21009	New England 9	1	170	4,861,960	29,466	170.57	-	-	170.57	71.57	347,970	80,537	0.75	60,403	-	60,403	81,084	16.68

Property Tax Relief Bill - Year 2 | *Max Mill Rate* 165 | *Min* 75%
Data sources: School Finance Facts - February 2006 | *Max* 125%

60% *Year 2 relief* *38,157,727*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief in Mills
22011	Pettibone-Tuttle 11	2	9	1,124,330	43,243	200.46	-	-	200.46	101.46	114,075	26,402	0.75	19,802	-	19,802	26,582	23.64
22014	Robinson 14	2	11	1,151,158	42,635	176.84	64.05	-	240.89	141.89	163,338	37,804	0.75	28,353	-	28,353	38,061	33.06
22020	Tuttle-Pettibone 20	1	28	1,321,507	77,736	184.59	-	-	184.59	85.59	113,108	26,178	0.75	19,634	-	19,634	26,356	19.94
22026	Steele-Dawson 26	1	292	4,446,727	22,234	167.24	-	-	167.24	68.24	303,445	70,231	0.75	52,674	-	52,674	70,708	15.90
22028	Tappen 28	1	95	1,658,047	16,919	195.00	-	-	195.00	96.00	159,173	36,840	0.96	35,242	-	35,242	47,308	28.53
23003	Edgeley 3	1	221	5,771,101	23,556	152.48	-	-	152.48	53.48	308,638	71,434	0.75	53,575	-	53,575	71,919	12.46
23007	Kulm 7	1	120	5,612,982	45,634	155.89	-	-	155.89	56.89	319,323	73,906	0.75	55,430	-	55,430	74,408	13.26
23008	LaMoure 8	1	330	5,241,991	18,655	162.15	-	-	162.15	63.15	331,032	76,616	0.87	66,472	-	66,472	89,231	17.02
24002	Napoleon 2	1	232	3,850,714	17,039	170.10	-	-	170.10	71.10	273,786	63,367	0.95	60,191	-	60,191	80,800	20.98
24056	Gackle-Streeter 56	1	103	4,623,978	41,286	139.71	-	-	139.71	40.71	188,242	43,568	0.75	32,676	-	32,676	43,864	9.49
25001	Velva 1	1	422	7,159,479	19,943	147.50	-	-	147.50	48.50	347,235	80,367	0.81	65,222	-	65,222	87,554	12.23
25014	Anamoose 14	1	95	1,879,778	24,734	183.53	14.36	-	197.89	98.89	185,891	43,024	0.75	32,268	-	32,268	43,316	23.04
25057	Drake 57	1	123	3,621,425	27,644	163.14	1.00	-	164.14	65.14	235,900	54,598	0.75	40,949	-	40,949	54,969	15.18
25060	TGU 60	1	366	11,212,666	29,353	144.93	-	-	144.93	45.93	514,998	119,195	0.75	89,396	-	89,396	120,004	10.70
26004	Zeeland 4	1	55	2,753,777	45,896	149.24	-	-	149.24	50.24	138,350	32,021	0.75	24,016	-	24,016	32,238	11.71
26009	Ashley 9	1	153	3,831,573	26,065	164.21	6.52	-	170.73	71.73	274,839	63,611	0.75	47,708	-	47,708	64,043	16.71
26019	Wishek 19	1	249	3,976,388	19,492	158.44	-	-	158.44	59.44	236,357	54,704	0.83	45,423	-	45,423	60,975	15.33
27001	McKenzie Co 1	1	549	9,863,061	16,745	140.21	-	-	140.21	41.21	406,457	94,073	0.97	90,927	-	90,927	122,060	12.38
27002	Alexander 2	1	46	2,932,546	66,649	153.09	-	-	153.09	54.09	158,621	36,712	0.75	27,534	-	27,534	36,962	12.60
27014	Yellowstone 14	2	48	1,563,428	19,543	166.30	24.16	4.75	195.21	96.21	150,417	34,814	0.83	28,832	-	28,832	38,703	24.76
27018	Earl	3	8	489,482	32,632	-	16.96	4.09	21.05	-	-	-	0.75	-	-	-	-	-
27032	Horse Creek 32	3	6	1,090,951	83,919	45.83	45.83	13.75	105.41	6.41	6,993	1,619	0.75	1,214	-	1,214	1,630	1.49
27036	Mandaree 36	1	208	86,199	444	81.21	-	-	81.21	-	-	-	1.25	-	-	-	-	-
28001	Montefiore 1	1	217	3,351,906	15,961	167.22	-	-	167.22	68.22	228,667	52,924	1.01	53,667	-	53,667	72,042	21.49
28004	Washburn 4	1	305	4,898,982	17,311	142.89	-	-	142.89	43.89	215,016	49,765	0.93	46,528	-	46,528	62,459	12.75
28008	Underwood 8	1	206	4,838,426	22,931	164.07	7.44	-	171.51	72.51	350,834	81,200	0.75	60,900	-	60,900	81,751	16.90
28050	Max 50	1	156	2,946,044	19,640	154.86	-	-	154.86	55.86	164,566	38,088	0.82	31,388	-	31,388	42,135	14.30
28051	Garrison 51	1	340	7,179,592	23,386	165.05	-	-	165.05	66.05	474,212	109,755	0.75	82,316	-	82,316	110,500	15.39
28072	Turtle Lake-Mercer 72	1	173	4,607,206	27,424	164.96	-	-	164.96	65.96	303,891	70,335	0.75	52,751	-	52,751	70,812	15.37
28085	White Shield 85	1	121	297,440	2,564	185.00	-	-	185.00	86.00	25,580	5,920	1.25	7,400	-	7,400	9,934	33.40
29003	Hazen 3	1	652	5,775,328	9,530	185.00	-	-	185.00	86.00	496,678	114,955	1.25	143,694	-	143,694	192,892	33.40
29020	Golden Valley 20	1	46	1,192,422	22,082	169.74	-	-	169.74	70.74	84,352	19,523	0.75	14,642	-	14,642	19,656	16.48
29027	Beulah 27	1	761	9,577,756	13,683	185.29	-	-	185.29	86.29	826,465	191,283	1.18	226,260	-	226,260	303,729	31.71
30001	Mandan 1	1	3,165	43,080,321	12,067	185.00	-	-	185.00	86.00	3,704,908	857,491	1.25	1,071,863	-	1,071,863	1,438,856	33.40

Property Tax Relief Bill - Year 2
Data sources: School Finance Facts - February 2006

Max Mill Rate 165 *Min* 75%
Max 125%

60% *Year 2 relief* 38,157,727

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief in Mills
30004	Little Heart 4	2	25	843,801	20,581	120.72	50.96	9.48	181.16	82.16	69,327	16,045	0.79	12,618	-	12,618	16,939	20.07
30007	New Salem 7	1	340	3,879,037	12,314	159.45	-	-	159.45	60.45	234,488	54,272	1.25	67,839	-	67,839	91,067	23.48
30008	Sims 8	2	20	1,516,725	36,113	120.00	42.20	5.93	168.13	69.13	104,851	24,268	0.75	18,201	-	18,201	24,432	16.11
30013	Hebron 13	1	164	3,756,193	24,234	166.39	-	-	166.39	67.39	253,130	58,586	0.75	43,940	-	43,940	58,984	15.70
30017	Sweet Briar 17	3	9	352,228	19,568	65.22	62.46	-	127.68	28.68	10,102	2,338	0.83	1,934	-	1,934	2,596	7.37
30039	Flasher 39	1	211	3,036,812	17,255	185.00	-	-	185.00	86.00	261,166	60,446	0.94	56,698	-	56,698	76,110	25.06
30048	Glen Ullin 48	1	197	4,051,363	19,292	160.93	-	-	160.93	61.93	250,901	58,070	0.84	48,718	-	48,718	65,398	16.14
31001	New Town 1	1	731	3,167,106	4,245	159.86	-	-	159.86	60.86	192,750	44,611	1.25	55,764	-	55,764	74,857	23.64
31002	Stanley 2	1	340	5,936,719	19,213	185.00	-	-	185.00	86.00	510,558	118,167	0.84	99,544	-	99,544	133,626	22.51
31003	Parshall 3	1	276	3,466,428	14,877	167.41	-	-	167.41	68.41	237,138	54,885	1.09	59,711	-	59,711	80,155	23.12
32001	Dakota Prairie 1	1	292	9,484,748	23,477	185.00	-	-	185.00	86.00	815,688	188,789	0.75	141,592	-	141,592	190,071	20.04
32066	Lakota 66	1	232	4,593,929	26,402	185.00	-	-	185.00	86.00	395,078	91,440	0.75	68,580	-	68,580	92,061	20.04
33001	Center-Stanton 1	1	265	4,777,434	15,511	174.87	-	-	174.87	75.87	362,464	83,891	1.04	87,537	-	87,537	117,508	24.60
34006	Cavalier 6	1	510	8,383,369	20,598	185.00	-	-	185.00	86.00	720,970	166,866	0.79	131,116	-	131,116	176,009	21.00
34012	Valley 12	1	160	3,690,799	24,123	179.10	13.16	-	192.26	93.26	344,204	79,665	0.75	59,749	-	59,749	80,206	21.73
34019	Drayton 19	1	153	5,391,769	39,356	183.91	1.04	-	184.95	85.95	463,423	107,258	0.75	80,443	-	80,443	107,986	20.03
34043	St Thomas 43	1	105	3,107,077	27,255	180.24	22.53	1.61	204.38	105.38	327,424	75,781	0.75	56,836	-	56,836	76,296	24.56
34100	North Border 100	1	485	12,176,984	24,501	184.90	-	-	184.90	85.90	1,046,003	242,094	0.75	181,571	-	181,571	243,739	20.02
35001	Wolford 1	1	48	1,609,044	32,181	185.00	-	-	185.00	86.00	138,378	32,027	0.75	24,020	-	24,020	32,245	20.04
35005	Rugby 5	1	546	10,451,078	16,775	185.00	-	-	185.00	86.00	898,793	208,023	0.96	200,707	-	200,707	269,426	25.78
36001	Devils Lake 1	1	1,810	18,179,717	9,390	185.00	6.00	-	191.00	92.00	1,672,534	387,103	1.25	483,879	-	483,879	649,554	35.73
36002	Edmore 2	1	80	4,681,856	59,264	147.59	-	-	147.59	48.59	227,491	52,652	0.75	39,489	-	39,489	53,010	11.32
36044	Starkweather 44	1	95	2,826,981	35,785	150.34	-	-	150.34	51.34	145,137	33,592	0.75	25,194	-	25,194	33,820	11.96
37002	Sheldon 2	2	25	1,401,069	18,196	175.58	71.37	-	246.95	147.95	207,288	47,976	0.89	42,674	-	42,674	57,285	40.89
37006	Ft Ransom 6	2	16	927,596	23,785	159.93	80.97	-	240.90	141.90	131,626	30,464	0.75	22,848	-	22,848	30,671	33.07
37019	Lisbon 19	1	640	8,685,666	15,735	185.00	-	-	185.00	86.00	746,967	172,884	1.03	177,828	-	177,828	238,714	27.48
37022	Enderlin 22	1	308	5,940,531	22,002	183.99	2.02	-	186.01	87.01	516,886	119,632	0.75	89,724	-	89,724	120,444	20.27
38001	Mohall-Lansford-Sherw	1	332	10,283,775	29,382	150.15	-	-	150.15	51.15	526,015	121,745	0.75	91,309	-	91,309	122,572	11.92
38026	Glenburn 26	1	291	3,591,024	19,307	132.83	-	-	132.83	33.83	121,484	28,117	0.84	23,571	-	23,571	31,641	8.81
39008	Hankinson 8	1	318	5,207,976	18,600	170.00	-	-	170.00	71.00	369,766	85,581	0.87	74,470	-	74,470	99,967	19.20
39018	Fairmount 18	1	108	4,237,833	45,083	188.07	-	-	188.07	89.07	377,464	87,363	0.75	65,522	-	65,522	87,956	20.76
39028	Lidgerwood 28	1	197	3,735,487	19,059	185.00	-	-	185.00	86.00	321,252	74,353	0.85	63,141	-	63,141	84,759	22.69
39037	Wahpeton 37	1	1,378	20,433,503	14,259	185.00	1.30	-	186.30	87.30	1,783,845	412,866	1.14	468,633	-	468,633	629,087	30.79
39042	Wyndmere 42	1	242	6,272,091	25,811	151.46	-	-	151.46	52.46	329,034	76,154	0.75	57,115	-	57,115	76,671	12.22

Property Tax Relief Bill - Year 2
Data sources: School Finance Facts - February 2006

Max Mill Rate *165*

Min *75%*
Max *125%*

60% *Year 2 relief* *38,157,727*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
39044	Richland 44	1	327	5,467,514	17,140	185.00	-	-	185.00	86.00	470,206	108,828	0.94	102,764	-	102,764	137,950	25.23
40001	Dunseith 1	1	405	1,485,154	1,787	141.40	8.63	-	150.03	51.03	75,787	17,541	1.25	21,926	-	21,926	29,433	19.82
40003	St John 3	1	313	759,113	1,698	156.66	-	-	156.66	57.66	43,770	10,131	1.25	12,663	-	12,663	16,999	22.39
40004	Mt Pleasant 4	1	281	4,036,924	14,017	182.81	2.48	-	185.29	86.29	348,346	80,624	1.15	93,094	-	93,094	124,968	30.96
40007	Belcourt 7	1	1,683	336,646	156	-	-	-	-	-	-	-	1.25	-	-	-	-	-
40029	Rolette 29	1	173	2,984,321	15,874	185.00	-	-	185.00	86.00	256,652	59,401	1.02	60,565	-	60,565	81,302	27.24
41002	Milnor 2	1	293	3,626,309	12,905	170.26	4.69	-	174.95	75.95	275,418	63,745	1.25	79,681	-	79,681	106,963	29.50
41003	N Sargent 3	1	226	3,014,453	15,700	177.98	4.33	-	182.31	83.31	251,134	58,124	1.03	59,920	-	59,920	80,436	26.68
41006	Sargent Central 6	1	285	7,291,149	27,410	184.60	2.47	-	187.07	88.07	642,131	148,620	0.75	111,465	-	111,465	149,629	20.52
42016	Goodrich 16	1	44	1,670,052	39,763	188.55	2.99	-	191.54	92.54	154,547	35,769	0.75	26,827	-	26,827	36,012	21.56
42019	McClusky 19	1	94	2,599,702	28,886	184.83	-	-	184.83	85.83	223,132	51,643	0.75	38,733	-	38,733	51,994	20.00
43003	Solen 3	1	171	250,941	740	188.00	-	-	188.00	89.00	22,334	5,169	1.25	6,461	-	6,461	8,674	34.56
43004	Ft Yates 4	1	223	477,409	596	188.17	-	-	188.17	89.17	42,571	9,853	1.25	12,316	-	12,316	16,533	34.63
43008	Selfridge 8	1	42	1,338,521	16,732	138.59	-	-	138.59	39.59	52,992	12,265	0.97	11,864	-	11,864	15,926	11.90
44012	Marmarth 12	2	9	1,351,251	54,050	33.30	30.34	4.81	68.45	-	-	-	0.75	-	-	-	-	-
44032	Central Elementary 32	2	4	1,381,364	69,068	28.96	39.09	11.58	79.63	-	-	-	0.75	-	-	-	-	-
45001	Dickinson 1	1	2,592	32,202,949	10,681	185.00	-	-	185.00	86.00	2,769,454	640,982	1.25	801,228	-	801,228	1,075,559	33.40
45009	South Heart 9	1	244	2,874,314	11,406	148.20	-	-	148.20	49.20	141,416	32,730	1.25	40,913	-	40,913	54,921	19.11
45013	Belfield 13	1	211	1,597,293	9,076	185.00	-	-	185.00	86.00	137,367	31,793	1.25	39,742	-	39,742	53,349	33.40
45034	Richardton-Taylor 34	1	271	4,301,620	18,867	185.00	-	-	185.00	86.00	369,939	85,621	0.86	73,450	-	73,450	98,599	22.92
46010	Hope 10	1	133	3,587,302	28,930	174.09	-	-	174.09	75.09	269,371	62,345	0.75	46,759	-	46,759	62,768	17.50
46019	Finley-Sharon 19	1	173	4,330,867	22,915	185.00	-	-	185.00	86.00	372,455	86,204	0.75	64,653	-	64,653	86,789	20.04
47001	Jamestown 1	1	2,346	31,455,516	12,704	185.00	7.00	-	192.00	93.00	2,925,363	677,067	1.25	846,334	-	846,334	1,136,109	36.12
47003	Medina 3	1	154	3,352,685	22,501	172.10	-	-	172.10	73.10	245,081	56,723	0.75	42,543	-	42,543	57,109	17.03
47010	Pingree-Buchanan	1	163	3,134,243	28,493	163.87	-	-	163.87	64.87	203,318	47,057	0.75	35,293	-	35,293	47,377	15.12
47014	Montpelier 14	1	95	2,467,621	25,180	180.05	-	-	180.05	81.05	200,001	46,290	0.75	34,717	-	34,717	46,604	18.89
47019	Kensal 19	1	55	2,585,919	51,718	169.95	-	-	169.95	70.95	183,471	42,464	0.75	31,848	-	31,848	42,752	16.53
47026	Spiritwood 26	2	18	3,091,682	181,864	140.27	-	-	140.27	41.27	127,594	29,531	0.75	22,148	-	22,148	29,732	9.62
48002	Bisbee-Egeland 2	1	69	3,564,730	48,832	176.41	-	-	176.41	77.41	275,946	63,867	0.75	47,900	-	47,900	64,301	18.04
48008	Southern 8	1	208	3,808,688	17,715	165.41	3.15	-	168.56	69.56	264,932	61,318	0.91	56,022	-	56,022	75,203	19.75
48028	North Central 28	1	76	2,401,696	31,191	170.18	-	-	170.18	71.18	170,953	39,567	0.75	29,675	-	29,675	39,835	16.59
49003	Central Valley 3	1	274	6,099,276	19,932	151.66	-	-	151.66	52.66	321,188	74,338	0.81	60,363	-	60,363	81,031	13.29
49007	Hatton 7	1	240	3,858,703	15,192	194.02	-	-	194.02	95.02	366,654	84,861	1.07	90,408	-	90,408	121,362	31.45
49009	Hillsboro 9	1	410	9,395,412	23,726	185.00	-	-	185.00	86.00	808,005	187,011	0.75	140,258	-	140,258	188,281	20.04

Property Tax Relief Bill - Year 2
Data sources: School Finance Facts - February 2006

Max Mill Rate *165*

Min *75%*
Max *125%*

60% *Year 2 relief* *38,157,727*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
49014	May-Port CG 14	1	583	10,840,325	19,782	180.00	-	-	180.00	81.00	878,066	203,226	0.82	166,273	-	166,273	223,203	20.59
50003	Grafton 3	1	947	9,811,124	10,889	185.00	-	-	185.00	86.00	843,757	195,285	1.25	244,106	-	244,106	327,686	33.40
50005	Fordville-Lankin 5	1	103	2,912,015	29,120	163.98	-	-	163.98	64.98	189,223	43,795	0.75	32,846	-	32,846	44,092	15.14
50020	Minto 20	1	231	3,923,362	19,815	178.93	1.99	-	180.92	81.92	321,402	74,388	0.82	60,760	-	60,760	81,564	20.79
50051	Nash 51	2	15	896,182	25,605	185.23	22.43	-	207.66	108.66	97,379	22,538	0.75	16,904	-	16,904	22,691	25.32
50078	Park River 78	1	404	5,789,789	16,128	193.21	2.94	-	196.15	97.15	562,478	130,184	1.00	130,644	-	130,644	175,375	30.29
50106	Edinburg 106	1	128	1,908,918	18,900	185.33	-	-	185.33	86.33	164,797	38,142	0.86	32,663	-	32,663	43,846	22.97
50128	Adams 128	2	75	1,966,615	28,921	167.80	-	-	167.80	68.80	135,303	31,316	0.75	23,487	-	23,487	31,528	16.03
51001	Minot 1	1	6,476	78,272,711	14,015	185.00	10.86	-	195.86	96.86	7,581,495	1,754,716	1.15	2,026,406	2,544,372	2,026,406	2,544,372	32.51
51004	Nedrose 4	2	239	5,279,928	13,822	89.02	108.90	-	197.92	98.92	522,290	120,883	1.17	141,549	-	141,549	190,013	35.99
51007	United 7	1	563	6,790,126	10,367	185.00	-	-	185.00	86.00	583,951	135,154	1.25	168,942	-	168,942	226,786	33.40
51010	Bell 10	2	147	2,679,863	11,911	120.16	102.62	8.22	231.00	132.00	353,742	81,873	1.25	102,341	-	102,341	137,381	51.26
51016	Sawyer 16	1	123	2,487,577	17,642	184.99	-	-	184.99	85.99	213,907	49,508	0.92	45,419	-	45,419	60,970	24.51
51019	Eureka 19	2	11	945,732	21,994	49.93	80.89	-	130.82	31.82	30,093	6,965	0.75	5,224	-	5,224	7,012	7.41
51028	Kenmare 28	1	273	6,797,510	26,974	185.00	-	-	185.00	86.00	584,586	135,301	0.75	101,476	-	101,476	136,220	20.04
51041	Surrey 41	1	352	3,081,422	10,170	184.84	-	-	184.84	85.84	264,509	61,220	1.25	76,525	-	76,525	102,726	33.34
51070	S Prairie 70	2	146	3,627,466	20,265	128.53	58.62	4.80	191.95	92.95	337,173	78,038	0.80	62,326	-	62,326	83,666	23.06
51161	Lewis and Clark 161	1	383	9,242,389	26,257	159.20	-	-	159.20	60.20	556,392	128,775	0.75	96,582	-	96,582	129,650	14.03
52025	Fessenden-Bowdon 25	1	184	7,493,949	37,470	145.45	-	-	145.45	46.45	348,094	80,565	0.75	60,424	-	60,424	81,113	10.82
52035	Pleasant Valley 3	2	16	1,025,551	32,048	176.49	11.70	4.88	193.07	94.07	96,474	22,329	0.75	16,746	-	16,746	22,480	21.92
52038	Harvey 38	1	464	8,570,870	19,794	181.07	-	-	181.07	82.07	703,411	162,803	0.82	133,119	-	133,119	178,698	20.85
53001	Williston 1	1	2,157	18,248,719	7,809	238.47	-	-	238.47	139.47	2,545,149	589,068	1.25	736,335	-	736,335	988,447	54.17
53002	Nesson 2	1	158	3,363,674	20,263	178.45	-	-	178.45	79.45	267,244	61,853	0.80	49,405	-	49,405	66,320	19.72
53006	Eight Mile 6	1	230	1,481,413	9,942	175.51	-	-	175.51	76.51	113,343	26,233	1.25	32,791	-	32,791	44,018	29.71
53008	New 8	2	204	7,515,886	24,970	139.70	62.53	2.66	204.89	105.89	795,857	184,199	0.75	138,149	-	138,149	185,450	24.67
53015	Tioga 15	1	244	5,689,804	24,631	185.72	-	-	185.72	86.72	493,420	114,201	0.75	85,650	-	85,650	114,976	20.21
53091	Wildrose-Alamo 91	1	37	1,886,384	44,914	169.64	-	-	169.64	70.64	133,254	30,841	0.75	23,131	-	23,131	31,051	16.46
53099	Grenora 99	1	49	3,474,883	59,912	185.00	-	-	185.00	86.00	298,840	69,166	0.75	51,874	-	51,874	69,635	20.04
	North Dakota		97,120	1,640,262,995	16,185	194.93	4.14	0.17	198.86	100.51	164,865,764	38,157,727		36,678,156	13,839,641	31,437,217	38,157,727	22.36
															Uncapped District Total	18,115,542		

* GF Levy 3 = general fund, transportation and tuition levies.

Property Tax Relief Calcuation Sheet

	Dist B	District Formula Calculation	State Totals
Enrollment	211		97,120
Taxable Valuation	**3,036,812**		1,640,262,995
Taxable Valuation/Pupil	**17,255**		**16,165**
GF Levy "3"	185.00		198.86
Adjusted Combined Levy	**74.00**	(185 mills - 111 mills) = **74.00** mills	88.83
Adjusted Property Tax Rev	**224,724**	**(74 mills**/1,000) X **3,036,812** = 224,724	**145,368,828**
Adjusted Property Tax Relief 1	55,493	**(224,724/145,368,828)** X **35,897,132** = 55,493	38,157,727
Adjustment Factor	0.94	**(16,165/17,255)** = 0.94 [1.25 max --.75 min]	
Adjusted Property Tax Relief 2	52,052	55,493 X .094 = 52,052	36,749,646
Relief Cap	**52,052**	If district Adjusted Property Tax Revenue is greater than 5% of statewide total relief amount can't exceed districts percent of students times the approriation	30,727,686
Final Adj. Property Tax Relief	72,480	**(35,89,123 -13,019,793)/(16,429,592 X 52,025)** = 72,480	38,157,727
Property Tax Relief in Mills	23.87	(72,480 / 3,036,812) X 1,000 = 23.87	22.40

First Year Appropriation	**35,897,132**
Second Year Appropriation	38,157,727
Total Appropriation	74,054,859
Total of Funding Used for Capped Districts	**13,019,733**
Uncapped Total	**16,429,592**

	Dist B	District Formula Calculation	State Totals
Enrollment	211		97,120
Taxable Valuation	3,036,612		1,640,262,995
Taxable Valuation/Pupil	17,255		16,165
GF Levy "3"	185.00		198.86
Adjusted Combined Levy	74.00	(185 mills - 111 mills)	88.83
Adjusted Property Tax Rev	224,709	(Adj. Combined Levy/1,000) X Taxable Valuation	145,368,828
Adjusted Property Tax Relief 1	55,489	(Adj Prop Tax Rev/State Prop Tax Rev) X 35,897,132	38,157,727
Adjustment Factor	0.94	(State Tax Valu Per Student/Dist Taxable Val Per Student) [1.25 max .75 min]	
Adjusted Property Tax Relief 2	51,984	Adj Property Tax Relief 1X Adj. Factor	36,749,646
Relief Cap	51,984	If district Adjusted Property Tax Revenue is greater than 5% of statewide total relief amount can't exceed districts percent of students times the approriation	30,727,686
Final Adj. Property Tax Relief	72,385	(Amt Funding Available - Funding for Capped Dist)/(Uncapped Total x Dist Adj. Tax Relief)	38,157,727
Property Tax Relief in Mills	23.84	(Fin. Adj Prop Rlf Cap /Dist Tax Val) X 1,000	22.40

Adjusted Mill Levy Cap ---> 60%

Property Tax Relief Bill

A bill for an Act to provide and appropriation for school district property tax relief.

- Provides for the allocation of school district property tax relief funds.
- Amends general fund levy limitations for school districts .
- Provides a statement of intent to increase the state share of funding for elementary and secondary education.

Column Descriptions	
Codist	County District identifier
Dname	District name
DTYPE	District type
K-12 Fall Enrollment	K-12 Enrollment - Fall 2005
Taxable Valuation	District taxable valuation
Taxable Valuation Per Pupil	District taxable valuation divided by census
GF LEVY	General Fund levy
HS TUITION	General Fund High School Tuition levy
HS TRANSP	General Fund High School Transportation levy
*GF Levy 3	Sum of GFLEVY, HSTUIT, HSTRAN levies
1. Adjusted Combined Levy	*GF Levy 3 minus the **adjusted mill levy cap, may not be reduced below 0 mills.
1. Adjusted Property Tax Revenu	Adjusted Combined Levy divided by 1000 times the Taxable Valuation for the district.
1. Adjusted Property Tax Relief	The Adjusted Property Tax Revenue for the district divided by the Adjusted Property Tax Revenue total for the state times the property relief appropriation.
~~2. Adjustment Factor~~	~~The Taxable Valuation Per Student of the state divided by the Taxable Valuation Per Student of the district times, subject to a minimum and maximum.~~
~~2. Adjusted Property Tax Relief~~	~~1. Adjusted Property Tax Relief times the Adjustment Factor.~~
3. Relief Cap	If a district's Adjusted Property Tax Revenue is greater than 5% of the statewide total then the relief amount cannot exceed the district's percent of students times the appropriation.
3. Final Adjusted Property Tax R	2. Adjusted Property Tax Relief times ***Appropriation/the Total 2. Adjusted Property Tax Relief
4. Property Tax Relief In Mills	The Adjusted Property Tax Relief divided by Taxable Valuation times 1000.

Factors	Year 1	Year 2
***Appropriation	48,771,743	51,405,891
Statutory mill levy cap	185	157
Percentage of the statutory mill le	60%	60%
**Adjusted mill levy cap	111.00	94.20
Adjustment factor range		
Minimum	100%	100%
Maximum	100%	100%

NOTE: The attached projections are based on 2005-2006 Taxable Valuation and Mill Levy Data.

Property Tax Relief Bill - Year 1
Data sources: School Finance Facts - February 2006

Max Mill Rate *185*

Min *100%*
Max *100%*

60% *Year 1 relief* *48,771,743*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
1013	Hettinger 13	1	336	6,256,269	22,750	175.60	-	7.67	183.27	72.27	452,141	151,695	1.00	151,695	-	151,695	206,661	33.03
2002	Valley City 2	1	1,136	15,656,756	13,579	185.00	10.22	-	195.22	84.22	1,318,612	442,399	1.00	442,399	-	442,399	602,701	38.49
2046	Litchville-Marion 46	1	179	6,323,234	34,935	154.88	-	-	154.88	43.88	277,464	93,090	1.00	93,090	-	93,090	126,821	20.06
2065	N Central 65	1	144	6,208,428	40,845	150.96	-	-	150.96	39.96	248,089	83,235	1.00	83,235	-	83,235	113,394	18.26
2082	Wimbledon-Courtenay	1	149	5,824,238	40,729	169.16	-	-	169.16	58.16	338,738	113,648	1.00	113,648	-	113,648	154,828	26.58
3005	Minnewaukan 5	1	181	1,488,653	18,844	174.90	9.45	-	184.35	73.35	109,193	36,635	1.00	36,635	-	36,635	49,909	33.53
3006	Leeds 6	1	172	4,400,729	26,040	164.75	-	-	164.75	53.75	236,539	79,360	1.00	79,360	-	79,360	108,115	24.57
3009	Maddock 9	1	196	3,990,031	23,471	182.96	-	-	182.96	71.96	287,123	96,331	1.00	96,331	-	96,331	131,236	32.89
3016	Oberon 16	2	44	980,512	23,346	101.69	40.80	12.75	155.24	44.24	43,378	14,553	1.00	14,553	-	14,553	19,827	20.22
3029	Warwick 29	1	195	1,160,259	3,933	157.72	-	-	157.72	46.72	54,207	18,187	1.00	18,187	-	18,187	24,777	21.35
3030	Ft Totten 30	1	171	115,975	232	185.00	122.97	-	307.97	196.97	22,844	7,664	1.00	7,664	-	7,664	10,441	90.03
4001	Billings Co 1	2	50	4,988,496	42,275	-	40.09	-	40.09	-	-	-	1.00	-	-	-	-	-
5001	Bottineau 1	1	712	12,314,497	17,369	150.23	-	-	150.23	39.23	483,098	162,081	1.00	162,081	-	162,081	220,811	17.93
5017	Westhope 17	1	117	3,709,988	28,984	151.78	-	-	151.78	40.78	151,293	50,759	1.00	50,759	-	50,759	69,152	18.64
5054	Newburg-United 54	1	73	5,069,268	63,366	152.88	1.01	-	153.89	42.89	217,421	72,945	1.00	72,945	-	72,945	99,377	19.60
6001	Bowman 1	1	375	5,285,569	14,682	158.71	-	-	158.71	47.71	252,174	84,605	1.00	84,605	-	84,605	115,262	21.81
6017	Rhame 17	1	65	2,571,075	42,149	147.19	-	-	147.19	36.19	93,047	31,218	1.00	31,218	-	31,218	42,529	16.54
6033	Scranton 33	1	150	3,469,394	25,324	144.98	-	-	144.98	33.98	117,890	39,553	1.00	39,553	-	39,553	53,884	15.53
7014	Bowbells 14	1	76	2,924,060	35,659	171.00	-	-	171.00	60.00	175,444	58,862	1.00	58,862	-	58,862	80,190	27.42
7027	Powers Lake 27	1	103	2,006,580	17,602	187.16	-	-	187.16	76.16	152,821	51,272	1.00	51,272	-	51,272	69,850	34.81
7036	Burke Central 36	1	84	3,459,604	46,128	144.81	-	-	144.81	33.81	116,969	39,244	1.00	39,244	-	39,244	53,463	15.45
8001	Bismarck 1	1	10,549	159,235,829	14,534	234.56	-	-	234.56	123.56	19,675,179	6,601,090	1.00	6,601,090	5,297,499	5,297,499	5,297,499	33.27
8025	Naughton 25	3	11	262,989	29,221	170.35	57.04	-	227.39	116.39	30,609	10,270	1.00	10,270	-	10,270	13,991	53.20
8028	Wing 28	1	84	2,115,991	34,129	144.14	-	-	144.14	33.14	70,124	23,527	1.00	23,527	-	23,527	32,052	15.15
8029	Baldwin 29	2	17	787,460	13,347	152.39	120.64	-	273.03	162.03	127,592	42,808	1.00	42,808	-	42,808	58,319	74.06
8033	Menoken 33	2	12	1,207,574	17,008	67.71	92.75	-	160.46	49.46	59,727	20,038	1.00	20,038	-	20,038	27,299	22.61
8035	Sterling 35	2	33	2,040,637	26,850	168.01	10.29	10.29	188.59	77.59	158,333	53,121	1.00	53,121	-	53,121	72,370	35.46
8039	Apple Creek 39	2	51	2,071,446	13,628	83.75	198.79	-	282.54	171.54	355,336	119,216	1.00	119,216	-	119,216	162,414	78.41
8045	Manning 45	3	4	233,096	6,660	219.94	31.99	-	251.93	140.93	32,850	11,021	1.00	11,021	-	11,021	15,015	64.42
9001	Fargo 1	1	10,747	204,886,521	18,060	288.19	-	-	288.19	177.19	36,303,843	12,180,064	1.00	12,180,064	5,396,931	5,396,931	5,396,931	26.34
9002	Kindred 2	1	675	12,110,009	18,404	166.41	-	-	166.41	55.41	671,016	225,128	1.00	225,128	-	225,128	306,703	25.33
9004	Maple Valley 4	1	262	8,833,027	30,777	171.61	-	-	171.61	60.61	535,370	179,618	1.00	179,618	-	179,618	244,703	27.70
9006	West Fargo 6	1	5,677	109,514,539	20,640	185.00	3.51	-	188.51	77.51	8,488,472	2,847,912	1.00	2,847,912	2,850,877	2,847,912	2,850,877	26.03
9007	Mapleton 7	2	76	3,059,481	15,852	140.48	124.21	-	264.69	153.69	470,212	157,758	1.00	157,758	-	157,758	214,921	70.25

Property Tax Relief Bill - Year 1
Data sources: School Finance Facts - February 2006

Max Mill Rate *185* *Min* *100%* *Max* *100%*

60% *Year 1 relief* *48,771,743*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief in Mills
9017	Central Cass 17	1	821	12,826,622	17,125	156.57	-	-	156.57	45.57	584,509	196,105	1.00	196,105	-	196,105	267,163	20.83
9080	Page 80	2	107	3,658,493	35,519	167.07	-	-	167.07	56.07	205,132	68,822	1.00	68,822	-	68,822	93,760	25.63
9097	Northern Cass	1	486	10,747,660	25,408	170.81	-	-	170.81	59.81	642,818	215,668	1.00	215,668	-	215,668	293,814	27.34
10019	Munich 19	1	108	3,266,616	35,507	150.50	-	-	150.50	39.50	129,031	43,290	1.00	43,290	-	43,290	58,977	18.05
10023	Langdon Area 23	1	472	12,478,925	23,238	160.85	-	-	160.85	49.85	622,074	208,708	1.00	208,708	-	208,708	284,333	22.79
11040	Ellendale 40	1	358	6,598,071	17,227	174.60	-	-	174.60	63.60	419,637	140,790	1.00	140,790	-	140,790	191,805	29.07
11041	Oakes 41	1	522	8,141,253	16,649	185.00	0.96	-	185.96	74.96	610,268	204,747	1.00	204,747	-	204,747	278,937	34.26
12001	Divide County 1	1	265	6,747,080	27,427	143.17	-	-	143.17	32.17	217,054	72,822	1.00	72,822	-	72,822	99,209	14.70
13008	Dodge 8	2	19	626,526	27,240	189.27	-	-	189.27	78.27	49,038	16,452	1.00	16,452	-	16,452	22,414	35.78
13016	Killdeer 16	1	383	7,487,935	25,383	158.78	-	-	158.78	47.78	357,774	120,034	1.00	120,034	-	120,034	163,528	21.84
13019	Halliday 19	1	30	1,911,249	17,862	171.68	-	-	171.68	60.68	115,975	38,910	1.00	38,910	-	38,910	53,009	27.74
13037	Twin Buttes 37	2	41	25,137	335	-	-	-	-	-	-	-	1.00	-	-	-	-	-
14001	New Rockford 1	1	375	5,338,816	16,478	185.00	-	-	185.00	74.00	395,072	132,548	1.00	132,548	-	132,548	180,577	33.82
14012	Sheyenne 12	1	93	1,537,106	21,649	185.00	-	-	185.00	74.00	113,746	38,162	1.00	38,162	-	38,162	51,990	33.82
15006	Hazelton-Moffit-Braddo	1	143	3,804,828	28,394	152.96	-	-	152.96	41.96	159,651	53,563	1.00	53,563	-	53,563	72,972	19.18
15010	Bakker 10	2	5	1,058,829	34,156	99.29	19.44	-	118.73	7.73	8,185	2,746	1.00	2,746	-	2,746	3,741	3.53
15015	Strasburg 15	1	172	3,111,824	18,413	149.11	-	-	149.11	38.11	118,592	39,788	1.00	39,788	-	39,788	54,205	17.42
15036	Linton 36	1	339	5,345,770	17,527	176.14	-	-	176.14	65.14	348,223	116,830	1.00	116,830	-	116,830	159,163	29.77
16049	Carrington 49	1	647	12,365,237	20,271	149.50	-	-	149.50	38.50	476,062	159,720	1.00	159,720	-	159,720	217,595	17.60
17003	Beach 3	1	300	4,054,094	18,597	148.65	-	-	148.65	37.65	152,637	51,210	1.00	51,210	-	51,210	69,766	17.21
17006	Lone Tree 6	2	41	1,451,095	27,906	106.82	81.32	-	188.14	77.14	111,937	37,555	1.00	37,555	-	37,555	51,163	35.26
18001	Grand Forks 1	1	7,453	116,001,892	17,132	214.62	-	-	214.62	103.62	12,020,116	4,032,790	1.00	4,032,790	3,742,749	3,742,749	3,742,749	32.26
18044	Larimore 44	1	528	7,037,632	14,103	180.92	-	-	180.92	69.92	492,071	165,092	1.00	165,092	-	165,092	224,912	31.96
18061	Thompson 61	1	413	6,011,608	14,145	163.23	-	-	163.23	52.23	313,986	105,343	1.00	105,343	-	105,343	143,514	23.87
18125	Manvel 125	2	142	3,706,128	13,331	37.09	145.37	10.70	193.16	82.16	304,495	102,159	1.00	102,159	-	102,159	139,176	37.55
18127	Emerado 127	2	68	2,074,452	12,203	138.05	145.89	7.99	291.93	180.93	375,331	125,925	1.00	125,925	-	125,925	171,553	82.70
18128	Midway 128	1	264	5,817,784	21,468	190.57	-	-	190.57	79.57	462,921	155,312	1.00	155,312	-	155,312	211,588	36.37
18129	Northwood 129	1	315	5,458,723	15,686	181.36	-	-	181.36	70.36	384,076	128,859	1.00	128,859	-	128,859	175,550	32.16
19018	Roosevelt 18	2	153	2,242,598	15,683	173.40	8.40	-	181.80	70.80	158,776	53,270	1.00	53,270	-	53,270	72,572	32.36
19049	Elgin-New Leipzig 49	1	164	3,979,083	21,625	203.18	-	-	203.18	92.18	366,792	123,060	1.00	123,060	-	123,060	167,650	42.13
20007	Midkota 7	1	140	5,529,534	35,220	188.58	-	-	188.58	77.58	428,981	143,925	1.00	143,925	-	143,925	196,075	35.46
20018	Griggs County Central	1	322	5,884,134	20,220	190.00	-	-	190.00	79.00	464,847	155,958	1.00	155,958	-	155,958	212,468	36.11
21001	Mott-Regent 1	1	248	6,888,542	29,438	146.06	-	-	146.06	35.06	241,512	81,028	1.00	81,028	-	81,028	110,389	16.02
21009	New England 9	1	170	4,861,960	29,466	170.57	-	-	170.57	59.57	289,627	97,171	1.00	97,171	-	97,171	132,380	27.23

Property Tax Relief Bill - Year 1
Data sources: School Finance Facts - February 2006

Max Mill Rate *185* *Min* *100%* *Max* *100%*

60% *Year 1 relief* *48,771,743*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
22011	Pettibone-Tuttle 11	2	9	1,124,330	43,243	200.46	-	-	200.46	89.46	100,583	33,746	1.00	33,746	-	33,746	45,973	40.89
22014	Robinson 14	2	11	1,151,158	42,635	176.84	64.05	-	240.89	129.89	149,524	50,166	1.00	50,166	-	50,166	68,343	59.37
22020	Tuttle-Pettibone 20	1	28	1,321,507	77,736	184.59	-	-	184.59	73.59	97,250	32,628	1.00	32,628	-	32,628	44,450	33.64
22026	Steele-Dawson 26	1	292	4,446,727	22,234	167.24	-	-	167.24	56.24	250,084	83,904	1.00	83,904	-	83,904	114,306	25.71
22028	Tappen 28	1	95	1,658,047	16,919	195.00	-	-	195.00	84.00	139,276	46,728	1.00	46,728	-	46,728	63,659	38.39
23003	Edgeley 3	1	221	5,771,101	23,556	152.48	-	-	152.48	41.48	239,385	80,315	1.00	80,315	-	80,315	109,416	18.96
23007	Kulm 7	1	120	5,612,982	45,634	155.89	-	-	155.89	44.89	251,967	84,536	1.00	84,536	-	84,536	115,167	20.52
23008	LaMoure 8	1	330	5,241,991	18,655	162.15	-	-	162.15	51.15	268,128	89,958	1.00	89,958	-	89,958	122,554	23.38
24002	Napoleon 2	1	232	3,850,714	17,039	170.10	-	-	170.10	59.10	227,577	76,353	1.00	76,353	-	76,353	104,019	27.01
24056	Gackle-Streeter 56	1	103	4,623,978	41,286	139.71	-	-	139.71	28.71	132,754	44,540	1.00	44,540	-	44,540	60,678	13.12
25001	Velva 1	1	422	7,159,479	19,943	147.50	-	-	147.50	36.50	261,321	87,674	1.00	87,674	-	87,674	119,443	16.68
25014	Anamoose 14	1	95	1,879,778	24,734	183.53	14.36	-	197.89	86.89	163,334	54,799	1.00	54,799	-	54,799	74,655	39.71
25057	Drake 57	1	123	3,621,425	27,644	163.14	1.00	-	164.14	53.14	192,443	64,565	1.00	64,565	-	64,565	87,960	24.29
25060	TGU 60	1	366	11,212,666	29,353	144.93	-	-	144.93	33.93	380,446	127,641	1.00	127,641	-	127,641	173,891	15.51
26004	Zeeland 4	1	55	2,753,777	45,896	149.24	-	-	149.24	38.24	105,304	35,330	1.00	35,330	-	35,330	48,132	17.48
26009	Ashley 9	1	153	3,831,573	26,065	164.21	6.52	-	170.73	59.73	228,860	76,783	1.00	76,783	-	76,783	104,605	27.30
26019	Wishek 19	1	249	3,976,388	19,492	158.44	-	-	158.44	47.44	188,640	63,289	1.00	63,289	-	63,289	86,222	21.68
27001	McKenzie Co 1	1	549	9,863,061	16,745	140.21	-	-	140.21	29.21	288,100	96,659	1.00	96,659	-	96,659	131,682	13.35
27002	Alexander 2	1	46	2,932,546	66,649	153.09	-	-	153.09	42.09	123,431	41,411	1.00	41,411	-	41,411	56,417	19.24
27014	Yellowstone 14	2	48	1,563,428	19,543	166.30	24.16	4.75	195.21	84.21	131,656	44,171	1.00	44,171	-	44,171	60,176	38.49
27018	Earl	3	8	489,482	32,632	-	16.96	4.09	21.05	-	-	-	1.00	-	-	-	-	-
27032	Horse Creek 32	3	6	1,090,951	83,919	45.83	45.83	13.75	105.41	-	-	-	1.00	-	-	-	-	-
27036	Mandaree 36	1	208	86,199	444	81.21	-	-	81.21	-	-	-	1.00	-	-	-	-	-
28001	Montefiore 1	1	217	3,351,906	15,961	167.22	-	-	167.22	56.22	188,444	63,224	1.00	63,224	-	63,224	86,133	25.70
28004	Washburn 4	1	305	4,898,982	17,311	142.89	-	-	142.89	31.89	156,229	52,415	1.00	52,415	-	52,415	71,408	14.58
28008	Underwood 8	1	206	4,838,426	22,931	164.07	7.44	-	171.51	60.51	292,773	98,226	1.00	98,226	-	98,226	133,818	27.66
28050	Max 50	1	156	2,946,044	19,640	154.86	-	-	154.86	43.86	129,213	43,352	1.00	43,352	-	43,352	59,060	20.05
28051	Garrison 51	1	340	7,179,592	23,386	165.05	-	-	165.05	54.05	388,057	130,194	1.00	130,194	-	130,194	177,370	24.70
28072	Turtle Lake-Mercer 72	1	173	4,607,206	27,424	164.96	-	-	164.96	53.96	248,605	83,408	1.00	83,408	-	83,408	113,630	24.66
28085	White Shield 85	1	121	297,440	2,564	185.00	-	-	185.00	74.00	22,011	7,385	1.00	7,385	-	7,385	10,060	33.82
29003	Hazen 3	1	652	5,775,328	9,530	185.00	-	-	185.00	74.00	427,374	143,386	1.00	143,386	-	143,386	195,341	33.82
29020	Golden Valley 20	1	46	1,192,422	22,082	169.74	-	-	169.74	58.74	70,043	23,500	1.00	23,500	-	23,500	32,015	26.85
29027	Beulah 27	1	761	9,577,756	13,683	185.29	-	-	185.29	74.29	711,531	238,721	1.00	238,721	-	238,721	325,221	33.96
30001	Mandan 1	1	3,165	43,080,321	12,067	185.00	-	-	185.00	74.00	3,187,944	1,069,566	1.00	1,069,566	-	1,069,566	1,457,120	33.82

Property Tax Relief Bill - Year 1
Data sources: School Finance Facts - February 2006

Max Mill Rate 185 *Min* 100%
Max 100%

60% Year 1 relief *48,771,743*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
30004	Little Heart 4	2	25	843,801	20,581	120.72	50.96	9.48	181.16	70.16	59,201	19,862	1.00	19,862	-	19,862	27,059	32.07
30007	New Salem 7	1	340	3,879,037	12,314	159.45	-	-	159.45	48.45	187,939	63,054	1.00	63,054	-	63,054	85,902	22.15
30008	Sims 8	2	20	1,516,725	36,113	120.00	42.20	5.93	168.13	57.13	86,650	29,072	1.00	29,072	-	29,072	39,606	26.11
30013	Hebron 13	1	164	3,756,193	24,234	166.39	-	-	166.39	55.39	208,056	69,803	1.00	69,803	-	69,803	95,096	25.32
30017	Sweet Briar 17	3	9	352,228	19,568	65.22	62.46	-	127.68	16.68	5,875	1,971	1.00	1,971	-	1,971	2,685	7.62
30039	Flasher 39	1	211	3,036,812	17,255	185.00	-	-	185.00	74.00	224,724	75,396	1.00	75,396	-	75,396	102,715	33.82
30048	Glen Ullin 48	1	197	4,051,363	19,292	160.93	-	-	160.93	49.93	202,285	67,867	1.00	67,867	-	67,867	92,459	22.82
31001	New Town 1	1	731	3,167,106	4,245	159.86	-	-	159.86	48.86	154,745	51,917	1.00	51,917	-	51,917	70,730	22.33
31002	Stanley 2	1	340	5,936,719	19,213	185.00	-	-	185.00	74.00	439,317	147,392	1.00	147,392	-	147,392	200,800	33.82
31003	Parshall 3	1	276	3,466,428	14,877	167.41	-	-	167.41	56.41	195,541	65,605	1.00	65,605	-	65,605	89,376	25.78
32001	Dakota Prairie 1	1	292	9,484,748	23,477	185.00	-	-	185.00	74.00	701,871	235,480	1.00	235,480	-	235,480	320,806	33.82
32066	Lakota 66	1	232	4,593,929	26,402	185.00	-	-	185.00	74.00	339,951	114,055	1.00	114,055	-	114,055	155,382	33.82
33001	Center-Stanton 1	1	265	4,777,434	15,511	174.87	-	-	174.87	63.87	305,135	102,374	1.00	102,374	-	102,374	139,469	29.19
34006	Cavalier 6	1	510	8,383,369	20,598	185.00	-	-	185.00	74.00	620,369	208,136	1.00	208,136	-	208,136	283,554	33.82
34012	Valley 12	1	160	3,690,799	24,123	179.10	13.16	-	192.26	81.26	299,914	100,622	1.00	100,622	-	100,622	137,082	37.14
34019	Drayton 19	1	153	5,391,769	39,356	183.91	1.04	-	184.95	73.95	398,721	133,772	1.00	133,772	-	133,772	182,244	33.80
34043	St Thomas 43	1	105	3,107,077	27,255	180.24	22.53	1.61	204.38	93.38	290,139	97,343	1.00	97,343	-	97,343	132,614	42.68
34100	North Border 100	1	485	12,176,984	24,501	184.90	-	-	184.90	73.90	899,879	301,913	1.00	301,913	-	301,913	411,310	33.78
35001	Wolford 1	1	48	1,609,044	32,181	185.00	-	-	185.00	74.00	119,069	39,948	1.00	39,948	-	39,948	54,423	33.82
35005	Rugby 5	1	546	10,451,078	16,775	185.00	-	-	185.00	74.00	773,380	259,472	1.00	259,472	-	259,472	353,490	33.82
36001	Devils Lake 1	1	1,810	18,179,717	9,390	185.00	6.00	-	191.00	80.00	1,454,377	487,949	1.00	487,949	-	487,949	664,755	36.57
36002	Edmore 2	1	80	4,681,856	59,264	147.59	-	-	147.59	36.59	171,309	57,475	1.00	57,475	-	57,475	78,301	16.72
36044	Starkweather 44	1	95	2,826,981	35,785	150.34	-	-	150.34	39.34	111,213	37,312	1.00	37,312	-	37,312	50,833	17.98
37002	Sheldon 2	2	25	1,401,069	18,196	175.58	71.37	-	246.95	135.95	190,475	63,905	1.00	63,905	-	63,905	87,061	62.14
37006	Ft Ransom 6	2	16	927,596	23,785	159.93	80.97	-	240.90	129.90	120,495	40,426	1.00	40,426	-	40,426	55,075	59.37
37019	Lisbon 19	1	640	8,685,666	15,735	185.00	-	-	185.00	74.00	642,739	215,641	1.00	215,641	-	215,641	293,778	33.82
37022	Enderlin 22	1	308	5,940,531	22,002	183.99	2.02	-	186.01	75.01	445,599	149,500	1.00	149,500	-	149,500	203,671	34.28
38001	Mohall-Lansford-Sherw	1	332	10,283,775	29,382	150.15	-	-	150.15	39.15	402,610	135,077	1.00	135,077	-	135,077	184,022	17.89
38026	Glenburn 26	1	291	3,591,024	19,307	132.83	-	-	132.83	21.83	78,392	26,301	1.00	26,301	-	26,301	35,831	9.98
39008	Hankinson 8	1	318	5,207,976	18,600	170.00	-	-	170.00	59.00	307,271	103,090	1.00	103,090	-	103,090	140,445	26.97
39018	Fairmount 18	1	108	4,237,833	45,083	188.07	-	-	188.07	77.07	326,610	109,579	1.00	109,579	-	109,579	149,284	35.23
39028	Lidgerwood 28	1	197	3,735,487	19,059	185.00	-	-	185.00	74.00	276,426	92,742	1.00	92,742	-	92,742	126,347	33.82
39037	Wahpeton 37	1	1,378	20,433,503	14,259	185.00	1.30	-	186.30	75.30	1,538,643	516,220	1.00	516,220	-	516,220	703,271	34.42
39042	Wyndmere 42	1	242	6,272,091	25,811	151.46	-	-	151.46	40.46	253,769	85,140	1.00	85,140	-	85,140	115,991	18.49

Property Tax Relief Bill - Year 1
Data sources: School Finance Facts - February 2006

Max Mill Rate *185* *Min* *100%* *Max* *100%*

60% *Year 1 relief* *48,771,743*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
39044	Richland 44	1	327	5,467,514	17,140	185.00	-	-	185.00	74.00	404,596	135,743	1.00	135,743	-	135,743	184,930	33.82
40001	Dunseith 1	1	405	1,485,154	1,787	141.40	8.63	-	150.03	39.03	57,966	19,448	1.00	19,448	-	19,448	26,494	17.84
40003	St John 3	1	313	759,113	1,698	156.66	-	-	156.66	45.66	34,661	11,629	1.00	11,629	-	11,629	15,843	20.87
40004	Mt Pleasant 4	1	281	4,036,924	14,017	182.81	2.48	-	185.29	74.29	299,903	100,619	1.00	100,619	-	100,619	137,077	33.96
40007	Belcourt 7	1	1,683	336,646	156	-	-	-	-	-	-	-	1.00	-	-	-	-	-
40029	Rolette 29	1	173	2,984,321	15,874	185.00	-	-	185.00	74.00	220,840	74,092	1.00	74,092	-	74,092	100,940	33.82
41002	Milnor 2	1	293	3,626,309	12,905	170.26	4.69	-	174.95	63.95	231,902	77,804	1.00	77,804	-	77,804	105,996	29.23
41003	N Sargent 3	1	226	3,014,453	15,700	177.98	4.33	-	182.31	71.31	214,961	72,120	1.00	72,120	-	72,120	98,253	32.59
41006	Sargent Central 6	1	285	7,291,149	27,410	184.60	2.47	-	187.07	76.07	554,638	186,083	1.00	186,083	-	186,083	253,509	34.77
42016	Goodrich 16	1	44	1,670,052	39,763	188.55	2.99	-	191.54	80.54	134,506	45,127	1.00	45,127	-	45,127	61,479	36.81
42019	McClusky 19	1	94	2,599,702	28,886	184.83	-	-	184.83	73.83	191,936	64,395	1.00	64,395	-	64,395	87,729	33.75
43003	Solen 3	1	171	250,941	740	188.00	-	-	188.00	77.00	19,322	6,483	1.00	6,483	-	6,483	8,832	35.19
43004	Ft Yates 4	1	223	477,409	596	188.17	-	-	188.17	77.17	36,842	12,361	1.00	12,361	-	12,361	16,839	35.27
43008	Selfridge 8	1	42	1,338,521	16,732	138.59	-	-	138.59	27.59	36,930	12,390	1.00	12,390	-	12,390	16,880	12.61
44012	Marmarth 12	2	9	1,351,251	54,050	33.30	30.34	4.81	68.45	-	-	-	1.00	-	-	-	-	-
44032	Central Elementary 32	2	4	1,381,364	69,068	28.96	39.09	11.58	79.63	-	-	-	1.00	-	-	-	-	-
45001	Dickinson 1	1	2,592	32,202,949	10,681	185.00	-	-	185.00	74.00	2,383,018	799,511	1.00	799,511	-	799,511	1,089,211	33.82
45009	South Heart 9	1	244	2,874,314	11,406	148.20	-	-	148.20	37.20	106,924	35,874	1.00	35,874	-	35,874	48,872	17.00
45013	Belfield 13	1	211	1,597,293	9,076	185.00	-	-	185.00	74.00	118,200	39,656	1.00	39,656	-	39,656	54,026	33.82
45034	Richardton-Taylor 34	1	271	4,301,620	18,867	185.00	-	-	185.00	74.00	318,320	106,797	1.00	106,797	-	106,797	145,495	33.82
46010	Hope 10	1	133	3,587,302	28,930	174.09	-	-	174.09	63.09	226,323	75,932	1.00	75,932	-	75,932	103,446	28.84
46019	Finley-Sharon 19	1	173	4,330,867	22,915	185.00	-	-	185.00	74.00	320,484	107,524	1.00	107,524	-	107,524	146,484	33.82
47001	Jamestown 1	1	2,346	31,455,516	12,704	185.00	7.00	-	192.00	81.00	2,547,897	854,828	1.00	854,828	-	854,828	1,164,573	37.02
47003	Medina 3	1	154	3,352,685	22,501	172.10	-	-	172.10	61.10	204,849	68,728	1.00	68,728	-	68,728	93,631	27.93
47010	Pingree-Buchanan	1	163	3,134,243	28,493	163.87	-	-	163.87	52.87	165,707	55,595	1.00	55,595	-	55,595	75,740	24.17
47014	Montpelier 14	1	95	2,467,621	25,180	180.05	-	-	180.05	69.05	170,389	57,166	1.00	57,166	-	57,166	77,880	31.56
47019	Kensal 19	1	55	2,585,919	51,718	169.95	-	-	169.95	58.95	152,440	51,144	1.00	51,144	-	51,144	69,676	26.94
47026	Spiritwood 26	2	18	3,091,682	181,864	140.27	-	-	140.27	29.27	90,494	30,361	1.00	30,361	-	30,361	41,362	13.38
48002	Bisbee-Egeland 2	1	69	3,564,730	48,832	176.41	-	-	176.41	65.41	233,169	78,229	1.00	78,229	-	78,229	106,575	29.90
48008	Southern 8	1	208	3,808,688	17,715	165.41	3.15	-	168.56	57.56	219,228	73,552	1.00	73,552	-	73,552	100,203	26.31
48028	North Central 28	1	76	2,401,696	31,191	170.18	-	-	170.18	59.18	142,132	47,686	1.00	47,686	-	47,686	64,965	27.05
49003	Central Valley 3	1	274	6,099,276	19,932	151.66	-	-	151.66	40.66	247,997	83,204	1.00	83,204	-	83,204	113,352	18.58
49007	Hatton 7	1	240	3,858,703	15,192	194.02	-	-	194.02	83.02	320,350	107,478	1.00	107,478	-	107,478	146,423	37.95
49009	Hillsboro 9	1	410	9,395,412	23,726	185.00	-	-	185.00	74.00	695,260	233,262	1.00	233,262	-	233,262	317,784	33.82

Property Tax Relief Bill - Year 1
Data sources: School Finance Facts - February 2006

Max Mill Rate *185*

Min *100%*
Max *100%*

60% *Year 1 relief* *48,771,743*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
49014	May-Port CG 14	1	583	10,840,325	19,782	180.00	-	-	180.00	69.00	747,982	250,951	1.00	250,951	-	250,951	341,882	31.54
50003	Grafton 3	1	947	9,811,124	10,889	185.00	-	-	185.00	74.00	726,023	243,583	1.00	243,583	-	243,583	331,845	33.82
50005	Fordville-Lankin 5	1	103	2,912,015	29,120	163.98	-	-	163.98	52.98	154,279	51,761	1.00	51,761	-	51,761	70,516	24.22
50020	Minto 20	1	231	3,923,362	19,815	178.93	1.99	-	180.92	69.92	274,321	92,036	1.00	92,036	-	92,036	125,385	31.96
50051	Nash 51	2	15	896,182	25,605	185.23	22.43	-	207.66	96.66	86,625	29,063	1.00	29,063	-	29,063	39,594	44.18
50078	Park River 78	1	404	5,789,789	16,128	193.21	2.94	-	196.15	85.15	493,001	165,403	1.00	165,403	-	165,403	225,337	38.92
50106	Edinburg 106	1	128	1,908,918	18,900	185.33	-	-	185.33	74.33	141,890	47,605	1.00	47,605	-	47,605	64,854	33.97
50128	Adams 128	2	75	1,966,615	28,921	167.80	-	-	167.80	56.80	111,704	37,477	1.00	37,477	-	37,477	51,057	25.96
51001	Minot 1	1	6,476	78,272,711	14,015	185.00	10.86	-	195.86	84.86	6,642,222	2,228,488	1.00	2,228,488	-	2,228,488	3,035,975	38.79
51004	Nedrose 4	2	239	5,279,928	13,822	89.02	108.90	-	197.92	86.92	458,931	153,973	1.00	153,973	-	153,973	209,765	39.73
51007	United 7	1	563	6,790,126	10,367	185.00	-	-	185.00	74.00	502,469	168,580	1.00	168,580	-	168,580	229,665	33.82
51010	Bell 10	2	147	2,679,863	11,911	120.16	102.62	8.22	231.00	120.00	321,584	107,892	1.00	107,892	-	107,892	146,987	54.85
51016	Sawyer 16	1	123	2,487,577	17,642	184.99	-	-	184.99	73.99	184,056	61,751	1.00	61,751	-	61,751	84,127	33.82
51019	Eureka 19	2	11	945,732	21,994	49.93	80.89	-	130.82	19.82	18,744	6,289	1.00	6,289	-	6,289	8,568	9.06
51028	Kenmare 28	1	273	6,797,510	26,974	185.00	-	-	185.00	74.00	503,016	168,764	1.00	168,764	-	168,764	229,914	33.82
51041	Surrey 41	1	352	3,081,422	10,170	184.84	-	-	184.84	73.84	227,532	76,338	1.00	76,338	-	76,338	103,999	33.75
51070	S Prairie 70	2	146	3,627,466	20,265	128.53	58.62	4.80	191.95	80.95	293,643	98,518	1.00	98,518	-	98,518	134,216	37.00
51161	Lewis and Clark 161	1	383	9,242,389	26,257	159.20	-	-	159.20	48.20	445,483	149,461	1.00	149,461	-	149,461	203,618	22.03
52025	Fessenden-Bowdon 25	1	184	7,493,949	37,470	145.45	-	-	145.45	34.45	258,167	86,616	1.00	86,616	-	86,616	118,001	15.75
52035	Pleasant Valley 3	2	16	1,025,551	32,048	176.49	11.70	4.88	193.07	82.07	84,167	28,238	1.00	28,238	-	28,238	38,470	37.51
52038	Harvey 38	1	464	8,570,870	19,794	181.07	-	-	181.07	70.07	600,561	201,490	1.00	201,490	-	201,490	274,500	32.03
53001	Williston 1	1	2,157	18,248,719	7,809	238.47	-	-	238.47	127.47	2,326,164	780,436	1.00	780,436	-	780,436	1,063,225	58.26
53002	Nesson 2	1	158	3,363,674	20,263	178.45	-	-	178.45	67.45	226,880	76,119	1.00	76,119	-	76,119	103,700	30.83
53006	Eight Mile 6	1	230	1,481,413	9,942	175.51	-	-	175.51	64.51	95,566	32,063	1.00	32,063	-	32,063	43,681	29.49
53008	New 8	2	204	7,515,886	24,970	139.70	62.53	2.66	204.89	93.89	705,667	236,754	1.00	236,754	-	236,754	322,541	42.91
53015	Tioga 15	1	244	5,689,804	24,631	185.72	-	-	185.72	74.72	425,142	142,637	1.00	142,637	-	142,637	194,321	34.15
53091	Wildrose-Alamo 91	1	37	1,886,384	44,914	169.64	-	-	169.64	58.64	110,618	37,113	1.00	37,113	-	37,113	50,560	26.80
53099	Grenora 99	1	49	3,474,883	59,912	185.00	-	-	185.00	74.00	257,141	86,272	1.00	86,272	-	86,272	117,532	33.82
	North Dakota		97,120	1,633,911,435	16,185	194.93	4.14	0.17	199.63	88.97	145,368,828	48,771,743		48,771,743	17,288,056	40,394,977	48,771,743	29.85
														Uncapped District Total		23,109,886		

* GF Levy 3 = general fund, transportation and tuition levies.

Property Tax Relief Bill - Year 2
Data sources: School Finance Facts - February 2006

Max Mill Rate *157*

Min *100%*
Max *100%*

60% *Year 2 relief* *51,405,891*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief in Mills
1013	Hettinger 13	1	336	6,256,269	22,750	175.60	-	7.67	183.27	89.07	557,246	165,902	1.00	165,902	-	165,902	214,338	34.26
2002	Valley City 2	1	1,136	15,656,756	13,579	185.00	10.22	-	195.22	101.02	1,581,645	470,883	1.00	470,883	-	470,883	608,362	38.86
2046	Litchville-Marion 46	1	179	6,323,234	34,935	154.88	-	-	154.88	60.68	383,694	114,232	1.00	114,232	-	114,232	147,584	23.34
2065	N Central 65	1	144	6,208,428	40,845	150.96	-	-	150.96	56.76	352,390	104,913	1.00	104,913	-	104,913	135,543	21.83
2082	Wimbledon-Courtenay	1	149	5,824,238	40,729	169.16	-	-	169.16	74.96	436,585	129,979	1.00	129,979	-	129,979	167,927	28.83
3005	Minnewaukan 5	1	181	1,488,653	18,844	174.90	9.45	-	184.35	90.15	134,202	39,954	1.00	39,954	-	39,954	51,619	34.68
3006	Leeds 6	1	172	4,400,729	26,040	164.75	-	-	164.75	70.55	310,471	92,433	1.00	92,433	-	92,433	119,419	27.14
3009	Maddock 9	1	196	3,990,031	23,471	182.96	-	-	182.96	88.76	354,155	105,438	1.00	105,438	-	105,438	136,222	34.14
3016	Oberon 16	2	44	980,512	23,346	101.69	40.80	12.75	155.24	61.04	59,850	17,818	1.00	17,818	-	17,818	23,021	23.48
3029	Warwick 29	1	195	1,160,259	3,933	157.72	-	-	157.72	63.52	73,700	21,942	1.00	21,942	-	21,942	28,348	24.43
3030	Ft Totten 30	1	171	115,975	232	185.00	122.97	-	307.97	213.77	24,792	7,381	1.00	7,381	-	7,381	9,536	82.22
4001	Billings Co 1	2	50	4,988,496	42,275	-	40.09	-	40.09	-	-	-	1.00	-	-	-	-	-
5001	Bottineau 1	1	712	12,314,497	17,369	150.23	-	-	150.23	56.03	689,981	205,419	1.00	205,419	-	205,419	265,394	21.55
5017	Westhope 17	1	117	3,709,988	28,984	151.78	-	-	151.78	57.58	213,621	63,599	1.00	63,599	-	63,599	82,167	22.15
5054	Newburg-United 54	1	73	5,069,268	63,366	152.88	1.01	-	153.89	59.69	302,585	90,085	1.00	90,085	-	90,085	116,386	22.96
6001	Bowman 1	1	375	5,285,569	14,682	158.71	-	-	158.71	64.51	340,972	101,513	1.00	101,513	-	101,513	131,151	24.81
6017	Rhame 17	1	65	2,571,075	42,149	147.19	-	-	147.19	52.99	136,241	40,561	1.00	40,561	-	40,561	52,404	20.38
6033	Scranton 33	1	150	3,469,394	25,324	144.98	-	-	144.98	50.78	176,176	52,451	1.00	52,451	-	52,451	67,764	19.53
7014	Bowbells 14	1	76	2,924,060	35,659	171.00	-	-	171.00	76.80	224,568	66,858	1.00	66,858	-	66,858	86,377	29.54
7027	Powers Lake 27	1	103	2,006,580	17,602	187.16	-	-	187.16	92.96	186,532	55,534	1.00	55,534	-	55,534	71,747	35.76
7036	Burke Central 36	1	84	3,459,604	46,128	144.81	-	-	144.81	50.61	175,091	52,127	1.00	52,127	-	52,127	67,347	19.47
8001	Bismarck 1	1	10,549	159,235,829	14,534	234.56	-	-	234.56	140.36	22,350,341	6,654,076	1.00	6,654,076	5,583,616	5,583,616	5,583,616	35.07
8025	Naughton 25	3	11	262,989	29,221	170.35	57.04	-	227.39	133.19	35,028	10,428	1.00	10,428	-	10,428	13,473	51.23
8028	Wing 28	1	84	2,115,991	34,129	144.14	-	-	144.14	49.94	105,673	31,461	1.00	31,461	-	31,461	40,646	19.21
8029	Baldwin 29	2	17	787,460	13,347	152.39	120.64	-	273.03	178.83	140,821	41,925	1.00	41,925	-	41,925	54,165	68.78
8033	Menoken 33	2	12	1,207,574	17,008	67.71	92.75	-	160.46	66.26	80,014	23,821	1.00	23,821	-	23,821	30,776	25.49
8035	Sterling 35	2	33	2,040,637	26,850	168.01	10.29	10.29	188.59	94.39	192,616	57,345	1.00	57,345	-	57,345	74,087	36.31
8039	Apple Creek 39	2	51	2,071,446	13,628	83.75	198.79	-	282.54	188.34	390,136	116,150	1.00	116,150	-	116,150	150,061	72.44
8045	Manning 45	3	4	233,096	6,660	219.94	31.99	-	251.93	157.73	36,766	10,946	1.00	10,946	-	10,946	14,142	60.67
9001	Fargo 1	1	10,747	204,886,521	18,060	288.19	-	-	288.19	193.99	39,745,936	11,833,040	1.00	11,833,040	5,688,417	5,688,417	5,688,417	27.76
9002	Kindred 2	1	675	12,110,009	18,404	166.41	-	-	166.41	72.21	874,464	260,343	1.00	260,343	-	260,343	336,353	27.77
9004	Maple Valley 4	1	262	8,833,027	30,777	171.61	-	-	171.61	77.41	683,765	203,568	1.00	203,568	-	203,568	263,002	29.77
9006	West Fargo 6	1	5,677	109,514,539	20,640	185.00	3.51	-	188.51	94.31	10,328,316	3,074,915	1.00	3,074,915	3,004,852	3,004,852	3,004,852	27.44
9007	Mapleton 7	2	76	3,059,481	15,852	140.48	124.21	-	264.69	170.49	521,611	155,292	1.00	155,292	-	155,292	200,632	65.58

Property Tax Relief Bill - Year 2
Data sources: School Finance Facts - February 2006

Max Mill Rate *157*

Min *100%*
Max *100%*

60% *Year 2 relief* *51,405,891*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
9017	Central Cass 17	1	821	12,826,622	17,125	156.57	-	-	156.57	62.37	799,996	238,173	1.00	238,173	-	238,173	307,710	23.99
9080	Page 80	2	107	3,658,493	35,519	167.07	-	-	167.07	72.87	266,594	79,370	1.00	79,370	-	79,370	102,543	28.03
9097	Northern Cass	1	486	10,747,660	25,408	170.81	-	-	170.81	76.61	823,378	245,134	1.00	245,134	-	245,134	316,703	29.47
10019	Munich 19	1	108	3,266,616	35,507	150.50	-	-	150.50	56.30	183,910	54,753	1.00	54,753	-	54,753	70,739	21.66
10023	Langdon Area 23	1	472	12,478,925	23,238	160.85	-	-	160.85	66.65	831,720	247,617	1.00	247,617	-	247,617	319,912	25.64
11040	Ellendale 40	1	358	6,598,071	17,227	174.60	-	-	174.60	80.40	530,485	157,934	1.00	157,934	-	157,934	204,045	30.92
11041	Oakes 41	1	522	8,141,253	16,649	185.00	0.96	-	185.96	91.76	747,041	222,407	1.00	222,407	-	222,407	287,341	35.29
12001	Divide County 1	1	265	6,747,080	27,427	143.17	-	-	143.17	48.97	330,405	98,367	1.00	98,367	-	98,367	127,086	18.84
13008	Dodge 8	2	19	626,526	27,240	189.27	-	-	189.27	95.07	59,564	17,733	1.00	17,733	-	17,733	22,911	36.57
13016	Killdeer 16	1	383	7,487,935	25,383	158.78	-	-	158.78	64.58	483,571	143,967	1.00	143,967	-	143,967	186,000	24.84
13019	Halliday 19	1	30	1,911,249	17,862	171.68	-	-	171.68	77.48	148,084	44,087	1.00	44,087	-	44,087	56,959	29.80
13037	Twin Buttes 37	2	41	25,137	335	-	-	-	-	-	-	-	1.00	-	-	-	-	-
14001	New Rockford 1	1	375	5,338,816	16,478	185.00	-	-	185.00	90.80	484,764	144,323	1.00	144,323	-	144,323	186,459	34.93
14012	Sheyenne 12	1	93	1,537,106	21,649	185.00	-	-	185.00	90.80	139,569	41,552	1.00	41,552	-	41,552	53,684	34.93
15006	Hazelton-Moffit-Braddo	1	143	3,804,828	28,394	152.96	-	-	152.96	58.76	223,572	66,561	1.00	66,561	-	66,561	85,994	22.60
15010	Bakker 10	2	5	1,058,829	34,156	99.29	19.44	-	118.73	24.53	25,973	7,733	1.00	7,733	-	7,733	9,990	9.44
15015	Strasburg 15	1	172	3,111,824	18,413	149.11	-	-	149.11	54.91	170,870	50,871	1.00	50,871	-	50,871	65,723	21.12
15036	Linton 36	1	339	5,345,770	17,527	176.14	-	-	176.14	81.94	438,032	130,410	1.00	130,410	-	130,410	168,484	31.52
16049	Carrington 49	1	647	12,365,237	20,271	149.50	-	-	149.50	55.30	683,798	203,578	1.00	203,578	-	203,578	263,015	21.27
17003	Beach 3	1	300	4,054,094	18,597	148.65	-	-	148.65	54.45	220,745	65,720	1.00	65,720	-	65,720	84,907	20.94
17006	Lone Tree 6	2	41	1,451,095	27,906	106.82	81.32	-	188.14	93.94	136,316	40,584	1.00	40,584	-	40,584	52,432	36.13
18001	Grand Forks 1	1	7,453	116,001,892	17,132	214.62	-	-	214.62	120.42	13,968,948	4,158,793	1.00	4,158,793	3,944,894	3,944,894	3,944,894	34.01
18044	Larimore 44	1	528	7,037,632	14,103	180.92	-	-	180.92	86.72	610,303	181,698	1.00	181,698	-	181,698	234,746	33.36
18061	Thompson 61	1	413	6,011,608	14,145	163.23	-	-	163.23	69.03	414,981	123,547	1.00	123,547	-	123,547	159,618	26.55
18125	Manvel 125	2	142	3,706,128	13,331	37.09	145.37	10.70	193.16	98.96	366,758	109,190	1.00	109,190	-	109,190	141,070	38.06
18127	Emerado 127	2	68	2,074,452	12,203	138.05	145.89	7.99	291.93	197.73	410,181	122,118	1.00	122,118	-	122,118	157,772	76.05
18128	Midway 128	1	264	5,817,784	21,468	190.57	-	-	190.57	96.37	560,660	166,918	1.00	166,918	-	166,918	215,652	37.07
18129	Northwood 129	1	315	5,458,723	15,686	181.36	-	-	181.36	87.16	475,782	141,648	1.00	141,648	-	141,648	183,004	33.53
19018	Roosevelt 18	2	153	2,242,598	15,683	173.40	8.40	-	181.80	87.60	196,452	58,487	1.00	58,487	-	58,487	75,563	33.69
19049	Elgin-New Leipzig 49	1	164	3,979,083	21,625	203.18	-	-	203.18	108.98	433,640	129,102	1.00	129,102	-	129,102	166,795	41.92
20007	Midkota 7	1	140	5,529,534	35,220	188.58	-	-	188.58	94.38	521,877	155,372	1.00	155,372	-	155,372	200,734	36.30
20018	Griggs County Central	1	322	5,884,134	20,220	190.00	-	-	190.00	95.80	563,700	167,823	1.00	167,823	-	167,823	216,821	36.85
21001	Mott-Regent 1	1	248	6,888,542	29,438	146.06	-	-	146.06	51.86	357,240	106,356	1.00	106,356	-	106,356	137,408	19.95
21009	New England 9	1	170	4,861,960	29,466	170.57	-	-	170.57	76.37	371,308	110,545	1.00	110,545	-	110,545	142,819	29.37

Property Tax Relief Bill - Year 2
Data sources: School Finance Facts - February 2006

Max Mill Rate *157* *Min* *100%*
Max *100%*

60% *Year 2 relief* *51,405,891*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
22011	Pettibone-Tuttle 11	2	9	1,124,330	43,243	200.46	-	-	200.46	106.26	119,471	35,569	1.00	35,569	-	35,569	45,953	40.87
22014	Robinson 14	2	11	1,151,158	42,635	176.84	64.05	-	240.89	146.69	168,863	50,273	1.00	50,273	-	50,273	64,951	56.42
22020	Tuttle-Pettibone 20	1	28	1,321,507	77,736	184.59	-	-	184.59	90.39	119,451	35,563	1.00	35,563	-	35,563	45,945	34.77
22026	Steele-Dawson 26	1	292	4,446,727	22,234	167.24	-	-	167.24	73.04	324,789	96,695	1.00	96,695	-	96,695	124,926	28.09
22028	Tappen 28	1	95	1,658,047	16,919	195.00	-	-	195.00	100.80	167,131	49,758	1.00	49,758	-	49,758	64,285	38.77
23003	Edgeley 3	1	221	5,771,101	23,556	152.48	-	-	152.48	58.28	336,340	100,134	1.00	100,134	-	100,134	129,369	22.42
23007	Kulm 7	1	120	5,612,982	45,634	155.89	-	-	155.89	61.69	346,265	103,089	1.00	103,089	-	103,089	133,187	23.73
23008	LaMoure 8	1	330	5,241,991	18,655	162.15	-	-	162.15	67.95	356,193	106,045	1.00	106,045	-	106,045	137,006	26.14
24002	Napoleon 2	1	232	3,850,714	17,039	170.10	-	-	170.10	75.90	292,269	87,014	1.00	87,014	-	87,014	112,418	29.19
24056	Gackle-Streeter 56	1	103	4,623,978	41,286	139.71	-	-	139.71	45.51	210,437	62,651	1.00	62,651	-	62,651	80,942	17.50
25001	Velva 1	1	422	7,159,479	19,943	147.50	-	-	147.50	53.30	381,600	113,609	1.00	113,609	-	113,609	146,778	20.50
25014	Anamoose 14	1	95	1,879,778	24,734	183.53	14.36	-	197.89	103.69	194,914	58,029	1.00	58,029	-	58,029	74,972	39.88
25057	Drake 57	1	123	3,621,425	27,644	163.14	1.00	-	164.14	69.94	253,282	75,406	1.00	75,406	-	75,406	97,422	26.90
25060	TGU 60	1	366	11,212,666	29,353	144.93	-	-	144.93	50.73	568,819	169,347	1.00	169,347	-	169,347	218,790	19.51
26004	Zeeland 4	1	55	2,753,777	45,896	149.24	-	-	149.24	55.04	151,568	45,124	1.00	45,124	-	45,124	58,299	21.17
26009	Ashley 9	1	153	3,831,573	26,065	164.21	6.52	-	170.73	76.53	293,230	87,300	1.00	87,300	-	87,300	112,788	29.44
26019	Wishek 19	1	249	3,976,388	19,492	158.44	-	-	158.44	64.24	255,443	76,050	1.00	76,050	-	76,050	98,253	24.71
27001	McKenzie Co 1	1	549	9,863,061	16,745	140.21	-	-	140.21	46.01	453,799	135,104	1.00	135,104	-	135,104	174,549	17.70
27002	Alexander 2	1	46	2,932,546	66,649	153.09	-	-	153.09	58.89	172,698	51,415	1.00	51,415	-	51,415	66,426	22.65
27014	Yellowstone 14	2	48	1,563,428	19,543	166.30	24.16	4.75	195.21	101.01	157,922	47,016	1.00	47,016	-	47,016	60,743	38.85
27018	Earl	3	8	489,482	32,632	-	16.96	4.09	21.05	-	-	-	1.00	-	-	-	-	-
27032	Horse Creek 32	3	6	1,090,951	83,919	45.83	45.83	13.75	105.41	11.21	12,230	3,641	1.00	3,641	-	3,641	4,704	4.31
27036	Mandaree 36	1	208	86,199	444	81.21	-	-	81.21	-	-	-	1.00	-	-	-	-	-
28001	Montefiore 1	1	217	3,351,906	15,961	167.22	-	-	167.22	73.02	244,756	72,868	1.00	72,868	-	72,868	94,143	28.09
28004	Washburn 4	1	305	4,898,982	17,311	142.89	-	-	142.89	48.69	238,531	71,015	1.00	71,015	-	71,015	91,748	18.73
28008	Underwood 8	1	206	4,838,426	22,931	164.07	7.44	-	171.51	77.31	374,059	111,364	1.00	111,364	-	111,364	143,877	29.74
28050	Max 50	1	156	2,946,044	19,640	154.86	-	-	154.86	60.66	178,707	53,204	1.00	53,204	-	53,204	68,738	23.33
28051	Garrison 51	1	340	7,179,592	23,386	165.05	-	-	165.05	70.85	508,674	151,441	1.00	151,441	-	151,441	195,656	27.25
28072	Turtle Lake-Mercer 72	1	173	4,607,206	27,424	164.96	-	-	164.96	70.76	326,006	97,057	1.00	97,057	-	97,057	125,395	27.22
28085	White Shield 85	1	121	297,440	2,564	185.00	-	-	185.00	90.80	27,008	8,041	1.00	8,041	-	8,041	10,388	34.93
29003	Hazen 3	1	652	5,775,328	9,530	185.00	-	-	185.00	90.80	524,400	156,123	1.00	156,123	-	156,123	201,705	34.93
29020	Golden Valley 20	1	46	1,192,422	22,082	169.74	-	-	169.74	75.54	90,076	26,817	1.00	26,817	-	26,817	34,647	29.06
29027	Beulah 27	1	761	9,577,756	13,683	185.29	-	-	185.29	91.09	872,438	259,740	1.00	259,740	-	259,740	335,573	35.04
30001	Mandan 1	1	3,165	43,080,321	12,067	185.00	-	-	185.00	90.80	3,911,693	1,164,577	1.00	1,164,577	-	1,164,577	1,504,589	34.93

Property Tax Relief Bill - Year 2
Data sources: School Finance Facts - February 2006

Max Mill Rate *157*

Min *100%*
Max *100%*

60% *Year 2 relief* *51,405,891*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
30004	Little Heart 4	2	25	843,801	20,581	120.72	50.96	9.48	181.16	86.96	73,377	21,846	1.00	21,846	-	21,846	28,224	33.45
30007	New Salem 7	1	340	3,879,037	12,314	159.45	-	-	159.45	65.25	253,107	75,354	1.00	75,354	-	75,354	97,355	25.10
30008	Sims 8	2	20	1,516,725	36,113	120.00	42.20	5.93	168.13	73.93	112,131	33,383	1.00	33,383	-	33,383	43,130	28.44
30013	Hebron 13	1	164	3,756,193	24,234	166.39	-	-	166.39	72.19	271,160	80,729	1.00	80,729	-	80,729	104,298	27.77
30017	Sweet Briar 17	3	9	352,228	19,568	65.22	62.46	-	127.68	33.48	11,793	3,511	1.00	3,511	-	3,511	4,536	12.88
30039	Flasher 39	1	211	3,036,812	17,255	185.00	-	-	185.00	90.80	275,743	82,093	1.00	82,093	-	82,093	106,061	34.93
30048	Glen Ullin 48	1	197	4,051,363	19,292	160.93	-	-	160.93	66.73	270,347	80,487	1.00	80,487	-	80,487	103,986	25.67
31001	New Town 1	1	731	3,167,106	4,245	159.86	-	-	159.86	65.66	207,952	61,911	1.00	61,911	-	61,911	79,986	25.26
31002	Stanley 2	1	340	5,936,719	19,213	185.00	-	-	185.00	90.80	539,054	160,486	1.00	160,486	-	160,486	207,341	34.93
31003	Parshall 3	1	276	3,466,428	14,877	167.41	-	-	167.41	73.21	253,777	75,554	1.00	75,554	-	75,554	97,613	28.16
32001	Dakota Prairie 1	1	292	9,484,748	23,477	185.00	-	-	185.00	90.80	861,215	256,398	1.00	256,398	-	256,398	331,257	34.93
32066	Lakota 66	1	232	4,593,929	26,402	185.00	-	-	185.00	90.80	417,129	124,186	1.00	124,186	-	124,186	160,444	34.93
33001	Center-Stanton 1	1	265	4,777,434	15,511	174.87	-	-	174.87	80.67	385,396	114,739	1.00	114,739	-	114,739	148,238	31.03
34005	Cavalier 6	1	510	8,383,369	20,598	185.00	-	-	185.00	90.80	761,210	226,625	1.00	226,625	-	226,625	292,791	34.93
34012	Valley 12	1	160	3,690,799	24,123	179.10	13.16	-	192.26	98.06	361,920	107,750	1.00	107,750	-	107,750	139,208	37.72
34019	Drayton 19	1	153	5,391,769	39,356	183.91	1.04	-	184.95	90.75	489,303	145,674	1.00	145,674	-	145,674	188,205	34.91
34043	St Thomas 43	1	105	3,107,077	27,255	180.24	22.53	1.61	204.38	110.18	342,338	101,920	1.00	101,920	-	101,920	131,676	42.38
34100	North Border 100	1	485	12,176,984	24,501	184.90	-	-	184.90	90.70	1,104,452	328,814	1.00	328,814	-	328,814	424,815	34.89
35001	Wolford 1	1	48	1,609,044	32,181	185.00	-	-	185.00	90.80	146,101	43,497	1.00	43,497	-	43,497	56,196	34.93
35005	Rugby 5	1	546	10,451,078	16,775	185.00	-	-	185.00	90.80	948,958	282,521	1.00	282,521	-	282,521	365,006	34.93
36001	Devils Lake 1	1	1,810	18,179,717	9,390	185.00	6.00	-	191.00	96.80	1,759,797	523,921	1.00	523,921	-	523,921	676,886	37.23
36002	Edmore 2	1	80	4,681,856	59,264	147.59	-	-	147.59	53.39	249,964	74,419	1.00	74,419	-	74,419	96,146	20.54
36044	Starkweather 44	1	95	2,826,981	35,785	150.34	-	-	150.34	56.14	158,707	47,250	1.00	47,250	-	47,250	61,045	21.59
37002	Sheldon 2	2	25	1,401,069	18,196	175.58	71.37	-	246.95	152.75	214,013	63,715	1.00	63,715	-	63,715	82,318	58.75
37006	Ft Ransom 6	2	16	927,596	23,785	159.93	80.97	-	240.90	146.70	136,078	40,513	1.00	40,513	-	40,513	52,341	56.43
37019	Lisbon 19	1	640	8,685,666	15,735	185.00	-	-	185.00	90.80	788,658	234,797	1.00	234,797	-	234,797	303,349	34.93
37022	Enderlin 22	1	308	5,940,531	22,002	183.99	2.02	-	186.01	91.81	545,400	162,375	1.00	162,375	-	162,375	209,782	35.31
38001	Mohall-Lansford-Sherw	1	332	10,283,775	29,382	150.15	-	-	150.15	55.95	575,377	171,300	1.00	171,300	-	171,300	221,312	21.52
38026	Glenburn 26	1	291	3,591,024	19,307	132.83	-	-	132.83	38.63	138,721	41,300	1.00	41,300	-	41,300	53,358	14.86
39008	Hankinson 8	1	318	5,207,976	18,600	170.00	-	-	170.00	75.80	394,765	117,528	1.00	117,528	-	117,528	151,842	29.16
39018	Fairmount 18	1	108	4,237,833	45,083	188.07	-	-	188.07	93.87	397,805	118,433	1.00	118,433	-	118,433	153,011	36.11
39028	Lidgerwood 28	1	197	3,735,487	19,059	185.00	-	-	185.00	90.80	339,182	100,980	1.00	100,980	-	100,980	130,463	34.93
39037	Wahpeton 37	1	1,378	20,433,503	14,259	185.00	1.30	-	186.30	92.10	1,881,926	560,281	1.00	560,281	-	560,281	723,862	35.43
39042	Wyndmere 42	1	242	6,272,091	25,811	151.46	-	-	151.46	57.26	359,140	106,922	1.00	106,922	-	106,922	138,139	22.02

Property Tax Relief Bill - Year 2
Data sources: School Finance Facts - February 2006

Max Mill Rate *157*

Min *100%*
Max *100%*

60% *Year 2 relief* *51,405,891*

Codist	Dname	DTYPE	K-12 Fall Enrollment	Taxable Valuation	Taxable Valuation Per Pupil	GF LEVY	HS TUITION	HS TRANSP	*GF Levy 3	1. Adjusted Combined Levy	1. Adjusted Property Tax Revenue	1. Adjusted Property Tax Relief	2. Adjustment Factor	2. Adjusted Property Tax Relief	3. Relief Cap	3. Relief Cap	3. Final Adjusted Property Tax Relief	4. Property Tax Relief In Mills
39044	Richland 44	1	327	5,467,514	17,140	185.00	-	-	185.00	90.80	496,450	147,802	1.00	147,802	-	147,802	190,954	34.93
40001	Dunseith 1	1	405	1,485,154	1,787	141.40	8.63	-	150.03	55.83	82,916	24,686	1.00	24,686	-	24,686	31,893	21.47
40003	St John 3	1	313	759,113	1,698	156.66	-	-	156.66	62.46	47,414	14,116	1.00	14,116	-	14,116	18,237	24.02
40004	Mt Pleasant 4	1	281	4,036,924	14,017	182.81	2.48	-	185.29	91.09	367,723	109,478	1.00	109,478	-	109,478	141,441	35.04
40007	Belcourt 7	1	1,683	336,646	156	-	-	-	-	-	-	-	1.00	-	-	-	-	-
40029	Rolette 29	1	173	2,984,321	15,874	185.00	-	-	185.00	90.80	270,976	80,674	1.00	80,674	-	80,674	104,228	34.93
41002	Milnor 2	1	293	3,626,309	12,905	170.26	4.69	-	174.95	80.75	292,824	87,179	1.00	87,179	-	87,179	112,632	31.06
41003	N Sargent 3	1	226	3,014,453	15,700	177.98	4.33	-	182.31	88.11	265,603	79,075	1.00	79,075	-	79,075	102,161	33.89
41006	Sargent Central 6	1	285	7,291,149	27,410	184.60	2.47	-	187.07	92.87	677,129	201,593	1.00	201,593	-	201,593	260,450	35.72
42016	Goodrich 16	1	44	1,670,052	39,763	188.55	2.99	-	191.54	97.34	162,563	48,398	1.00	48,398	-	48,398	62,528	37.44
42019	McClusky 19	1	94	2,599,702	28,886	184.83	-	-	184.83	90.63	235,611	70,145	1.00	70,145	-	70,145	90,625	34.86
43003	Solen 3	1	171	250,941	740	188.00	-	-	188.00	93.80	23,538	7,008	1.00	7,008	-	7,008	9,054	36.08
43004	Ft Yates 4	1	223	477,409	596	188.17	-	-	188.17	93.97	44,862	13,356	1.00	13,356	-	13,356	17,256	36.14
43008	Selfridge 8	1	42	1,338,521	16,732	138.59	-	-	138.59	44.39	59,417	17,689	1.00	17,689	-	17,689	22,854	17.07
44012	Marmarth 12	2	9	1,351,251	54,050	33.30	30.34	4.81	68.45	-	-	-	1.00	-	-	-	-	-
44032	Central Elementary 32	2	4	1,381,364	69,068	28.96	39.09	11.58	79.63	-	-	-	1.00	-	-	-	-	-
45001	Dickinson 1	1	2,592	32,202,949	10,681	185.00	-	-	185.00	90.80	2,924,028	870,533	1.00	870,533	-	870,533	1,124,695	34.93
45009	South Heart 9	1	244	2,874,314	11,406	148.20	-	-	148.20	54.00	155,213	46,210	1.00	46,210	-	46,210	59,701	20.77
45013	Belfield 13	1	211	1,597,293	9,076	185.00	-	-	185.00	90.80	145,034	43,179	1.00	43,179	-	43,179	55,786	34.93
45034	Richardton-Taylor 34	1	271	4,301,620	18,867	185.00	-	-	185.00	90.80	390,587	116,284	1.00	116,284	-	116,284	150,235	34.93
46010	Hope 10	1	133	3,587,302	28,930	174.09	-	-	174.09	79.89	286,590	85,323	1.00	85,323	-	85,323	110,233	30.73
46019	Finley-Sharon 19	1	173	4,330,867	22,915	185.00	-	-	185.00	90.80	393,243	117,075	1.00	117,075	-	117,075	151,256	34.93
47001	Jamestown 1	1	2,346	31,455,516	12,704	185.00	7.00	-	192.00	97.80	3,076,349	915,881	1.00	915,881	-	915,881	1,183,283	37.62
47003	Medina 3	1	154	3,352,685	22,501	172.10	-	-	172.10	77.90	261,174	77,756	1.00	77,756	-	77,756	100,458	29.96
47010	Pingree-Buchanan	1	163	3,134,243	28,493	163.87	-	-	163.87	69.67	218,363	65,010	1.00	65,010	-	65,010	83,991	26.80
47014	Montpelier 14	1	95	2,467,621	25,180	180.05	-	-	180.05	85.85	211,845	63,070	1.00	63,070	-	63,070	81,484	33.02
47019	Kensal 19	1	55	2,585,919	51,718	169.95	-	-	169.95	75.75	195,883	58,318	1.00	58,318	-	58,318	75,344	29.14
47026	Spiritwood 26	2	18	3,091,682	181,864	140.27	-	-	140.27	46.07	142,434	42,405	1.00	42,405	-	42,405	54,786	17.72
48002	Bisbee-Egeland 2	1	69	3,564,730	48,832	176.41	-	-	176.41	82.21	293,056	87,248	1.00	87,248	-	87,248	112,721	31.62
48008	Southern 8	1	208	3,808,688	17,715	165.41	3.15	-	168.56	74.36	283,214	84,318	1.00	84,318	-	84,318	108,935	28.60
48028	North Central 28	1	76	2,401,696	31,191	170.18	-	-	170.18	75.98	182,481	54,328	1.00	54,328	-	54,328	70,189	29.22
49003	Central Valley 3	1	274	6,099,276	19,932	151.66	-	-	151.66	57.46	350,464	104,339	1.00	104,339	-	104,339	134,802	22.10
49007	Hatton 7	1	240	3,858,703	15,192	194.02	-	-	194.02	99.82	385,176	114,673	1.00	114,673	-	114,673	148,154	38.39
49009	Hillsboro 9	1	410	9,395,412	23,726	185.00	-	-	185.00	90.80	853,103	253,983	1.00	253,983	-	253,983	328,137	34.93

Property Tax Relief Bill - Year 2
Data sources: School Finance Facts - February 2006

Max Mill Rate *157*

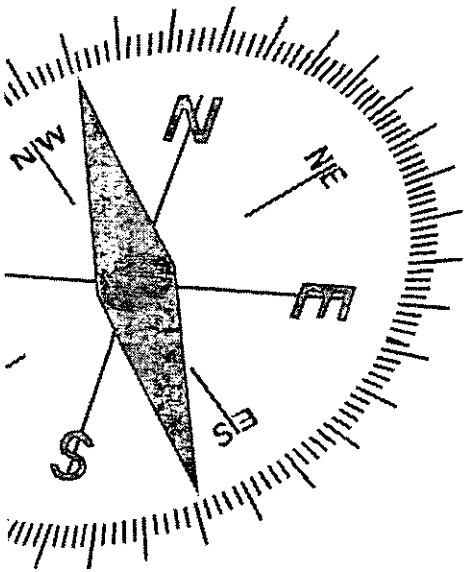
Min *100%*
Max *100%*

60% *Year 2 relief* *51,405,891*

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49014	May-Port CG 14	1	583	10,840,325	19,782	180.00	-	-	180.00	85.80	930,100	276,907	1.00	276,907	-	276,907	357,753	33.00
50003	Grafton 3	1	947	9,811,124	10,889	185.00	-	-	185.00	90.80	890,850	265,221	1.00	265,221	-	265,221	342,656	34.93
50005	Fordville-Lankin 5	1	103	2,912,015	29,120	163.98	-	-	163.98	69.78	203,200	60,496	1.00	60,496	-	60,496	78,159	26.84
50020	Minto 20	1	231	3,923,362	19,815	178.93	1.99	-	180.92	86.72	340,234	101,293	1.00	101,293	-	101,293	130,867	33.36
50051	Nash 51	2	15	896,182	25,605	185.23	22.43	-	207.66	* 113.46	101,681	30,272	1.00	30,272	-	30,272	39,110	43.64
50078	Park River 78	1	404	5,789,789	16,128	193.21	2.94	-	196.15	101.95	590,269	175,733	1.00	175,733	-	175,733	227,040	39.21
50106	Edinburg 106	1	128	1,908,918	18,900	185.33	-	-	185.33	91.13	173,960	51,791	1.00	51,791	-	51,791	66,912	35.05
50128	Adams 128	2	75	1,966,615	28,921	167.80	-	-	167.80	73.60	144,743	43,092	1.00	43,092	-	43,092	55,674	28.31
51001	Minot 1	1	6,476	78,272,711	14,015	185.00	10.86	-	195.86	101.66	7,957,204	2,368,995	1.00	2,368,995	-	2,368,995	3,060,649	39.10
51004	Nedrose 4	2	239	5,279,928	13,822	89.02	108.90	-	197.92	103.72	547,634	163,040	1.00	163,040	-	163,040	210,641	39.89
51007	United 7	1	563	6,790,126	10,367	185.00	-	-	185.00	90.80	616,543	183,555	1.00	183,555	-	183,555	237,147	34.93
51010	Bell 10	2	147	2,679,863	11,911	120.16	102.62	8.22	231.00	136.80	366,605	109,145	1.00	109,145	-	109,145	141,011	52.62
51016	Sawyer 16	1	123	2,487,577	17,642	184.99	-	-	184.99	90.79	225,847	67,239	1.00	67,239	-	67,239	86,870	34.92
51019	Eureka 19	2	11	945,732	21,994	49.93	80.89	-	130.82	36.62	34,633	10,311	1.00	10,311	-	10,311	13,321	14.09
51028	Kenmare 28	1	273	6,797,510	26,974	185.00	-	-	185.00	90.80	617,214	183,755	1.00	183,755	-	183,755	237,404	34.93
51041	Surrey 41	1	352	3,081,422	10,170	184.84	-	-	184.84	90.64	279,300	83,152	1.00	83,152	-	83,152	107,430	34.86
51070	S Prairie 70	2	146	3,627,466	20,265	128.53	58.62	4.80	191.95	97.75	354,585	105,566	1.00	105,566	-	105,566	136,387	37.60
51161	Lewis and Clark 161	1	383	9,242,389	26,257	159.20	-	-	159.20	65.00	600,755	178,855	1.00	178,855	-	178,855	231,074	25.00
52025	Fessenden-Bowdon 25	1	184	7,493,949	37,470	145.45	-	-	145.45	51.25	384,065	114,343	1.00	114,343	-	114,343	147,726	19.71
52035	Pleasant Valley 3	2	16	1,025,551	32,048	176.49	11.70	4.88	193.07	98.87	101,396	30,187	1.00	30,187	-	30,187	39,001	38.03
52038	Harvey 38	1	464	8,570,870	19,794	181.07	-	-	181.07	86.87	744,551	221,666	1.00	221,666	-	221,666	286,383	33.41
53001	Williston 1	1	2,157	18,248,719	7,809	238.47	-	-	238.47	144.27	2,632,743	783,812	1.00	783,812	-	783,812	1,012,655	55.49
53002	Nesson 2	1	158	3,363,674	20,263	178.45	-	-	178.45	84.25	283,390	84,370	1.00	84,370	-	84,370	109,003	32.41
53006	Eight Mile 6	1	230	1,481,413	9,942	175.51	-	-	175.51	81.31	120,454	35,861	1.00	35,861	-	35,861	46,331	31.27
53008	New 8	2	204	7,515,886	24,970	139.70	62.53	2.66	204.89	110.69	831,933	247,681	1.00	247,681	-	247,681	319,994	42.58
53015	Tioga 15	1	244	5,689,804	24,631	185.72	-	-	185.72	91.52	520,731	155,030	1.00	155,030	-	155,030	200,293	35.20
53091	Wildrose-Alamo 91	1	37	1,886,384	44,914	169.64	-	-	169.64	75.44	142,309	42,368	1.00	42,368	-	42,368	54,737	29.02
53099	Grenora 99	1	49	3,474,883	59,912	185.00	-	-	185.00	90.80	315,519	93,935	1.00	93,935	-	93,935	121,361	34.93
	North Dakota		97,120	1,640,262,995	16,185	194.93	4.14	0.17	198.86	105.27	172,666,978	51,405,891		51,405,891	18,221,779	43,906,846	51,405,891	31.34
														Uncapped District Total		25,685,067		

* GF Levy 3 = general fund, transportation and tuition levies.

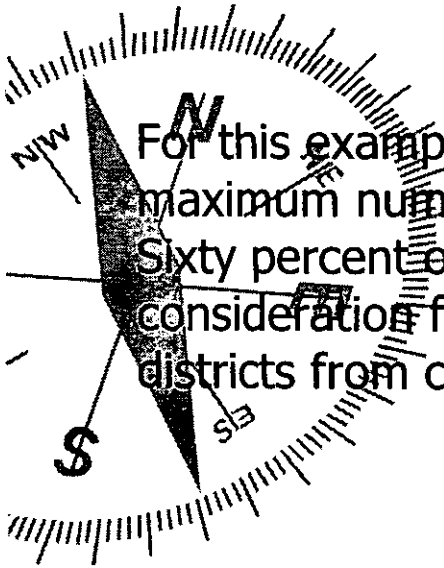
Property tax relief bill draft examples



Selected school districts

	Emerado	Westhope	Fargo	Dickinson	Grafton	Glenburn
GF levy in mills	291.93	151.78	288.19	185.00	185.00	132.83

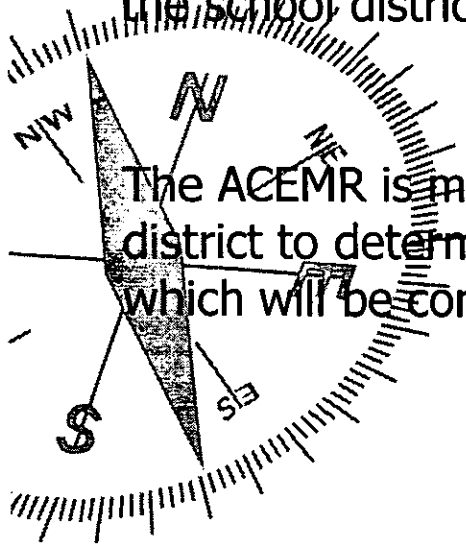
General fund levy in mills is the total of mills levied for the general fund and high school tuition and high school transportation.



For this example, the school district mill rate is reduced by 60% of the maximum number of general fund mills under NDCC 57-15-14--- 185 mills. Sixty percent of 185 mills is 111 mills. This amount is subtracted from consideration for each school district. This adjustment eliminates eight school districts from consideration to receive property tax relief.

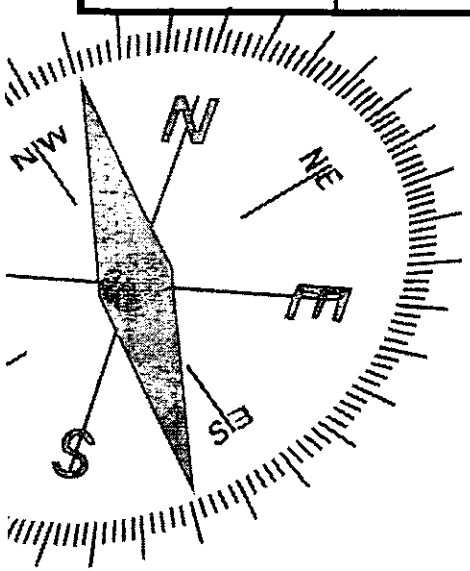
	Emerado	Westhope	Fargo	Dickinson	Grafton	Glenburn
GF levy in mills	291.93	151.78	288.19	185.00	185.00	132.83
ACEMR	180.93	40.78	177.19	74.00	74.00	21.83

Adjusted combined education mill rate (ACEMR) is the number of mills for the school district which will be considered in property tax relief calculations.

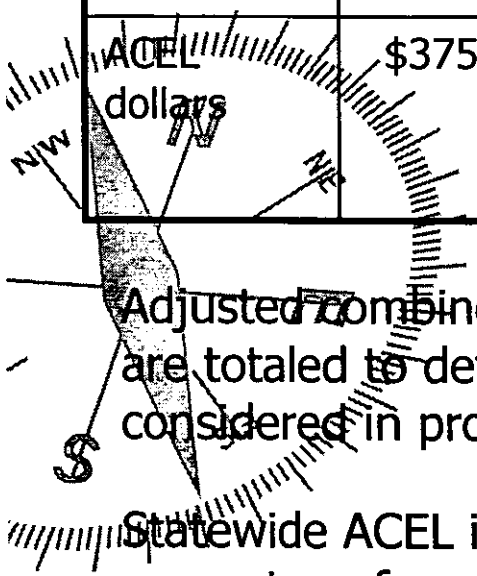


The ACEMR is multiplied times the taxable valuation of property in the school district to determine the property taxes in dollars levied by the school district which will be considered in property tax relief calculations.

	Emerado	Westhope	Fargo	Dickinson	Grafton	Glenburn
GF levy in mills	291.93	151.78	288.19	185.00	185.00	132.83
ACEMR	180.93	40.78	177.19	74.00	74.00	21.83
Taxable valuation	2,074,452	3,709,988	204,886,521	32,202,949	9,811,124	3,591,024



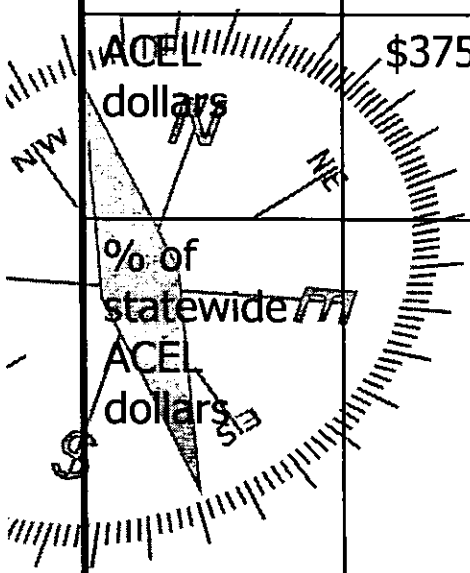
	Emerado	Westhope	Fargo	Dickinson	Grafton	Glenburn
GF levy in mills	291.93	151.78	288.19	185.00	185.00	132.83
ACEMR	180.93	40.78	177.19	74.00	74.00	21.83
Taxable valuation	2,074,452	3,709,988	204,886,521	32,202,949	9,811,124	3,591,024
ACEL dollars	$375,331	$151,293	$36,303,843	$2,383,018	$726,023	$78,392



Adjusted combined education levy (ACEL) amounts for each school district are totaled to determine the statewide dollar amount levied which will be considered in property tax relief calculations.

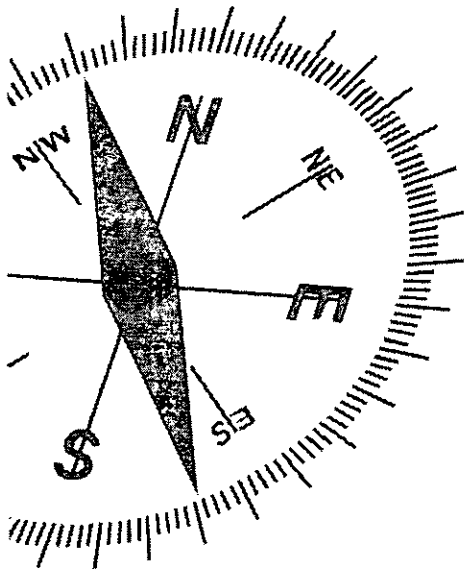
Statewide ACEL is divided into the school district's ACEL to derive a percentage for each school district that is the school district's share of the property tax relief available.

	Emerado	Westhope	Fargo	Dickinson	Grafton	Glenburn
GF levy in mills	291.93	151.78	288.19	185.00	185.00	132.83
ACEMR	180.93	40.78	177.19	74.00	74.00	21.83
Taxable valuation	2,074,452	3,709,988	204,886,521	32,202,949	9,811,124	3,591,024
ACEL dollars	$375,331	$151,293	$36,303,843	$2,383,018	$726,023	$78,392
% of statewide ACEL dollars	.258	.104	24.974	1.639	.499	.054



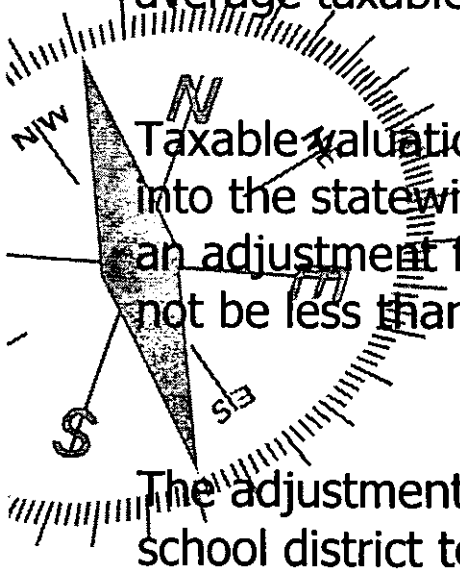
	Emerado	Westhope	Fargo	Dickinson	Grafton	Glenburn
% applied to available funds	$92,684	$37,360	$8,964,809	$588,458	$179,283	$19,358

In this example, there is $35,897,132 available for property tax relief allocations. For Emerado, the school district percentage of ACEL dollars (0.258%) is multiplied times the total available ($35,897,132) to determine Emerado's tentative allocation of $92,684.



	Emerado	Westhope	Fargo	Dickinson	Grafton	Glenburn
% applied to available funds	$92,684	$37,360	$8,964,809	$588,458	$179,283	$19,358
Adjustment factor	1.25	0.75	0.90	1.25	1.25	0.84

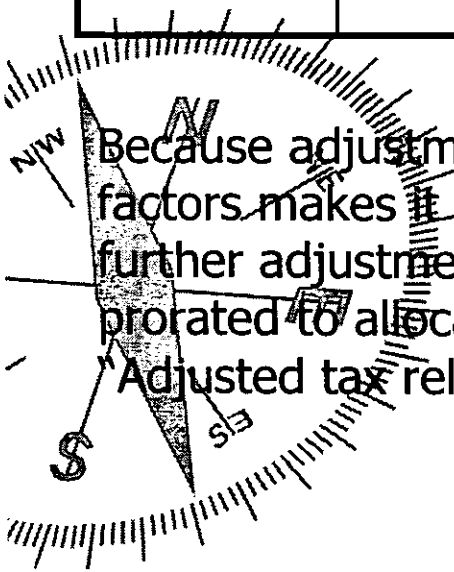
To recognize the greater reliance on property taxes in districts with lower than average taxable valuation per student, an adjustment to allocations is made.



Taxable valuation per student for the district ($12,203 for Emerado) is divided into the statewide average taxable valuation per student ($16,185) to determine an adjustment factor (1.326 for Emerado). However, the adjustment factor may not be less than .75 or more than 1.25.

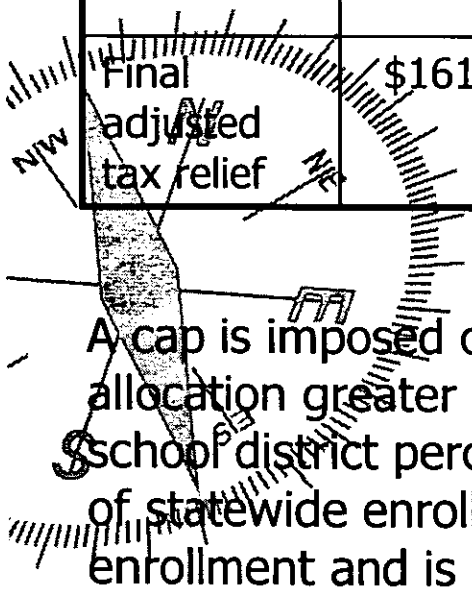
The adjustment factor is then multiplied times the tentative allocation of the school district to determine adjusted property tax relief for the school district.

	Emerado	Westhope	Fargo	Dickinson	Grafton	Glenburn
% applied to available funds	$92,684	$37,360	$8,964,809	$588,458	$179,283	$19,358
Adjustment factor	1.25	0.75	0.90	1.25	1.25	0.84
Adjusted tax relief	$115,854	$28,020	$8,034,077	$735,573	$224,104	$16,228



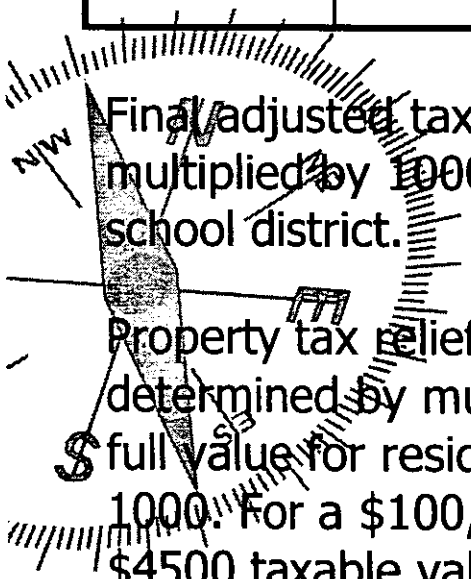
Because adjustment factors are limited to the range .75 to 1.25, application of the factors makes it almost impossible to allocate 100% of available funds without further adjustment. Therefore, adjusted property tax relief payments must be prorated to allocate the full amount available. The prorated amount is the "Adjusted tax relief" for the school district.

	Emerado	Westhope	Fargo	Dickinson	Grafton	Glenburn
% applied to available funds	$92,684	$37,360	$8,964,809	$588,458	$179,283	$19,358
Adjustment factor	1.25	0.75	0.90	1.25	1.25	0.84
Adjusted tax relief	$115,854	$28,020	$8,034,077	$735,573	$224,104	$16,228
Final adjusted tax relief	$161,322	$39,017	$3,972,266	$1,024,249	$312,053	$22,596



A cap is imposed on allocations to school districts otherwise entitled to an allocation greater than five percent of the statewide amount for allocation, so the school district percentage of the statewide allocation cannot exceed its percentage of statewide enrollment. Fargo has slightly more than eleven percent of statewide enrollment and is reduced to that percentage of the total statewide allocation.

	Emerado	Westhope	Fargo	Dickinson	Grafton	Glenburn
Final adjusted tax relief	$161,322	$39,017	$3,972,266	$1,024,249	$312,053	$22,596
Tax relief in mills	77.77	10.52	19.39	31.81	31.81	6.29
Tax relief for 100,000 T&F residential	$349.97	$47.34	$87.26	$143.15	$143.15	$28.31



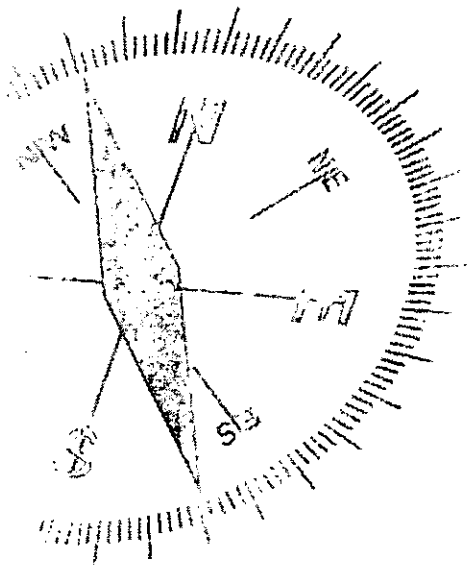
Final adjusted tax relief divided by taxable valuation of the school district and multiplied by 1000 equals the number of mills of property tax relief for each school district.

Property tax relief for a parcel of taxable property in a school district can be determined by multiplying the taxable valuation of the parcel (4.5% of true and full value for residential property) times property tax relief in mills divided by 1000. For a $100,000 true and full value residential property in Emerado, this is $4500 taxable value times .07777 equals $349.97 property tax reduction.

#2 SB 2032-A 3-7-07

Property tax relief bill draft examples

Same except for these pages



Selected school districts

	Emerado	Westhope	Fargo	Dickinson	Grafton	Glenburn
% applied to available funds	$125,925	$50,759	$12,180,064	$799,511	$243,583	$26,301

In this example, there is $48,771,743 available for property tax relief allocations. For Emerado, the school district percentage of ACEL dollars (0.258%) is multiplied times the total available ($48,771,743) to determine Emerado's tentative allocation of $125,925.

A school district otherwise entitled to more than five percent of the statewide amount for allocation may not receive a greater percentage of the total statewide amount than its percentage of statewide student enrollment. For Fargo, this is about 11% of the statewide total ($5,396,931) and the amount above that cap is then prorated among other school districts. This effect results in final adjusted tax relief, as shown below:

	Emerado	Westhope	Fargo	Dickinson	Grafton	Glenburn
Relief cap effect	$171,553	$69,152	$5,396,931	$1,089,211	$331,845	$35,831

	Emerado	Westhope	Fargo	Dickinson	Grafton	Glenburn
Final adjusted tax relief	$171,553	$69,152	$5,396,931	$1,089,211	$331,845	$35,831
Tax relief in mills	82.70	18.64	26.34	33.82	33.82	9.98
Tax relief for 100,000 T&F residential	$372.15	$83.88	$118.53	$152.19	$152.19	$44.91

Final adjusted tax relief divided by taxable valuation of the school district and multiplied by 1000 equals the number of mills of property tax relief for each school district.

Property tax relief for a parcel of taxable property in a school district can be determined by multiplying the taxable valuation of the parcel (4.5% of true and full value for residential property) times property tax relief in mills divided by 1000. For a $100,000 true and full value residential property in Emerado, this is $4500 taxable value times .0827 equals $372.15 property tax reduction.

(Orig) (#4) SB 2032 A
3-1-01
AM

Needed Improvements to SB2032

Run Attached

1) Simplification

- The same results can be achieved in a much simpler formula that takes the school mills levied between 130 and 200 and pays 50% of the cost of those mills directly back to the taxpayer.

2) Direct relief to the taxpayer

- The tax statement must include, immediately prior to the final line item showing the net tax due, the statement "State-paid school district property tax relief (_____ school mills X _____)" with the figures inserted and the dollar amount of the property tax reduction for the parcel.

3) No need to dictate mill levies to school boards

- The exact same tax relief can be provided without interfering in the school board's establishment of general fund levies. This also avoids the need to amend all statutory references to the general fund levy and avoids incompatibility with other bills such as SB2200 that attach formula provisions to the general fund mill levy.

4) Caps are unnecessary with local schools and harmful for the next two years

- School districts are already subject to statutory caps. The general fund mill cap is 185 mills unless the school elects the optional method. That is also capped by the amount of revenue raised in prior years. Under the provisions of SB2200 property rich school districts may receive the minimum guaranteed increase of 2%; in an environment of declining enrollment some of these districts may need to raise more local revenue. Meanwhile districts receiving equity payments will probably be lowering mill levies. At the very least, arbitrary mill caps should be postponed for two years.

5) A permanent, reliable source of funding should be attached to property tax relief

- The House passed HB1051, which draws $116 million from the permanent oil tax trust fund and prescribes a continuing appropriation from that revenue source. Permanent property tax relief should not rely on available general funds.

Special note: If the legislature prefers to favor residential property over agricultural and commercial, this is easily accomplished by using a factor of .25 on agricultural and commercial.

SB 2032-A
#5 3-7-07 Am

NORTH DAKOTA
CHAMBER of COMMERCE

Testimony of Bill Shalhoob
North Dakota Chamber of Commerce
SB 2032
March 7, 2007

Mr. Chairman and members of the committee, my name is Bill Shalhoob and I am here today representing the ND Chamber of Commerce, the principle business advocacy group in North Dakota. Our organization is an economic and geographic cross section of North Dakota's private sector and also includes state associations, local chambers of commerce, development organizations, convention and visitors bureaus and public sector organizations. For purposes of this hearing we are also representing sixteen local chambers with a total membership of 7,236.

Like the legislative assembly and citizens we found divergent opinions on how to address issues raised by the size of the budget surplus. They are the same questions you are facing today and consensus on positions has been difficult to ascertain, which is why we have not spoken at most tax reduction hearings until now. I can state our members endorse the provisions in SB 2032 dealing with property tax relief. We are pleased to note that the credits fairly include all property tax classifications, private, corporate and agricultural. We believe each segment made significant contributions to the budget surplus and each should be included in any property tax relief.

Thank you for the opportunity to appear before you today in support of SB 2032. I would be happy to answer any questions.

2000 Schafer Street PO Box 2639 Bismarck, ND 58502 Toll-free: 800-382-1405 Local: 701-222-0929 Fax: 701-222-1611
Web site: www.ndchamber.com E-mail: ndchamber@ndchamber.com

3-7-07 AM

#6 SB 2032 A

Testimony on Senate Bill 2032
Presented by Mark Lemer, Business Manager, West Fargo Schools
March 7, 2007

Representative Belter and members of the House Finance and Taxation Committee, I am here today to testify in opposition to the mill levy limitations currently included Senate Bill 2032.

The original premise of the bill, to reduce the reliance on local property taxes and increase the state appropriations to fund schools, is a significant and positive move to reduce the inequities that exist in school funding. However, the provisions of the bill that limit a school district's ability to tax will have long-term, negative impacts on school districts.

Under the current provisions, our general mill levy cap would be reduced from the current 185 mills to 157 mills. The idea is that the reduction is the result of an infusion of state dollars to our school district. However, in reality, we will only receive the equivalent of 23.70 mills from the state, while our levy cap is reduced by 28 mills. As such, our district's mill levy will be above the state mandated cap and we will be ineligible for even the small 5% increase that is permitted in Section 5 of the bill. The only increase in dollars that we would be entitled to receive would be from new properties that were not taxed in the prior year.

Based on estimates of the impacts of subsection 3 of Section 4, it would appear that our school district would see an increase of approximately $1,300,000 from local property taxes next year. Our estimated increase in state aid through the school funding formula in Senate Bill 2200 is approximately $1,100,000.

While the sum of $2,400,000 in new money is substantial, please note that our school district will be opening 2 new schools in the fall of 2007 to accommodate our growing enrollment. Our increased staff cost to operate these schools is anticipated to exceed $2,000,000 and the energy costs to heat and light the buildings will be another $155,000. Those 2 figures alone will eat up nearly all of the $2,400,000.

In addition to the costs associated with the new schools, we will have ongoing costs for existing programs. Each 1% raise to our existing staff costs $335,000. An overall raise of 4% would cost a total of $1,340,000, which is necessary to meet the objective of our school board and the legislative assembly to increase the compensation of teachers. Health insurance increases could amount to $500,000 and the cost of additional school buses due to more students will be $330,000. These are only a few examples of increases that our budget will incur. Beyond opening the new school, these examples alone result in costs of $2,170,000.

Without adding any new initiatives in our school district, we could be faced with a situation where our annual expenditures exceed our annual revenues, resulting in a deficit of nearly $2,000,000.

There are also new initiatives that our district would like to consider. If we implement full-day kindergarten, the cost for teachers would be $500,000. Under the proposed per-pupil funding formulas, we would have to fully fund this program in the first year. Once the program was offered for one full year, the state would begin to reimburse a portion of the costs through the state aid distribution formula.

As a school district, we would like to provide programs that result in reduced class size, increased English and math proficiency, decreased dropout rates, and improved and enhanced skills of graduates to prepare them for work or continued education. Many of these initiatives cost money. The property tax limitations in this bill make many of these changes impossible.

The dollar-for-dollar replacement of property taxes with state aid included in sections 1 and 2 of this bill can exist on their own. This process would still work if school districts were allowed to access the resources that are needed to continue to improve our system of education.

Please reconsider the current restrictions on property tax increases that have been placed in Senate Bill 2032. The long-term financial health of our school district and the education of our students are in jeopardy.

Thank you for your time and attention.

SB 2032-A
#1 3-7-07 Ama

Submitted by Dan Huffman

60th Legislative Assembly
of the
North Dakota Legislature
House of Representatives
House Finance and Tax Committee
Senate Bill 2032

The allocation to the Fargo School District from the $100,177,634 appropriation would provide about $5.5 million in property tax relief to our residents each year. This equates to a property tax reduction of about 25 mills or $112.50 on a $100,000 home. In addition, our school district has lowered the mill levy by nearly 18 mills over the past five years. We understand and support the efforts to reduce reliance on property tax as a primary funding source for education.

However, the significant expansion of limitations on access to property value growth is a real concern to our district. Our voters have given us authority to levy up to 295.46 mills for the general fund. Under this proposed legislation that authority is now gone. At the present time we are using 278.62 mills of that authority. This language penalizes our district for the fiscal responsibility over the past five years in reducing our levy 18 mills.

There are levy limitations included in current statutes. We do not believe those limitations should be expanded. The intent of the legislation to reduce property tax can be accomplished without the expanded limitations. School districts would certify their levy to the county auditor by October like has always been done. The county auditor would verify that the levy is below the current limitations imposed by law. From that certified levy, the county auditor would subtract the state financed property tax relief and the remainder would be levied against the real property in the district. This process would provide the state funded relief and maintain the current limitations included in law.

At the end of the day this district, like every other district in the state, still has to educate our students. The increasing mandates of the state and federal governments and the changing needs of these students still have to be met. As examples;

> In 1994-95 we had 407 ELL students testing at level III or lower in English proficiency. Today, in 2006-07, we have 710. That is more non-English speaking students than all but 18 school districts (90%), including Fargo, have for a total k-12 enrollment. In 1994-95 we had nine (9) special needs students with a medical diagnosis of autism. Today we have seventy nine (79). In 1994-95 we had one hundred and thirty six (136) students with a medical diagnosis of ED (emotionally disturbed). Today we have two hundred seventeen. (200).

We need to increase our efforts to improve reading proficiency, increase graduation requirements, address the drop out issue, and work with the state to improve our teacher compensation. These all require financial resources.

In addition, the legislation does not include any provision that would allow school districts to levy for any portions of the state property tax relief that would be unfunded in future years. At $100 million dollars the sustainability of the funding is a concern. Property tax relief needs to happen, but the education of our students also needs to be appropriately funded, now and in the future.

This district supports the state funded relief, but does not support the increased limitations contained in this bill. We believe it will seriously impact our ability to provide the quality education our students will need as we prepare them for the future. We ask that those limitations be removed from the bill and the current limitations remain in effect and the future reliance on property tax be part of the compete discussion of adequate funding of education in our state.

Testimony prepared by
Dan Huffman, Assistant Superintendent
Fargo Public Schools.

H:\wpdocs\legislative issues\SB2032.2007.doc

#8 SB 2032 H
3-7-07 Am

House Finance and Taxation Committee
SB2032
Bev Nielson, North Dakota School Boards Association

NDSBA's 2006 Delegate Assembly passed the following Resolution:
"NDSBA will support direct state funding of K-12 education at a level adequate to reduce reliance on local property taxes."

With all due respect to the intentions of the authors of SB2032, our position is that K-12 education in North Dakota should be adequately funded before money is sent back to taxpayers or district levying authority restricted. Given this position, we are opposed to SB2032.

During the Interim and the first half of this Session, our testimony has been consistent. We believe the equity and adequacy issues in K-12 funding must be resolved in the following order:

1. Adopt and fund an equity formula.
2. Establish what the state considers an adequate educational program for ND K-12 schools.
3. Determine the cost of providing that educational program statewide and appropriate adequate dollars to fund the state's share of those costs.
4. Then enact comprehensive property tax reform that guarantees school districts' the ability to levy sufficient local taxes to support their share of the cost of education.

Sending money back to the taxpayers sends the message that these funds are not needed to adequately fund K-12 education. We do not concur with that assumption.
If there are sustainable dollars available, we believe they should be applied to K-12 funding, thereby beginning to reduce reliance on local property taxes. If you are not positive the appropriation is sustainable, it is reckless to leave the school districts with no authority to re-levy the dollars or to make them the "fall guys" if taxes have to be re-levied because the state cannot fund the tax relief.

SB2032 requires a lowering of the levy cap from 185 to 157. SB2200, which carries the new funding formula, applies a deduction of state aid to school districts with a levy below 150 mills in 2007-08 and 155 mills in 2008-09. In essence the minimum levy becomes the maximum levy. Once a district reaches the cap, if their valuation increases, they would have to reduce mills and find themselves in a position to lose state aid. In addition, the new formula will require equity school districts to have a mill levy of at least 185 mills in order to qualify for their full equity payment. If these districts have to reduce their levies because they cannot take advantage of valuation growth above 5%, they will not receive their full equity payment. School districts should be able to benefit from increased property valuation just as the state benefits from increases in income levels and

taxable sales. How else will schools meet their obligations regarding additional academic curricular requirements, teacher salary and retirement increases, technology applications, basic building maintenance, and so on?

If we are forced to accept that tax relief is a political imperative this Session, then we would support the Governor's approach in the original version of HB1051 over the more drastic changes in engrossed SB2032 and engrossed HB1051, which severely limit local school boards' authority to tax before we are assured adequate funding from the state.

If the legislature feels flush with ending balance dollars, a simple, two-year plan to return money to taxpayers is a more responsible approach. Permanent levy reductions and limitations on growth are more appropriately addressed **after** the state has defined adequate educational programming and committed to fund 65% to 70% of the cost of delivering that education. Only then can you make an honest, realistic estimate of the amount of property taxes necessary for school districts to fund their local share of the cost of education. Reversing the order of this process could, very well, leave many school districts in a position of being required to provide educational services without the ability to fund them.

While the $80 million proposed for school funding this Session is generous, please consider the following:

- Approximately $35 million goes only to equity schools,
- Of the remaining $45 million, $10 million will be required to pay for a 1% increase in the employers' share of TFFR (SB2046),
- That leaves $35 million, which is only slightly more than customary increases in foundation aid and 70% of that must go only to teacher compensation.
- Several new curricular mandates are being added this Session.

Please carefully consider all the potential ramifications to local school districts before casting your vote on SB2032.

SB 2032-A
#9 3-7-07-AM

House Finance and Taxation Committee
SB2032

oppose

Dr. M. Douglas Johnson, Executive Director
North Dakota Council of Educational Leaders

Chairman Belter and members of the House Finance and Taxation Committee, for the record my name is Doug Johnson and I am the executive director of the North Dakota Council of Educational Leaders (NDCEL) which represents North Dakota's school leaders. I am here to testify in opposition to Engrossed **SB 2032.**

At the NDCEL's 2006 Representative Assembly, the follow position statement was passed:

> "The NDCEL supports property tax relief legislation that provides direct to the taxpayer relief by the year 2013, assumes 70 percent funding of the cost of education, and is based on an adequacy model."

The NDCEL supports the need for providing North Dakota residents property tax relief. It also supports having the State pay a greater share of the cost of educating K-12 students. **SB 2032** provides for property tax relief, which we support. However, **SB 2032** does not provide a way to have the state to adequately fund education at 70% of the cost of education. For these reasons, the NDCEL has several concerns with this bill as it is currently proposed.

First, the property tax relief proposed in **SB 2032** caps mill levies at 157 mills and uses $100 million in surplus dollars from the general fund dollars to finance a dollar for dollar property tax relief exchange with local school districts. We are very concerned that the $100 million in surplus dollars may not be able to sustain continued tax relief in the coming biennia. Should there be a down turn in the State's

economy in the coming biennia and the money needed to sustain property tax relief is no longer available or significantly reduced, the next legislative session will have only two options available: either increase taxes from other sources such as income and sales tax or to abandon the property tax relief as proposed in **SB 2032**. Further, if the legislature fails to sustain the dollar for dollar property tax proposed in this bill, the responsibility to make up this short fall in future pupil payments would fall back upon the shoulders of local property taxpayers.

Should this scenario occur it would present a significant conundrum for local school districts. Districts would not only have to make up the shortfall in the per pupil payments promised by this legislative body through **SB 2032** but also would have little or no ability to increase local levy's due to the levy cap restriction. Only those districts whose mill levy, after the property tax relief mill rate is determined, is below the 157 mill cap would be able to increase their mill rates. However, even these districts would be negatively impacted by **SB 2032** as their rate of mill levy increase has be reduced from 18% of dollars levied in the prior year to 5%. Consequently, most if not all school districts in the state would have significant difficulties in generating needed funds to make up the difference in per pupil payments that would be lost if the state does not sustain the property tax relief funding as proposed in **SB 2032**.

Second, **SB 2200**, which provides a new funding formula which addresses equity for the funding of education in our state, has many mill levy "bench marks" which trigger increases and/or decreases in a district's final per pupil payment. An example of the relationship between **SB 2032** and **SB2200** is in determining an

equity payment for an eligible district. That district's payment is determined by three qualifiers: 1) the equity payment may not exceed the district's taxable valuation times its general fund mill levy; 2) if the districts general fund levy is less than 185 mills, the district's equity payment will be reduced by an amount equal to the difference between the district's mill levy and 185 mills multiplied by the district's taxable valuation; and 3) if a district's imputed valuation per student is less than 50% of the state average, the equity payment may not be less than 20% of the state average imputed taxable valuation per student times the district's ADM times 185 mills. The mill levy "caps" and restrictions placed on increasing mill levies in the future that are in the current version of **SB 2032** must, at a minimum, be reconciled with those in **SB 2200**. Without that happening, the new equity funding formula could never work with **SB 2032.**

Third, Section 5 of this bill reduces the amount a district can increase its mill levy to attain the 157 mill cap from 18% to 5%. In this situation a district "may not exceed the amount in dollars which the district levied for the prior school year plus 5% up to a general fund levy of 157 mills on the dollar of taxable valuation to the district". It is conceivable that districts which are experiencing economic growth, as shown by their increased taxable valuation, could have a growth rate that exceeds the 5% limit and therefore would not be able to capitalize on the increases in taxable valuation of their community. These districts could actually receive less money than that to which they should be entitled due to increases in their taxable valuation growing at a rate greater than 5% each year.

Finally, the State has yet to define adequate funding of education and how this cost will be funded in the future. It is the position of the NDCEL that public education be funded at an adequate level by the State so that local school districts do not have to rely on local property taxes to pay the majority of the cost of educating their students.

Chairman Belter and members of the House Finance and Taxation Committee, this concludes my testimony on **SB2032**. I encourage your committee to consider the above concerns in your deliberations of **SB 2032** and amend the bill as needed to allievate these problems. If that cannot be done I encourage your committee to give SB 2032 a Do Not Pass. At this time I would be happy to answer any questions that you have in regard to my testimony.

SB 2032 - A
3-7-07 AM
#10

Testimony of Harlan Fuglesten,
North Dakota Association of Rural Electric Cooperatives
On SB 2032
Before the House Finance and Taxation Committee
March 7, 2007

Mr. Chairman and members of the committee, my name is Harlan Fuglesten with the North Dakota Association of Rural Electric Cooperatives. I'm here today to testify in a neutral position on SB 2032. In this regard, I want to alert you to a concern we have about fair treatment under our property tax laws, and to offer an amendment that could address this unfairness.

Our Association represents 17 distribution cooperatives that serve about 250,000 North Dakotans, and five generation and transmission cooperatives that generate most of the electricity used in and exported from the state. Our member cooperatives pay millions of dollars each year in property and in lieu property taxes in North Dakota. In fact, when compared on a common basis, such as kilowatt hour sales or revenue, we believe electric co-ops pay somewhat more than the IOUs.

That brings me to our concern about fair tax treatment. If enacted as written, SB 2032 will give the IOUs a substantial tax reduction that will not be granted to the electric cooperatives. I want to take a little time to explain why this is so and why it is a matter of some concern to us.

Investor-owned utilities pay a centrally assessed ad valorem property tax on their electric transmission and distribution property. Once the Tax Department determines an IOU's overall taxable value, it then assigns local valuations based on the original cost of the IOU's assessed property in each county and taxing district, and the local mill levies are applied against the valuation to establish the IOU's tax liability. If the state funds the decrease of school mill levies, such as proposed under SB 2032, this will provide substantial tax relief to the investor-owned utilities.

By contrast, electric co-ops primarily pay a 2% gross receipts tax in lieu of property taxes, although co-ops are also taxed on an ad valorem basis for the unimproved value of the land they own. In 2006, co-ops paid nearly $6.5 million in gross receipts taxes on the property used to deliver electricity to consumers in North Dakota. In addition, co-ops paid more than $400,000 in high voltage transmission line taxes, another in lieu property tax not paid by the IOUs, and taxes on the unimproved value of their land. Altogether, co-ops pay more than $7 million in property based taxes on their non-generation property assets.

To my knowledge, there are no bills before the legislature to lower the tax burden for companies that pay in lieu property taxes. I believe this is because, with the exception of the electric industry, in lieu property taxes are applied equally to all businesses within an industry. For example, telecommunication co-ops and investor-owned telephone companies both pay gross receipts taxes on the same basis. Likewise, oil companies are

all subject to paying the gross production tax in lieu of property taxes, and everyone who generates electricity from coal pays the same coal conversion tax regardless of ownership structure. Property tax changes don't affect the competitive position of these companies. Unfortunately, that is not the case for electric cooperatives.

We are not here today because we want to gain a competitive advantage over the investor-owned utilities. We simply want the tax burden on electric cooperatives to be fair to our consumers who pay the taxes you impose. Working with the Electric Industry Competition Committee over the past 10 years, we helped develop an in lieu property tax plan that we think would be easy to administer, fair to all utilities, and provide the same overall property tax revenue to local government as the existing system. One of our main motivations in working on tax reform is that whenever there is a proposed change in taxes affecting either in lieu taxes or ad valorem taxes, it creates tax equity issues for co-ops and IOUs, as well as for the local political subdivisions that receive the property tax revenue. While we continue to seek consensus on utility tax reform, granting property tax relief to the IOUs without providing commensurate tax relief to the co-ops will move our two property tax systems further apart, and it will make future attempts at achieving equity almost impossible.

Based upon the most recent numbers available from the Tax Department, it appears that the property tax relief offered in SB 2032 results in a tax savings of 7.5%. If the electric co-ops received the same reduction on their in lieu property taxes as the IOUs would receive under this bill, the co-ops would save about one million dollars during the next biennium. This savings would be directly reflected in the rates our North Dakota consumers pay, since our co-ops are consumer-owned. By contrast, any property tax savings for the IOUs would benefit their shareholders, not local ratepayers, at least so long as the IOUs do not bring a rate case before the PSC. (Public Service Commission)

It seems to me that if the state provides property tax relief, it should make sure the relief benefits North Dakota residents at least as much as out of state utility investors.

The amendment we propose is simply to reduce the 2% gross receipts tax rate paid by the electric cooperatives by an amount equivalent to the reduction in ad valorem property taxes. We propose that the tax be reduced to 1.85%, which represents a 7.5% tax reduction. Based on the gross receipts taxes paid for 2006, the one year tax savings to co-ops would be about $489,000.

As utility rates rise to reflect higher costs for new electric generation and as total load grows, co-op gross receipts have been increasing steadily. For instance, co-op gross receipts taxes have increased by almost exactly $700,000 in the last two years or $350,000/year. We believe this growth will continue and largely offset the tax reduction we have suggested. In addition, the slight reduction would be distributed broadly among hundreds of taxing units, including counties, cities, and school districts, so the impact to any particular taxing unit would be slight. Therefore, we have not suggested adding any additional general fund money to make up for this small tax reduction.

Again, I want to be clear that we are not clamoring for property tax relief for electric utilities generally or for co-ops in particular. We would simply ask that when you consider property tax relief plans like SB 2032 you treat our co-ops and our more than 100,000 co-op members fairly. Thank you for your consideration.

#3
SB 2032
3-13-07
?

Funding Scenario for SB 2032
Data Source: 2006-2007 School District Taxable Valuation.
1st Year Allocation

Funding 50,100,000
Factor 50%
Min Levy 130
Max Levy 200

Codist	Dname	DTYPE	TAXVAL	TAXVALPP	GFLEVY	HSTUIT	HSTRAN	GF Levy 3	Adj Combined Levy	Initial Allocation	Final Allocation
1013	Hettinger 13	1	6,623,870	24,087	165.85	-	7.25	173.10	43.10	142,744.40	151,828
2002	Valley City 2	1	16,921,764	14,676	185.00	10.34	-	195.34	65.34	552,834.03	588,013
2046	Litchville-Marion 46	1	6,774,116	37,426	150.48	-	-	150.48	20.48	69,366.95	73,781
2065	N Central 65	1	6,539,043	43,020	158.16	-	-	158.16	28.16	92,069.73	97,928
2082	Wimbledon-Courtenay 82	1	5,958,890	41,671	165.13	-	-	165.13	35.13	104,667.90	111,328
3005	Minnewaukan 5	1	1,592,220	20,155	166.43	9.00	-	175.43	45.43	36,167.28	38,469
3006	Leeds 6	1	4,640,554	27,459	158.39	-	-	158.39	28.39	65,872.66	70,064
3009	Maddock 9	1	4,259,762	25,057	176.75	-	-	176.75	46.75	99,571.94	105,908
3016	Oberon 16	2	1,045,274	24,887	112.56	38.27	11.96	162.79	32.79	17,137.27	18,228
3029	Warwick 29	1	1,226,876	4,159	149.16	-	-	149.16	19.16	11,753.47	12,501
3030	Ft Totten 30	1	120,157	241	185.00	121.51	-	306.51	70.00	4,205.50	4,473
4001	Billings Co 1	2	5,143,741	43,591	-	34.02	-	34.02	-	-	-
5001	Bottineau 1	1	12,712,022	17,930	145.53	-	-	145.53	15.53	98,708.85	104,990
5017	Westhope 17	1	3,717,065	29,040	164.68	-	-	164.68	34.68	64,453.91	68,555
5054	Newburg-United 54	1	5,115,724	63,947	159.31	1.00	-	160.31	30.31	77,528.80	82,462
6001	Bowman County 1	1	8,020,930	19,052	151.83	-	-	151.83	21.83	87,548.45	93,119
6033	Scranton 33	1	3,614,419	26,383	139.17	-	-	139.17	9.17	16,572.11	17,627
7014	Bowbells 14	1	2,939,706	35,850	156.48	-	-	156.48	26.48	38,921.71	41,398
7027	Powers Lake 27	1	2,031,265	17,818	182.75	-	-	182.75	52.75	53,574.61	56,984
7036	Burke Central 36	1	3,492,885	46,572	169.20	-	-	169.20	39.20	68,460.55	72,817
8001	Bismarck 1	1	181,875,185	16,601	229.17	-	-	229.17	70.00	6,365,631.48	6,770,701
8025	Naughton 25	3	286,333	31,815	167.64	-	-	167.64	37.64	5,388.79	5,732
8028	Wing 28	1	2,196,493	35,427	141.13	-	-	141.13	11.13	12,223.48	13,001
8029	Baldwin 29	2	880,824	14,929	136.24	81.74	-	217.98	70.00	30,828.84	32,791
8033	Menoken 33	2	1,275,949	17,971	166.26	3.14	-	169.40	39.40	25,136.20	26,736
8035	Sterling 35	2	2,123,699	27,943	166.69	14.69	14.69	196.07	66.07	70,156.40	74,621
8039	Apple Creek 39	2	2,293,197	15,087	89.27	148.88	-	238.15	70.00	80,261.90	85,369
8045	Manning 45	3	252,003	7,200	219.94	31.99	-	251.93	70.00	8,820.11	9,381
9001	Fargo 1	1	221,866,441	19,556	278.62	-	-	278.62	70.00	7,765,325.44	8,259,462
9002	Kindred 2	1	13,178,666	20,028	169.89	-	-	169.89	39.89	262,848.49	279,575
9004	Maple Valley 4	1	9,378,839	32,679	175.81	-	-	175.81	45.81	214,822.31	228,492
9006	West Fargo 6	1	127,048,414	23,944	185.00	3.05	-	188.05	58.05	3,687,580.22	3,922,235
9007	Mapleton 7	2	3,369,926	17,461	140.96	110.78	-	251.74	70.00	117,947.41	125,453
9017	Central Cass 17	1	13,963,238	18,643	155.38	-	-	155.38	25.38	177,193.49	188,469
9080	Page 80	2	3,863,075	37,506	166.76	-	-	166.76	36.76	71,003.32	75,522
9097	Northern Cass 97	1	11,458,315	27,088	170.54	-	-	170.54	40.54	232,260.05	247,040

Funding Scenario for SB 2032

Data Source: 2006-2007 School District Taxable Valuation.

1st Year Allocation

Funding 50,100,000

Factor 50%

Min Levy 130

Max Levy 200

Codist	Dname	DTYPE	TAXVAL	TAXVALPP	GFLEVY	HSTUIT	HSTRAN	GF Levy 3	Adj Combined Levy	Initial Allocation	Final Allocation
10014	Boder Central 14	Dissolved	-	-	-	-	-	-	-	-	-
10019	Munich 19	1	4,355,374	42,285	148.37	-	-	148.37	18.37	40,004.11	42,550
10023	Langdon Area 23	1	14,474,195	26,365	157.50	-	-	157.50	27.50	199,020.18	211,685
11040	Ellendale 40	1	6,954,349	18,158	172.55	-	-	172.55	42.55	147,953.77	157,369
11041	Oakes 41	1	9,514,575	18,953	183.93	0.94	-	184.87	54.87	261,032.37	277,643
12001	Divide County 1	1	7,106,107	28,887	140.93	-	-	140.93	10.93	38,834.87	41,306
13008	Dodge 8	2	642,258	27,924	185.00	-	-	185.00	55.00	17,662.10	18,786
13016	Killdeer 16	1	7,545,875	25,579	158.78	-	-	158.78	28.78	108,585.14	115,495
13019	Halliday 19	1	1,948,688	18,212	171.31	-	-	171.31	41.31	40,250.15	42,811
13037	Twin Buttes 37	2	24,816	331	-	-	-	-	-	-	-
14002	New Rockford-Sheyenne 2	1	7,127,537	18,044	165.00	-	-	165.00	35.00	124,731.90	132,669
15006	Hazelton-Moffit-Braddock 6	1	4,028,979	30,067	152.64	-	-	152.64	22.64	45,608.04	48,510
15010	Bakker 10	2	1,136,638	36,666	101.81	22.09	-	123.90	-	-	-
15015	Strasburg 15	1	3,256,107	19,267	142.50	-	-	142.50	12.50	20,350.67	21,646
15036	Linton 36	1	5,505,726	18,052	171.03	-	-	171.03	41.03	112,949.97	120,137
16049	Carrington 49	1	12,896,659	21,142	150.67	-	-	150.67	20.67	133,286.97	141,769
17003	Beach 3	1	4,144,174	19,010	145.42	-	-	145.42	15.42	31,951.58	33,985
17006	Lone Tree 6	2	1,452,927	27,941	106.68	106.06	-	212.74	70.00	50,852.45	54,088
18001	Grand Forks 1	1	127,790,615	18,873	208.62	-	-	208.62	70.00	4,472,671.53	4,757,284
18044	Larimore 44	1	7,437,150	14,904	180.31	-	-	180.31	50.31	187,081.51	198,986
18061	Thompson 61	1	6,487,151	15,264	178.49	-	-	178.49	48.49	157,280.98	167,289
18125	Manvel 125	2	3,959,813	14,244	49.61	130.69	10.01	190.31	60.31	119,408.16	127,007
18127	Emerado 127	2	2,225,596	13,092	151.84	126.07	7.94	285.85	70.00	77,895.86	82,853
18128	Midway 128	1	6,126,598	22,607	190.97	-	-	190.97	60.97	186,769.34	198,654
18129	Northwood 129	1	5,790,898	16,641	185.00	-	-	185.00	55.00	159,249.70	169,383
18140	Grand Forks AFB 140	4	27,020	38	-	-	-	-	-	-	-
19018	Roosevelt 18	2	2,482,644	17,361	159.80	7.74	-	167.54	37.54	46,599.23	49,565
19049	Elgin-New Leipzig 49	1	4,464,390	24,263	188.24	-	-	188.24	58.24	130,003.04	138,276
20007	Midkota 7	1	5,844,290	37,225	185.00	-	-	185.00	55.00	160,717.98	170,945
20018	Griggs County Central 18	1	6,245,816	21,463	190.00	-	-	190.00	60.00	187,374.48	199,298
21001	Mott-Regent 1	1	7,291,655	31,161	144.25	-	-	144.25	14.25	51,953.04	55,259
21009	New England 9	1	5,081,468	30,797	170.50	-	-	170.50	40.50	102,899.73	109,448
22011	Pettibone-Tuttle 11	2	1,202,149	46,237	187.48	-	-	187.48	57.48	34,549.76	36,748
22014	Robinson 14	2	1,241,915	45,997	163.92	59.36	-	223.28	70.00	43,467.03	46,233
22020	Tuttle-Pettibone 20	1	1,423,166	83,716	171.40	-	-	171.40	41.40	29,459.54	31,334
22026	Steele-Dawson 26	1	4,766,626	23,833	161.23	-	-	161.23	31.23	74,430.86	79,167

Funding Scenario for SB 2032

Data Source: 2006-2007 School District Taxable Valuation.

1st Year Allocation

Funding 50,100,000

Factor 50%

Min Levy 130

Max Levy 200

Codist	Dname	DTYPE	TAXVAL	TAXVALPP	GFLEVY	HSTUIT	HSTRAN	GF Levy 3	Adj Combined Levy	Initial Allocation	Final Allocation
22028	Tappen 28	1	1,781,767	18,181	195.00	-	-	195.00	65.00	57,907.43	61,592
23003	Edgeley 3	1	6,145,817	25,085	156.20	-	-	156.20	26.20	80,510.20	85,633
23007	Kulm 7	1	5,910,315	48,051	170.04	-	-	170.04	40.04	118,324.51	125,854
23008	LaMoure 8	1	6,747,119	21,978	148.21	-	-	148.21	18.21	61,432.52	65,342
23011	Verona 11	Dissolved	-	-	-	-	-	-	-	-	-
24002	Napoleon 2	1	4,212,783	18,641	162.60	-	-	162.60	32.60	68,668.36	73,038
24056	Gackle-Streeter 56	1	4,938,071	44,090	141.76	-	-	141.76	11.76	29,035.86	30,884
25001	Velva 1	1	7,809,644	21,754	148.96	-	-	148.96	18.96	74,035.43	78,747
25014	Anamoose 14	1	1,996,548	26,270	178.81	12.32	-	191.13	61.13	61,024.49	64,908
25057	Drake 57	1	3,842,991	29,336	161.54	0.95	-	162.49	32.49	62,429.39	66,402
25060	TGU 60	1	11,702,839	30,636	153.81	-	-	153.81	23.81	139,322.30	148,188
26004	Zeeland 4	1	2,737,510	45,625	160.95	-	-	160.95	30.95	42,362.97	45,059
26009	Ashley 9	1	4,106,759	27,937	153.21	6.08	-	159.29	29.29	60,143.49	63,971
26019	Wishek 19	1	4,275,156	20,957	147.36	-	-	147.36	17.36	37,108.35	39,470
27001	McKenzie Co 1	1	10,541,870	17,747	145.06	-	-	145.06	15.06	79,380.28	84,432
27002	Alexander 2	1	3,052,372	69,372	142.04	-	-	142.04	12.04	18,375.28	19,545
27014	Yellowstone 14	2	1,674,462	20,931	155.27	22.56	4.44	182.27	52.27	43,762.06	46,547
27018	Earl 18	3	498,398	33,227	-	16.65	4.01	20.66	-	-	-
27019	Bowline Butte 19	Dissolved	-	-	-	-	-	-	-	-	-
27032	Horse Creek 32	3	1,170,756	90,058	46.98	42.71	14.09	103.78	-	-	-
27036	Mandaree 36	1	85,135	439	82.22	-	-	82.22	-	-	-
28001	Montefiore 1	1	3,914,721	18,642	150.71	-	-	150.71	20.71	40,536.94	43,116
28004	Washburn 4	1	5,412,202	19,124	139.87	-	-	139.87	9.87	26,709.22	28,409
28008	Underwood 8	1	5,119,060	24,261	164.09	7.03	-	171.12	41.12	105,247.87	111,945
28050	Max 50	1	3,141,047	20,940	171.39	-	-	171.39	41.39	65,003.97	69,140
28051	Garrison 51	1	7,593,487	24,734	161.98	-	-	161.98	31.98	121,419.86	129,146
28072	Turtle Lake-Mercer 72	1	4,923,032	29,304	154.38	-	-	154.38	24.38	60,011.76	63,831
28085	White Shield 85	1	323,186	2,786	185.00	-	-	185.00	55.00	8,887.62	9,453
29003	Hazen 3	1	5,965,525	9,844	185.00	-	-	185.00	55.00	164,051.94	174,491
29020	Golden Valley 20	1	1,228,949	22,758	170.88	-	-	170.88	40.88	25,119.72	26,718
29027	Beulah 27	1	9,706,543	13,866	185.65	-	-	185.65	55.65	270,084.56	287,271
30001	Mandan 1	1	46,101,503	12,914	185.00	-	-	185.00	55.00	1,267,791.33	1,348,466
30004	Little Heart 4	2	845,884	20,631	130.04	50.83	-	180.87	50.87	21,515.06	22,884
30007	New Salem 7	1	4,146,963	13,165	149.15	-	-	149.15	19.15	39,707.17	42,234
30008	Sims 8	2	1,535,702	36,564	118.51	58.61	9.44	186.56	56.56	43,429.65	46,193
30013	Hebron 13	1	3,902,707	25,179	166.40	-	-	166.40	36.40	71,029.27	75,549

Funding Scenario for SB 2032

Data Source: 2006-2007 School District Taxable Valuation.

1st Year Allocation

Funding 50,100,000

Factor 50%

Min Levy 130

Max Levy 200

Codist	Dname	DTYPE	TAXVAL	TAXVALPP	GFLEVY	HSTUIT	HSTRAN	GF Levy 3	Adj Combined Levy	Initial Allocation	Final Allocation
30017	Sweet Briar 17	3	381,833	21,213	70.99	57.62	-	128.61	-	-	-
30039	Flasher 39	1	3,261,855	18,533	181.55	-	-	181.55	51.55	84,074.31	89,424
30048	Glen Ullin 48	1	4,215,108	20,072	162.42	-	-	162.42	32.42	68,326.90	72,675
31001	New Town 1	1	3,574,733	4,792	163.90	-	-	163.90	33.90	60,591.72	64,447
31002	Stanley 2	1	6,359,834	20,582	171.41	-	-	171.41	41.41	131,680.36	140,060
31003	Parshall 3	1	3,708,678	15,917	156.49	-	-	156.49	26.49	49,121.44	52,247
32001	Dakota Prairie 1	1	9,758,327	24,154	185.00	-	-	185.00	55.00	268,353.99	285,430
32066	Lakota 66	1	4,742,174	27,254	185.00	-	-	185.00	55.00	130,409.79	138,708
33001	Center-Stanton 1	1	5,072,027	16,468	174.98	-	-	174.98	44.98	114,069.89	121,329
34006	Cavalier 6	1	8,930,577	21,942	185.00	-	-	185.00	55.00	245,590.87	261,219
34012	Valley 12	1	3,904,395	25,519	184.97	12.30	-	197.27	67.27	131,324.33	139,681
34019	Drayton 19	1	5,518,152	40,278	181.83	4.32	-	186.15	56.15	154,922.12	164,780
34043	St Thomas 43	1	3,288,127	28,843	185.00	21.29	1.52	207.81	70.00	115,084.45	122,408
34100	North Border 100	1	12,603,685	25,360	184.77	-	-	184.77	54.77	345,151.91	367,115
35001	Wolford 1	1	1,696,655	33,933	191.95	-	-	191.95	61.95	52,553.89	55,898
35005	Rugby 5	1	11,235,384	18,034	182.50	-	-	182.50	52.50	294,928.83	313,696
36001	Devils Lake 1	1	19,070,698	9,851	185.00	9.00	-	194.00	64.00	610,262.34	649,096
36002	Edmore 2	1	4,895,013	61,962	143.00	-	-	143.00	13.00	31,817.58	33,842
36044	Starkweather 44	1	2,905,961	36,784	168.62	-	-	168.62	38.62	56,114.11	59,685
37002	Sheldon 2	2	1,464,852	19,024	177.36	68.27	-	245.63	70.00	51,269.82	54,532
37006	Ft Ransom 6	2	974,188	24,979	139.97	89.50	-	229.47	70.00	34,096.58	36,266
37019	Lisbon 19	1	9,301,590	16,699	185.00	-	-	185.00	55.00	255,793.73	272,071
37022	Enderlin 22	1	6,216,237	23,023	181.78	2.00	-	183.78	53.78	167,154.61	177,791
38001	Mohall-Lansford-Sherwood 1	1	10,514,238	30,041	147.42	-	-	147.42	17.42	91,579.01	97,407
38026	Glenburn 26	1	3,810,697	20,488	147.71	-	-	147.71	17.71	33,743.72	35,891
39008	Hankinson 8	1	6,476,954	21,447	170.00	-	-	170.00	40.00	129,539.08	137,782
39018	Fairmount 18	1	4,225,804	44,955	188.08	-	-	188.08	58.08	122,717.35	130,526
39028	Lidgerwood 28	1	3,978,934	20,198	185.00	-	-	185.00	55.00	109,420.69	116,384
39037	Wahpeton 37	1	21,522,503	15,009	185.00	1.65	-	186.65	56.65	609,624.90	648,418
39042	Wyndmere 42	1	6,848,232	27,503	152.23	-	-	152.23	22.23	76,118.10	80,962
39044	Richland 44	1	5,837,367	18,299	185.00	-	-	185.00	55.00	160,527.59	170,743
40001	Dunseith 1	1	1,538,120	1,851	136.53	8.33	-	144.86	14.86	11,428.23	12,155
40003	St John 3	1	817,325	1,828	144.37	-	-	144.37	14.37	5,872.48	6,246
40004	Mt Pleasant 4	1	4,201,031	14,587	180.07	2.59	-	182.66	52.66	110,613.15	117,652
40007	Belcourt 7	1	369,179	171	-	-	-	-	-	-	-
40029	Rolette 29	1	3,125,844	16,627	185.00	-	-	185.00	55.00	85,960.71	91,431

Funding Scenario for SB 2032

Data Source: 2006-2007 School District Taxable Valuation.

1st Year Allocation

Funding 50,100,000

Factor 50%

Min Levy 130

Max Levy 200

Codist	Dname	DTYPE	TAXVAL	TAXVALPP	GFLEVY	HSTUIT	HSTRAN	GF Levy 3	Adj Combined Levy	Initial Allocation	Final Allocation
41002	Milnor 2	1	3,827,121	13,620	175.84	4.70	-	180.54	50.54	96,711.35	102,865
41003	N Sargent 3	1	3,160,275	16,460	177.98	4.45	-	182.43	52.43	82,846.61	88,118
41006	Sargent Central 6	1	7,731,469	29,066	184.73	2.21	-	186.94	56.94	220,114.92	234,122
42016	Goodrich 16	1	1,757,337	41,841	185.00	2.85	-	187.85	57.85	50,830.97	54,066
42019	McClusky 19	1	2,752,304	30,581	174.73	-	-	174.73	44.73	61,555.28	65,472
43003	Solen 3	1	250,307	738	185.00	-	-	185.00	55.00	6,883.44	7,321
43004	Ft Yates 4	1	482,891	603	185.00	-	-	185.00	55.00	13,279.50	14,125
43008	Selfridge 8	1	1,334,150	16,677	183.10	-	-	183.10	53.10	35,421.68	37,676
44012	Marmarth 12	2	1,469,837	58,793	30.62	27.89	4.42	62.93	-	-	-
44032	Central Elementary 32	2	1,381,364	69,068	28.96	14.48	3.62	47.06	-	-	-
45001	Dickinson 1	1	35,959,581	11,927	185.00	-	-	185.00	55.00	988,888.48	1,051,815
45009	South Heart 9	1	3,095,455	12,284	146.00	-	-	146.00	16.00	24,763.64	26,339
45013	Belfield 13	1	1,678,693	9,538	185.00	-	-	185.00	55.00	46,164.06	49,102
45034	Richardton-Taylor 34	1	4,502,094	19,746	185.00	-	-	185.00	55.00	123,807.59	131,686
46010	Hope 10	1	3,782,123	30,501	176.09	-	-	176.09	46.09	87,159.02	92,705
46019	Finley-Sharon 19	1	4,513,978	23,883	185.00	-	-	185.00	55.00	124,134.40	132,034
47001	Jamestown 1	1	33,535,250	13,544	185.00	7.00	-	192.00	62.00	1,039,592.75	1,105,746
47003	Medina 3	1	3,507,591	23,541	169.06	-	-	169.06	39.06	68,503.25	72,862
47010	Pingree-Buchanan 10	1	3,282,435	29,840	165.92	-	-	165.92	35.92	58,952.53	62,704
47014	Montpelier 14	1	2,586,121	26,389	185.00	-	-	185.00	55.00	71,118.33	75,644
47019	Kensal 19	1	2,653,471	53,069	170.00	-	-	170.00	40.00	53,069.42	56,446
47026	Spiritwood 26	2	3,132,609	184,271	140.09	-	-	140.09	10.09	15,804.01	16,810
48002	Bisbee-Egeland 2	1	3,620,091	49,590	176.79	-	-	176.79	46.79	84,692.03	90,081
48008	Southern 8	1	3,838,760	17,855	164.12	3.13	-	167.25	37.25	71,496.91	76,047
48028	North Central 28	1	3,621,226	43,110	153.82	-	-	153.82	23.82	43,128.80	45,873
49003	Central Valley 3	1	6,411,109	20,951	153.64	-	-	153.64	23.64	75,779.31	80,601
49007	Hatton 7	1	4,005,398	15,769	203.50	-	-	203.50	70.00	140,188.93	149,110
49009	Hillsboro 9	1	9,874,586	24,936	178.64	-	-	178.64	48.64	240,149.93	255,432
49014	May-Port CG 14	1	11,315,992	20,650	185.00	-	-	185.00	55.00	311,189.78	330,992
50003	Grafton 3	1	10,045,145	11,149	184.96	-	-	184.96	54.96	276,040.58	293,606
50005	Fordville-Lankin 5	1	3,073,873	30,739	155.35	-	-	155.35	25.35	38,961.34	41,441
50020	Minto 20	1	4,128,903	20,853	181.89	1.94	-	183.83	53.83	111,129.42	118,201
50051	Nash 51	2	938,667	26,819	176.85	21.41	-	198.26	68.26	32,036.70	34,075
50078	Park River 78	1	5,878,755	16,375	185.00	3.11	-	188.11	58.11	170,807.23	181,676
50106	Edinburg 106	1	2,030,114	20,100	182.25	-	-	182.25	52.25	53,036.73	56,412
50128	Adams 128	2	2,074,568	30,508	167.26	-	-	167.26	37.26	38,649.20	41,109

Funding Scenario for SB 2032

Data Source: 2006-2007 School District Taxable Valuation.

1st Year Allocation

Funding 50,100,000

Factor 50%

Min Levy 130

Max Levy 200

Codist	Dname	DTYPE	TAXVAL	TAXVALPP	GFLEVY	HSTUIT	HSTRAN	GF Levy 3	Adj Combined Levy	Initial Allocation	Final Allocation
51001	Minot 1	1	86,111,800	15,418	185.00	8.13	-	193.13	63.13	2,718,118.97	2,891,083
51004	Nedrose 4	2	6,003,991	15,717	82.45	107.60	-	190.05	60.05	180,269.83	191,741
51007	United 7	1	7,521,922	11,484	179.79	-	-	179.79	49.79	187,258.25	199,174
51010	Bell 10	2	3,075,653	13,670	97.54	112.17	10.08	219.79	70.00	107,647.86	114,498
51016	Sawyer 16	1	2,680,278	19,009	185.00	-	-	185.00	55.00	73,707.65	78,398
51019	Eureka 19	2	1,048,485	24,383	53.14	72.49	-	125.63	-	-	-
51028	Kenmare 28	1	7,205,996	28,595	183.18	-	-	183.18	53.18	191,607.43	203,800
51041	Surrey 41	1	3,480,760	11,488	156.94	-	-	156.94	26.94	46,885.84	49,869
51070	S Prairie 70	2	4,657,224	26,018	118.13	47.67	5.80	171.60	41.60	96,870.26	103,034
51160	Minot AFB 160	4	-	-	-	-	-	-	-	-	-
51161	Lewis and Clark 161	1	9,898,727	28,121	159.62	-	-	159.62	29.62	146,600.15	155,929
52025	Fessenden-Bowdon 25	1	8,067,963	40,340	135.10	-	-	135.10	5.10	20,573.31	21,882
52035	Pleasant Valley 3	2	1,128,829	35,276	163.89	13.29	-	177.18	47.18	26,629.08	28,324
52038	Harvey 38	1	9,042,970	20,884	175.34	-	-	175.34	45.34	205,004.13	218,049
53001	Williston 1	1	20,186,097	8,638	238.41	-	-	238.41	70.00	706,513.40	751,472
53002	Nesson 2	1	3,634,390	21,894	185.00	-	-	185.00	55.00	99,945.73	106,306
53006	Eight Mile 6	1	1,600,815	10,744	162.42	-	-	162.42	32.42	25,949.21	27,600
53008	New 8	2	8,220,423	27,310	131.99	57.78	3.65	193.42	63.42	260,669.61	277,257
53015	Tioga 15	1	5,925,708	25,652	178.33	-	-	178.33	48.33	143,194.73	152,307
53091	Wildrose-Alamo 91	4	1,992,295	47,436	148	-	-	148.07	18.07	18,000.39	19,146
53099	Grenora 99	1	3,696,856	63,739	185.00	-	-	185.00	55.00	101,663.54	108,133
	North Dakota		1,775,656,783	17,521	193.01	3.67	0.17	196.85		47,102,678.87	50,100,000
								Statewide Mill Reduction		26.53	28.21

NOTES

Adj Combined Levy = General Fund mills levied between 130 and 200 mills.

Initial allocation = Adj Combined Levy times taxable valuation * 50% factor

Final allocation = Adjustment to spend the amount appropriated ... Funding Available / Initial Allocation Total * Initial Allocation.

Funding Scenario for SB 2032
Data Source: 2006-2007 School District Taxable Valuation.
1st Year Allocation

Funding 50,000,000

Factor 50%
Min Levy 130
Max Levy 200

Codist	Dname	DTYPE	TAXVAL	TAXVALPP	GFLEVY	HSTUIT	HSTRAN	GF Levy 3	Adj Combined Levy	Initial Allocation	Final Allocation	Property Tax Relief in Mills
1013	Hettinger 13	1	6,623,870	24,087	165.85	-	7.25	173.10	43.10	142,744.40	151,525	22.88
2002	Valley City 2	1	16,921,764	14,676	185.00	10.34	-	195.34	65.34	552,834.03	586,839	34.68
2046	Litchville-Marion 46	1	6,774,116	37,426	150.48	-	-	150.48	20.48	69,366.95	73,634	10.87
2065	N Central 65	1	6,539,043	43,020	158.16	-	-	158.16	28.16	92,069.73	97,733	14.95
2082	Wimbledon-Courtenay 82	1	5,958,890	41,671	165.13	-	-	165.13	35.13	104,667.90	111,106	18.65
3005	Minnewaukan 5	1	1,592,220	20,155	166.43	9.00	-	175.43	45.43	36,167.28	38,392	24.11
3006	Leeds 6	1	4,640,554	27,459	158.39	-	-	158.39	28.39	65,872.66	69,925	15.07
3009	Maddock 9	1	4,259,762	25,057	176.75	-	-	176.75	46.75	99,571.94	105,697	24.81
3016	Oberon 16	2	1,045,274	24,887	112.56	38.27	11.96	162.79	32.79	17,137.27	18,191	17.40
3029	Warwick 29	1	1,226,876	4,159	149.16	-	-	149.16	19.16	11,753.47	12,476	10.17
3030	Ft Totten 30	1	120,157	241	185.00	121.51	-	306.51	70.00	4,205.50	4,464	37.15
4001	Billings Co 1	2	5,143,741	43,591	-	34.02	-	34.02	-	-	-	-
5001	Bottineau 1	1	12,712,022	17,930	145.53	-	-	145.53	15.53	98,708.85	104,781	8.24
5017	Westhope 17	1	3,717,065	29,040	164.68	-	-	164.68	34.68	64,453.91	68,419	18.41
5054	Newburg-United 54	1	5,115,724	63,947	159.31	1.00	-	160.31	30.31	77,528.80	82,298	16.09
6001	Bowman County 1	1	8,020,930	19,052	151.83	-	-	151.83	21.83	87,548.45	92,934	11.59
6033	Scranton 33	1	3,614,419	26,383	139.17	-	-	139.17	9.17	16,572.11	17,591	4.87
7014	Bowbells 14	1	2,939,706	35,850	156.48	-	-	156.48	26.48	38,921.71	41,316	14.05
7027	Powers Lake 27	1	2,031,265	17,818	182.75	-	-	182.75	52.75	53,574.61	56,870	28.00
7036	Burke Central 36	1	3,492,885	46,572	169.20	-	-	169.20	39.20	68,460.55	72,672	20.81
8001	Bismarck 1	1	181,875,185	16,601	229.17	-	-	229.17	70.00	6,365,631.48	6,757,186	37.15
8025	Naughton 25	3	286,333	31,815	167.64	-	-	167.64	37.64	5,388.79	5,720	19.98
8028	Wing 28	1	2,196,493	35,427	141.13	-	-	141.13	11.13	12,223.48	12,975	5.91
8029	Baldwin 29	2	880,824	14,929	136.24	81.74	-	217.98	70.00	30,828.84	32,725	37.15
8033	Menoken 33	2	1,275,949	17,971	166.26	3.14	-	169.40	39.40	25,136.20	26,682	20.91
8035	Sterling 35	2	2,123,699	27,943	166.69	14.69	14.69	196.07	66.07	70,156.40	74,472	35.07
8039	Apple Creek 39	2	2,293,197	15,087	89.27	148.88	-	238.15	70.00	80,261.90	85,199	37.15
8045	Manning 45	3	252,003	7,200	219.94	31.99	-	251.93	70.00	8,820.11	9,363	37.15
9001	Fargo 1	1	221,866,441	19,556	278.62	-	-	278.62	70.00	7,765,325.44	8,242,976	37.15
9002	Kindred 2	1	13,178,666	20,028	169.89	-	-	169.89	39.89	262,848.49	279,017	21.17
9004	Maple Valley 4	1	9,378,839	32,679	175.81	-	-	175.81	45.81	214,822.31	228,036	24.31
9006	West Fargo 6	1	127,048,414	23,944	185.00	3.05	-	188.05	58.05	3,687,580.22	3,914,406	30.81
9007	Mapleton 7	2	3,369,926	17,461	140.96	110.78	-	251.74	70.00	117,947.41	125,202	37.15
9017	Central Cass 17	1	13,963,238	18,643	155.38	-	-	155.38	25.38	177,193.49	188,093	13.47
9080	Page 80	2	3,863,075	37,506	166.76	-	-	166.76	36.76	71,003.32	75,371	19.51
9097	Northern Cass 97	1	11,458,315	27,088	170.54	-	-	170.54	40.54	232,260.05	246,547	21.52

Funding Scenario for SB 2032
Data Source: 2006-2007 School District Taxable Valuation.
1st Year Allocation

			Funding	50,000,000
	Factor	50%		
	Min Levy	130		
	Max Levy	200		

Codist	Dname	DTYPE	TAXVAL	TAXVALPP	GFLEVY	HSTUIT	HSTRAN	GF Levy 3	Adj Combined Levy	Initial Allocation	Final Allocation	Property Tax Relief in Mills
10014	Boder Central 14	Dissolved	-	-	-	-	-	-	-	-	-	-
10019	Munich 19	1	4,355,374	42,285	148.37	-	-	148.37	18.37	40,004.11	42,465	9.75
10023	Langdon Area 23	1	14,474,195	26,365	157.50	-	-	157.50	27.50	199,020.18	211,262	14.60
11040	Ellendale 40	1	6,954,349	18,158	172.55	-	-	172.55	42.55	147,953.77	157,055	22.58
11041	Oakes 41	1	9,514,575	18,953	183.93	0.94	-	184.87	54.87	261,032.37	277,089	29.12
12001	Divide County 1	1	7,106,107	28,887	140.93	-	-	140.93	10.93	38,834.87	41,224	5.80
13008	Dodge 8	2	642,258	27,924	185.00	-	-	185.00	55.00	17,662.10	18,749	29.19
13016	Killdeer 16	1	7,545,875	25,579	158.78	-	-	158.78	28.78	108,585.14	115,264	15.28
13019	Halliday 19	1	1,948,688	18,212	171.31	-	-	171.31	41.31	40,250.15	42,726	21.93
13037	Twin Buttes 37	2	24,816	331	-	-	-	-	-	-	-	-
14002	New Rockford-Sheyenne 2	1	7,127,537	18,044	165.00	-	-	165.00	35.00	124,731.90	132,404	18.58
15006	Hazelton-Moffit-Braddock 6	1	4,028,979	30,067	152.64	-	-	152.64	22.64	45,608.04	48,413	12.02
15010	Bakker 10	2	1,136,638	36,666	101.81	22.09	-	123.90	-	-	-	-
15015	Strasburg 15	1	3,256,107	19,267	142.50	-	-	142.50	12.50	20,350.67	21,602	6.63
15036	Linton 36	1	5,505,726	18,052	171.03	-	-	171.03	41.03	112,949.97	119,898	21.78
16049	Carrington 49	1	12,896,659	21,142	150.67	-	-	150.67	20.67	133,286.97	141,486	10.97
17003	Beach 3	1	4,144,174	19,010	145.42	-	-	145.42	15.42	31,951.58	33,917	8.18
17006	Lone Tree 6	2	1,452,927	27,941	106.68	106.06	-	212.74	70.00	50,852.45	53,980	37.15
18001	Grand Forks 1	1	127,790,615	18,873	208.62	-	-	208.62	70.00	4,472,671.53	4,747,789	37.15
18044	Larimore 44	1	7,437,150	14,904	180.31	-	-	180.31	50.31	187,081.51	198,589	26.70
18061	Thompson 61	1	6,487,151	15,264	178.49	-	-	178.49	48.49	157,280.98	166,955	25.74
18125	Manvel 125	2	3,959,813	14,244	49.61	130.69	10.01	190.31	60.31	119,408.16	126,753	32.01
18127	Emerado 127	2	2,225,596	13,092	151.84	126.07	7.94	285.85	70.00	77,895.86	82,687	37.15
18128	Midway 128	1	6,126,598	22,607	190.97	-	-	190.97	60.97	186,769.34	198,258	32.36
18129	Northwood 129	1	5,790,898	16,641	185.00	-	-	185.00	55.00	159,249.70	169,045	29.19
18140	Grand Forks AFB 140	4	27,020	38	-	-	-	-	-	-	-	-
19018	Roosevelt 18	2	2,482,644	17,361	159.80	7.74	-	167.54	37.54	46,599.23	49,466	19.92
19049	Elgin-New Leipzig 49	1	4,464,390	24,263	188.24	-	-	188.24	58.24	130,003.04	138,000	30.91
20007	Midkota 7	1	5,844,290	37,225	185.00	-	-	185.00	55.00	160,717.98	170,604	29.19
20018	Griggs County Central 18	1	6,245,816	21,463	190.00	-	-	190.00	60.00	187,374.48	198,900	31.85
21001	Mott-Regent 1	1	7,291,655	31,161	144.25	-	-	144.25	14.25	51,953.04	55,149	7.56
21009	New England 9	1	5,081,468	30,797	170.50	-	-	170.50	40.50	102,899.73	109,229	21.50
22011	Pettibone-Tuttle 11	2	1,202,149	46,237	187.48	-	-	187.48	57.48	34,549.76	36,675	30.51
22014	Robinson 14	2	1,241,915	45,997	163.92	59.36	-	223.28	70.00	43,467.03	46,141	37.15
22020	Tuttle-Pettibone 20	1	1,423,166	83,716	171.40	-	-	171.40	41.40	29,459.54	31,272	21.97
22026	Steele-Dawson 26	1	4,766,626	23,833	161.23	-	-	161.23	31.23	74,430.86	79,009	16.58

Funding Scenario for SB 2032
Data Source: 2006-2007 School District Taxable Valuation.
1st Year Allocation

Factor	50%
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Max Levy	200

Funding 50,000,000

Codist	Dname	DTYPE	TAXVAL	TAXVALPP	GFLEVY	HSTUIT	HSTRAN	GF Levy 3	Adj Combined Levy	Initial Allocation	Final Allocation	Property Tax Relief in Mills
22028	Tappen 28	1	1,781,767	18,181	195.00	-	-	195.00	65.00	57,907.43	61,469	34.50
23003	Edgeley 3	1	6,145,817	25,085	156.20	-	-	156.20	26.20	80,510.20	85,462	13.91
23007	Kulm 7	1	5,910,315	48,051	170.04	-	-	170.04	40.04	118,324.51	125,603	21.25
23008	LaMoure 8	1	6,747,119	21,978	148.21	-	-	148.21	18.21	61,432.52	65,211	9.67
23011	Verona 11	Dissolved	-	-	-	-	-	-	-	-	-	#DIV/0!
24002	Napoleon 2	1	4,212,783	18,641	162.60	-	-	162.60	32.60	68,668.36	72,892	17.30
24056	Gackle-Streeter 56	1	4,938,071	44,090	141.76	-	-	141.76	11.76	29,035.86	30,822	6.24
25001	Velva 1	1	7,809,644	21,754	148.96	-	-	148.96	18.96	74,035.43	78,589	10.06
25014	Anamoose 14	1	1,996,548	26,270	178.81	12.32	-	191.13	61.13	61,024.49	64,778	32.45
25057	Drake 57	1	3,842,991	29,336	161.54	0.95	-	162.49	32.49	62,429.39	66,269	17.24
25060	TGU 60	1	11,702,839	30,636	153.81	-	-	153.81	23.81	139,322.30	147,892	12.64
26004	Zeeland 4	1	2,737,510	45,625	160.95	-	-	160.95	30.95	42,362.97	44,969	16.43
26009	Ashley 9	1	4,106,759	27,937	153.21	6.08	-	159.29	29.29	60,143.49	63,843	15.55
26019	Wishek 19	1	4,275,156	20,957	147.36	-	-	147.36	17.36	37,108.35	39,391	9.21
27001	McKenzie Co 1	1	10,541,870	17,747	145.06	-	-	145.06	15.06	79,380.28	84,263	7.99
27002	Alexander 2	1	3,052,372	69,372	142.04	-	-	142.04	12.04	18,375.28	19,506	6.39
27014	Yellowstone 14	2	1,674,462	20,931	155.27	22.56	4.44	182.27	52.27	43,762.06	46,454	27.74
27018	Earl 18	3	498,398	33,227	-	16.65	4.01	20.66	-	-	-	-
27019	Bowline Butte 19	Dissolved	-	-	-	-	-	-	-	-	-	-
27032	Horse Creek 32	3	1,170,756	90,058	46.98	42.71	14.09	103.78	-	-	-	-
27036	Mandaree 36	1	85,135	439	82.22	-	-	82.22	-	-	-	-
28001	Montefiore 1	1	3,914,721	18,642	150.71	-	-	150.71	20.71	40,536.94	43,030	10.99
28004	Washburn 4	1	5,412,202	19,124	139.87	-	-	139.87	9.87	26,709.22	28,352	5.24
28008	Underwood 8	1	5,119,060	24,261	164.09	7.03	-	171.12	41.12	105,247.87	111,722	21.82
28050	Max 50	1	3,141,047	20,940	171.39	-	-	171.39	41.39	65,003.97	69,002	21.97
28051	Garrison 51	1	7,593,487	24,734	161.98	-	-	161.98	31.98	121,419.86	128,888	16.97
28072	Turtle Lake-Mercer 72	1	4,923,032	29,304	154.38	-	-	154.38	24.38	60,011.76	63,703	12.94
28085	White Shield 85	1	323,186	2,786	185.00	-	-	185.00	55.00	8,887.62	9,434	29.19
29003	Hazen 3	1	5,965,525	9,844	185.00	-	-	185.00	55.00	164,051.94	174,143	29.19
29020	Golden Valley 20	1	1,228,949	22,758	170.88	-	-	170.88	40.88	25,119.72	26,665	21.70
29027	Beulah 27	1	9,706,543	13,866	185.65	-	-	185.65	55.65	270,084.56	286,698	29.54
30001	Mandan 1	1	46,101,503	12,914	185.00	-	-	185.00	55.00	1,267,791.33	1,345,774	29.19
30004	Little Heart 4	2	845,884	20,631	130.04	50.83	-	180.87	50.87	21,515.06	22,838	27.00
30007	New Salem 7	1	4,146,963	13,165	149.15	-	-	149.15	19.15	39,707.17	42,150	10.16
30008	Sims 8	2	1,535,702	36,564	118.51	58.61	9.44	186.56	56.56	43,429.65	46,101	30.02
30013	Hebron 13	1	3,902,707	25,179	166.40	-	-	166.40	36.40	71,029.27	75,398	19.32

Funding Scenario for SB 2032

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1st Year Allocation

Funding 50,000,000

Factor 50%

Min Levy 130

Max Levy 200

Codist	Dname	DTYPE	TAXVAL	TAXVALPP	GFLEVY	HSTUIT	HSTRAN	GF Levy 3	Adj Combined Levy	Initial Allocation	Final Allocation	Property Tax Relief in Mills
30017	Sweet Briar 17	3	381,833	21,213	70.99	57.62	-	128.61	-	-	-	-
30039	Flasher 39	1	3,261,855	18,533	181.55	-	-	181.55	51.55	84,074.31	89,246	27.36
30048	Glen Ullin 48	1	4,215,108	20,072	162.42	-	-	162.42	32.42	68,326.90	72,530	17.21
31001	New Town 1	1	3,574,733	4,792	163.90	-	-	163.90	33.90	60,591.72	64,319	17.99
31002	Stanley 2	1	6,359,834	20,582	171.41	-	-	171.41	41.41	131,680.36	139,780	21.98
31003	Parshall 3	1	3,708,678	15,917	156.49	-	-	156.49	26.49	49,121.44	52,143	14.06
32001	Dakota Prairie 1	1	9,758,327	24,154	185.00	-	-	185.00	55.00	268,353.99	284,861	29.19
32066	Lakota 66	1	4,742,174	27,254	185.00	-	-	185.00	55.00	130,409.79	138,431	29.19
33001	Center-Stanton 1	1	5,072,027	16,468	174.98	-	-	174.98	44.98	114,069.89	121,086	23.87
34006	Cavalier 6	1	8,930,577	21,942	185.00	-	-	185.00	55.00	245,590.87	260,697	29.19
34012	Valley 12	1	3,904,395	25,519	184.97	12.30	-	197.27	67.27	131,324.33	139,402	35.70
34019	Drayton 19	1	5,518,152	40,278	181.83	4.32	-	186.15	56.15	154,922.12	164,451	29.80
34043	St Thomas 43	1	3,288,127	28,843	185.00	21.29	1.52	207.81	70.00	115,084.45	122,163	37.15
34100	North Border 100	1	12,603,685	25,360	184.77	-	-	184.77	54.77	345,151.91	366,382	29.07
35001	Wolford 1	1	1,696,655	33,933	191.95	-	-	191.95	61.95	52,553.89	55,787	32.88
35005	Rugby 5	1	11,235,384	18,034	182.50	-	-	182.50	52.50	294,928.83	313,070	27.86
36001	Devils Lake 1	1	19,070,698	9,851	185.00	9.00	-	194.00	64.00	610,262.34	647,800	33.97
36002	Edmore 2	1	4,895,013	61,962	143.00	-	-	143.00	13.00	31,817.58	33,775	6.90
36044	Starkweather 44	1	2,905,961	36,784	168.62	-	-	168.62	38.62	56,114.11	59,566	20.50
37002	Sheldon 2	2	1,464,852	19,024	177.36	68.27	-	245.63	70.00	51,269.82	54,423	37.15
37006	Ft Ransom 6	2	974,188	24,979	139.97	89.50	-	229.47	70.00	34,096.58	36,194	37.15
37019	Lisbon 19	1	9,301,590	16,699	185.00	-	-	185.00	55.00	255,793.73	271,528	29.19
37022	Enderlin 22	1	6,216,237	23,023	181.78	2.00	-	183.78	53.78	167,154.61	177,436	28.54
38001	Mohall-Lansford-Sherwood	1	10,514,238	30,041	147.42	-	-	147.42	17.42	91,579.01	97,212	9.25
38026	Glenburn 26	1	3,810,697	20,488	147.71	-	-	147.71	17.71	33,743.72	35,819	9.40
39008	Hankinson 8	1	6,476,954	21,447	170.00	-	-	170.00	40.00	129,539.08	137,507	21.23
39018	Fairmount 18	1	4,225,804	44,955	188.08	-	-	188.08	58.08	122,717.35	130,266	30.83
39028	Lidgerwood 28	1	3,978,934	20,198	185.00	-	-	185.00	55.00	109,420.69	116,151	29.19
39037	Wahpeton 37	1	21,522,503	15,009	185.00	1.65	-	186.65	56.65	609,624.90	647,123	30.07
39042	Wyndmere 42	1	6,848,232	27,503	152.23	-	-	152.23	22.23	76,118.10	80,800	11.80
39044	Richland 44	1	5,837,367	18,299	185.00	-	-	185.00	55.00	160,527.59	170,402	29.19
40001	Dunseith 1	1	1,538,120	1,851	136.53	8.33	-	144.86	14.86	11,428.23	12,131	7.89
40003	St John 3	1	817,325	1,828	144.37	-	-	144.37	14.37	5,872.48	6,234	7.63
40004	Mt Pleasant 4	1	4,201,031	14,587	180.07	2.59	-	182.66	52.66	110,613.15	117,417	27.95
40007	Belcourt 7	1	369,179	171	-	-	-	-	-	-	-	-
40029	Rolette 29	1	3,125,844	16,627	185.00	-	-	185.00	55.00	85,960.71	91,248	29.19

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1st Year Allocation

		Funding	50,000,000
Factor	50%		
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41002	Milnor 2	1	3,827,121	13,620	175.84	4.70	-	180.54	50.54	96,711.35	102,660	26.82
41003	N Sargent 3	1	3,160,275	16,460	177.98	4.45	-	182.43	52.43	82,846.61	87,943	27.83
41006	Sargent Central 6	1	7,731,469	29,066	184.73	2.21	-	186.94	56.94	220,114.92	233,654	30.22
42016	Goodrich 16	1	1,757,337	41,841	185.00	2.85	-	187.85	57.85	50,830.97	53,958	30.70
42019	McClusky 19	1	2,752,304	30,581	174.73	-	-	174.73	44.73	61,555.28	65,342	23.74
43003	Solen 3	1	250,307	738	185.00	-	-	185.00	55.00	6,883.44	7,307	29.19
43004	Ft Yates 4	1	482,891	603	185.00	-	-	185.00	55.00	13,279.50	14,096	29.19
43008	Selfridge 8	1	1,334,150	16,677	183.10	-	-	183.10	53.10	35,421.68	37,600	28.18
44012	Marmarth 12	2	1,469,837	58,793	30.62	27.89	4.42	62.93	-	-	-	-
44032	Central Elementary 32	2	1,381,364	69,068	28.96	14.48	3.62	47.06	-	-	-	-
45001	Dickinson 1	1	35,959,581	11,927	185.00	-	-	185.00	55.00	988,888.48	1,049,716	29.19
45009	South Heart 9	1	3,095,455	12,284	146.00	-	-	146.00	16.00	24,763.64	26,287	8.49
45013	Belfield 13	1	1,678,693	9,538	185.00	-	-	185.00	55.00	46,164.06	49,004	29.19
45034	Richardton-Taylor 34	1	4,502,094	19,746	185.00	-	-	185.00	55.00	123,807.59	131,423	29.19
46010	Hope 10	1	3,782,123	30,501	176.09	-	-	176.09	46.09	87,159.02	92,520	24.46
46019	Finley-Sharon 19	1	4,513,978	23,883	185.00	-	-	185.00	55.00	124,134.40	131,770	29.19
47001	Jamestown 1	1	33,535,250	13,544	185.00	7.00	-	192.00	62.00	1,039,592.75	1,103,539	32.91
47003	Medina 3	1	3,507,591	23,541	169.06	-	-	169.06	39.06	68,503.25	72,717	20.73
47010	Pingree-Buchanan 10	1	3,282,435	29,840	165.92	-	-	165.92	35.92	58,952.53	62,579	19.06
47014	Montpelier 14	1	2,586,121	26,389	185.00	-	-	185.00	55.00	71,118.33	75,493	29.19
47019	Kensal 19	1	2,653,471	53,069	170.00	-	-	170.00	40.00	53,069.42	56,334	21.23
47026	Spiritwood 26	2	3,132,609	184,271	140.09	-	-	140.09	10.09	15,804.01	16,776	5.36
48002	Bisbee-Egeland 2	1	3,620,091	49,590	176.79	-	-	176.79	46.79	84,692.03	89,901	24.83
48008	Southern 8	1	3,838,760	17,855	164.12	3.13	-	167.25	37.25	71,496.91	75,895	19.77
48028	North Central 28	1	3,621,226	43,110	153.82	-	-	153.82	23.82	43,128.80	45,782	12.64
49003	Central Valley 3	1	6,411,109	20,951	153.64	-	-	153.64	23.64	75,779.31	80,441	12.55
49007	Hatton 7	1	4,005,398	15,769	203.50	-	-	203.50	70.00	140,188.93	148,812	37.15
49009	Hillsboro 9	1	9,874,586	24,936	178.64	-	-	178.64	48.64	240,149.93	254,922	25.82
49014	May-Port CG 14	1	11,315,992	20,650	185.00	-	-	185.00	55.00	311,189.78	330,331	29.19
50003	Grafton 3	1	10,045,145	11,149	184.96	-	-	184.96	54.96	276,040.58	293,020	29.17
50005	Fordville-Lankin 5	1	3,073,873	30,739	155.35	-	-	155.35	25.35	38,961.34	41,358	13.45
50020	Minto 20	1	4,128,903	20,853	181.89	1.94	-	183.83	53.83	111,129.42	117,965	28.57
50051	Nash 51	2	938,667	26,819	176.85	21.41	-	198.26	68.26	32,036.70	34,007	36.23
50078	Park River 78	1	5,878,755	16,375	185.00	3.11	-	188.11	58.11	170,807.23	181,314	30.84
50106	Edinburg 106	1	2,030,114	20,100	182.25	-	-	182.25	52.25	53,036.73	56,299	27.73
50128	Adams 128	2	2,074,568	30,508	167.26	-	-	167.26	37.26	38,649.20	41,027	19.78

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51001	Minot 1	1	86,111,800	15,418	185.00	8.13	-	193.13	63.13	2,718,118.97	2,885,313	33.51
51004	Nedrose 4	2	6,003,991	15,717	82.45	107.60	-	190.05	60.05	180,269.83	191,358	31.87
51007	United 7	1	7,521,922	11,484	179.79	-	-	179.79	49.79	187,258.25	198,777	26.43
51010	Bell 10	2	3,075,653	13,670	97.54	112.17	10.08	219.79	70.00	107,647.86	114,269	37.15
51016	Sawyer 16	1	2,680,278	19,009	185.00	-	-	185.00	55.00	73,707.65	78,241	29.19
51019	Eureka 19	2	1,048,485	24,383	53.14	72.49	-	125.63	-	-	-	-
51028	Kenmare 28	1	7,205,996	28,595	183.18	-	-	183.18	53.18	191,607.43	203,393	28.23
51041	Surrey 41	1	3,480,760	11,488	156.94	-	-	156.94	26.94	46,885.84	49,770	14.30
51070	S Prairie 70	2	4,657,224	26,018	118.13	47.67	5.80	171.60	41.60	96,870.26	102,829	22.08
51160	Minot AFB 160	4	-	-	-	-	-	-	-	-	-	-
51161	Lewis and Clark 161	1	9,898,727	28,121	159.62	-	-	159.62	29.62	146,600.15	155,618	15.72
52025	Fessenden-Bowdon 25	1	8,067,963	40,340	135.10	-	-	135.10	5.10	20,573.31	21,839	2.71
52035	Pleasant Valley 3	2	1,128,829	35,276	163.89	13.29	-	177.18	47.18	26,629.08	28,267	25.04
52038	Harvey 38	1	9,042,970	20,884	175.34	-	-	175.34	45.34	205,004.13	217,614	24.06
53001	Williston 1	1	20,186,097	8,638	238.41	-	-	238.41	70.00	706,513.40	749,972	37.15
53002	Nesson 2	1	3,634,390	21,894	185.00	-	-	185.00	55.00	99,945.73	106,093	29.19
53006	Eight Mile 6	1	1,600,815	10,744	162.42	-	-	162.42	32.42	25,949.21	27,545	17.21
53008	New 8	2	8,220,423	27,310	131.99	57.78	3.65	193.42	63.42	260,669.61	276,704	33.66
53015	Tioga 15	1	5,925,708	25,652	178.33	-	-	178.33	48.33	143,194.73	152,003	25.65
53091	Wildrose-Alamo 91	4	1,992,295	47,436	148	-	-	148.07	18.07	18,000.39	19,108	9.59
53099	Grenora 99	1	3,696,856	63,739	185.00	-	-	185.00	55.00	101,663.54	107,917	29.19
	North Dakota		1,775,656,783	17,521	193.01	3.67	0.17	196.85		47,102,678.87	50,000,000	28.16
								Statewide Mill Reduction		26.53	28.16	

NOTES

Adj Combined Levy = General Fund mills levied between 130 and 200 mills.
Initial allocation = Adj Combined Levy times taxable valuation * 50% factor
Final allocation = Adjustment to spend the amount appropriated ... Funding Available / Initial Allocation Total * Initial Allocation.

River City Realty, Inc
Jerry Pladson, Broker
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The Wireless Realtor

Printable View



listing agent

Jerry Pladson - DR
River City Realty, Inc
Phone: (701) 280-0000
Email: jmpladson@qwestoffice.net
Website: www.rivercityhomesearch.com

MLS#: 06-6356
List Price: $450,000 37,500
Location: Fargo, ND 58103
Remarks: 11 Two bedroom & 1 one bedroom, new roof in 2001, 12 garages, owner pays gas hot water heat.

layout

Room	Level	Number

Calculate Your Payment

Loan amount	Interest rate	Years
$ 440,000	5.5 %	30

Estimated Payment = $2498.27

Calculate Payments

general information

MLS#:	06-6356
Type:	Multi-Family
Area:	South Fargo
Year Built:	1970
Lot Size:	19391 sq ft
Est. Gen Taxes:	$8,487
School:	
Sq. Ft.:	
Style:	
Total Bedrooms:	
Total Bathrooms:	
Grarage Stalls:	6
Garage Type:	

$641 12.7 of school Taxes

$160. 25% Landlord Share

$481 Tenants Share

$40 Per unit

features

Appointment Through:	Listing Agent
Exterior:	Brick
Foundation:	Poured
Heat System:	Natural Gas, Hot Water/Steam
Inclusions:	Inclusions-see REALTOR
Miscellaneous:	Exterior Color-Brick, Lease Available, A.P.O.D. Available, Total

#1

HB 2332
Read by Rep Pinkerton
4-12-07

NDLA, H ASST

From: Vig, Benjamin A.
Sent: Thursday, April 12, 2007 12:55 PM
To: NDLA, H ASST
Subject: FW: Marriage penalty relief

I think Rep. Pinkerton read the top portion of the email this morning Ben -----Original Message-----
From: Strombeck, Kathy L.
Sent: Thursday, April 12, 2007 7:39 AM
To: Vig, Benjamin A.
Subject: RE: Marriage penalty relief

Good Morning Rep. Vig;

There are approx. 130,000 married couples filing state income tax returns in North Dakota.

The "marriage penalty relief" accrues only to married couples with taxable income in excess of approx. $53,000. This is true if the relief is in the lowest bracket, or in all brackets; there is no relief for joint filers whose taxable income is less than $53,000 under either proposal. There are approx. 10,800 non-resident married taxpayers filing returns who report taxable income in excess of this amount, and would therefore receive a share of the "marriage penalty relief" under either proposal.

There are 1570 married taxpayers who report adjusted gross income in excess of $1 million.

Early you had asked for the average "relief" that would accrue to couples earning under $25,000: the short answer is zero.

Please let me know if you have any additional questions.

Kathy

-----Original Message-----
From: Vig, Benjamin A.
Sent: Wednesday, April 11, 2007 4:44 PM
To: Strombeck, Kathy L.
Subject: RE: Marriage penalty relief

Kathy,
It sounds like the marriage penalty is coming back on a tax bill soon. A couple of questions came up this afternoon.
How many couples file income tax returns? How many are out of state that qualify? How many are over $1 million?
If this could be ready by Tomorrow morning, that would be great.
Thanks again for your help.
Ben

-----Original Message-----
From: Strombeck, Kathy L.
Sent: Tuesday, April 10, 2007 11:01 AM
To: Vig, Benjamin A.
Subject: Marriage penalty relief

Good Morning Rep. Vig;

As you requested, attached is a comparison by taxable income category of the two versions of marriage penalty relief. It shows the average amount of tax reduction per taxable income category. Under either the "one bracket relief" or the "all bracket relief", there is very little benefit to those taxpayers under $50,000 taxable income. If only the bottom bracket is changed, the relief grows to approx. $178 for each taxpayer with taxable income between $100,000 and $250,000 and levels off at that point for all taxpayers with

income above that level. If all brackets are changed, the relief grows to an average of $800 for taxpayers with $500,000 and greater taxable income. There are significant numbers of nonresidents in this category, such as nonresident oil royalty recipients.

Typically, the marriage penalty argument is relative to earned income: The wages earned by working spouses should be taxed in a similar manner as two single people with like wages. Because earned income is usually under $200,000 the federal government stopped the marriage penalty relief at that level. Investment income and other unearned income, over and above wage income, was allowed to be taxed under a progressive rate structure at the federal level. This was also discussed -- and amended into --- HB 1051, whereby the relief was limited to the first bracket (although all taxpayers above that bracket would get relief, it is limited to the first share of income probably covering most wages, with other unearned investment income not getting additional relief).

Please let me know if you have any questions or comments.

Kathy

Kathryn Strombeck
Research Analyst
Office of Tax Commissioner
701.328.3402
kstrombeck@nd.gov

16.1 million for Marriage

Penkert Affer SB2032

Average Reduction in Individual Income Tax Liabilities
Due to Removing "Marriage Penalty" from All Brackets v. Bottom Bracket only

Impact on Various Income Categories - Married Joint and Married Separate Filers only

Taxable Income			Average Reduction Per Return Removing MP from ALL Brackets	Average Reduction Per Return Removing MP from Bottom Bracket Only	Difference Per Return	Approx. Number of Filers Affected
$0	to	$50,000	$ (0.73)	$ (0.55)	$ 0.18	78,729
$50,000	to	$100,000	(128.89)	(128.83)	0.06	36,757
$100,000	to	$250,000	(199.65)	(178.01)	21.65	10,233
$250,000	to	$500,000	(765.10)	(176.62)	588.48	2,337
Over		$500,000	(801.21)	(175.65)	625.56	2,222
over		1,000,000?	$ (93.69)	$ (56.82)	$ 36.87	130,278

3.5 millia

30% of the

p:\mar pen relief 1 bracket v all.xls

out of 5th

— 60% of taxpayers get 0.6% of the impact -

⇒ How many out of 5th

Sharon

Strombeck, Kathy L.

From: Strombeck, Kathy L.
Sent: Monday, April 23, 2007 11:54 AM
To: Cook, Dwight C.; Triplett, Constance T.; Belter, Wesley R; Drovdal, David O.; Kelsh, Scot R.
Cc: Fong, Cory G.; Wald, Dee A.; Walstad, John M.
Subject: SB 2032 - credit reduction provisions

Chairman Urlacher and Committee Members;

You have asked how the credit reduction provisions of Subsection 8 of Section 6 of SB 2032 (conference committee report) would "work." Please note the following:

Tax Commissioner determines total credits claimed as of Nov. 15 2008 equal $48 million
$48 million exceeds $44 million by 9.1%
The credit reduction is computed as follows:
One minus .091 = .909
.909 times statutory credit of 10% = .0909
Second year credit is, therefore, 9.09%

A second example:

Tax Commissioner determines total credits claimed as of Nov. 15 2008 equal $50 million
$50 million exceeds $44 million by 13.6%
The credit reduction is computed as follows:
One minus .136 = .864
.864 times statutory credit of 10% = .0864
Second year credit is, therefore, 8.64%

If the credits claimed as of November 15, 2008 do not exceed $44 million, the statutory credit of 10% remains in place for the second year.

The amount of $44 million for the first year of the program, allows for "inflation" of both the property taxes eligible for the tax credit and the growth in incomes and subsequent increases in individual income taxes. If there is no need for adjustment in the 10% rate, the distribution of the fiscal impact would be -$44 million in the first year, -$48 million in the second year, -$92 million for the biennium.

Please contact this office with any additional questions you may have.

Kathy

Kathryn Strombeck
Research Analyst
Office of Tax Commissioner
701.328.3402
kstrombeck@nd.gov

4-23-07
12:40

Kelsh, Scot R.

From: Strombeck, Kathy L. **Sent:** Mon 4/23/2007 10:18 AM
To: Kelsh, Scot R.
Cc:
Subject: Property tax relief for non-filers
Attachments:

Good Morning Rep. Kelsh;

I'm sorry I missed you while you were at your desk. We believe there may be 8,300 homeowners that would not be filing income tax returns (and therefore not be entitled to the relief provided in SB 2032 Conf Committee version). The number was derived using IRS filing requirement thresholds, poverty percentages, family size, and homeowner rates. The amount was "reduced" by those we estimate qualify for the expanded homestead credit (meaning the elderly and disabled).

TO avoid conflict with the income tax credit and to make sure we do not accidentally create a disincentive to file income tax returns, you may wish to consider this "low income" program be handled similar to the renters' refund program. Qualified homeowners could submit an application declaring their gross income was below $16,900 (married joint) or $8450 (single) which are the thresholds for filing income tax returns. You could graduate the dollar amount or rebate or credit based on income, or provide a flat payment of $100 - or whatever. Alternatively, you may consider establishing a fixed appropriation and it could be pro-rated among all applicants. This would require a fairly tight window for everyone to apply, and the checks would be sent after the application window ended.

Please contact me with any questions you may have.

Kathy

Kathryn L. Strombeck
Research Analyst
Office of Tax Commissioner
701.328.3402

Bracket Broadening v. Targeted Approach to Marriage Penalty Relief

A. Bottom Bracket Only

Begins at MFJ Taxable Income of	$	53,200	
Maximum benefit hits at MFJ Taxable Income of		63,700	
Maximum Reduction per MFJ Taxpayer	$	(191.10)	
Fiscal Impact of Bracket Broadening Approach	$	(16,188,000)	
Fiscal Impact of Targeted Tax Credit Approach	$	(8,094,000)	(Assumes tax credit is capped at $191)

B. Bottom Two Brackets Only

Begins at MFJ Taxable Income of	$	53,200	
Maximum benefit hits at MFJ Taxable Income of		154,200	
Maximum Reduction per MFJ Taxpayer	$	(299.04)	
Fiscal Impact of Bracket Broadening Approach	$	(17,700,000)	
Fiscal Impact of Targeted Tax Credit Approach	$	(8,850,000)	(Assumes tax credit is capped at $300)

SB-2172-

Rep. Belter

Proposal to Create a Targeted Approach to Marriage Penalty Relief

- Target the marriage penalty relief to those taxpayers that actually are "penalized" by the tax brackets for married taxpayers contained in current law
- Pattern the relief after the "Minnesota Model"
- Create a tax credit equal to the additional tax a MFJ couple would pay on their combined earned income, taxable social security benefits received, and taxable pensions and annuity income received over what they would pay as two single filers on their respective earned income, taxable social security benefits received, and taxable pensions and annuity income received
- Authorize the Tax Commissioner to create a schedule to become part of Form ND-1 for "Married Filing Joint" filers to identify any "marriage penalty" imposed on taxpayers and create a tax credit to eliminate all - or a specified portion or dollar amount - of the identified marriage penalty

Fiscal Impact

Based on other states' experiences, the "targeted marriage penalty relief" approach is estimated to reduce the fiscal impact of the "bracket expansion" approach by 50%.

- If the targeted approach was enacted to eliminate all the existing marriage penalty: estimated impact -$10.4 million per biennium (one half of -$20.8 million)
- If the targeted approach was enacted to eliminate the first $175 of the existing marriage penalty: estimated impact -$8.1 million per biennium (one half of -$16.2 million)

Rep Belter
4-21-07

Cook2032on042007.xls

Sen Cook
4-21-07 PM
1:30

ANTICIPATED TAXES LEVIED - ASSUMING NO CHANGE IN MILL LEVIES FROM 2005

Assuming taxes are calculated using 2005 mill levies.

	2005 Actual	2006	2007	2008	2007-2009 Biennium
Residential	291,971,255	325,839,921	363,637,351	405,819,284	769,456,636
Commercial	167,020,373	187,396,858	210,259,275	235,910,907	446,170,182
Agricultural	168,453,386	168,453,386	168,453,386	168,453,386	336,906,772
Railroad	5,972,166	6,000,000	6,000,000	6,000,000	12,000,000
Airline	209,711	214,000	214,000	214,000	428,000
Total Local, RR, & Air	633,626,891	687,904,165	748,564,013	816,397,577	1,564,961,589
Mobile Home			3,622,549	3,695,000	
Total incl. MH			752,186,561	820,092,576	1,572,279,138
Exclude airline:			751,972,561	819,878,576	1,571,851,138
Relief % generated by	$80,000,000				5.09%
Relief % generated by	$40,000,000 per year		5.32%	4.88%	
Add'l. residential relief %	$20,000,000				2.60%
Relief % generated by	$10,000,000 per year		2.75%	2.46%	
Total proposed relief % for residential			8.07%	7.34%	7.69%
Total proposed relief % for other property classes			5.32%	4.88%	5.09%

Prepared by the North Dakota Legislative Council

April 2007

COMPARISON OF KEY PROVISIONS OF HOUSE FINANCE AND TAXATION COMMITTEE REENGROSSED SENATE BILL NO. 2032 MAJORITY AND MINORITY REPORTS

	Reengrossed Senate Bill No. 2032 With House Finance and Taxation Amendments (Majority Report)	Reengrossed Senate Bill No. 2032 With House Appropriations Amendments (Minority Report)
Appropriation property tax relief	$80,000,000 appropriation for 2007-09 ($40,000,000 each year) from permanent oil tax trust fund	$100,000,000 continuing appropriation ($50,000,000 each year) from permanent oil tax trust fund and general fund if necessary
Political subdivisions with property tax relief	All taxing districts - 5.9 percent of 2006 property taxes levied	School districts only - Based on one-half of 2006 mills within the range from 130 to 200 mills
Political subdivisions affected by levy limits	School districts only	School districts only
Homestead credit eligibility	Up to $17,500 income and covers up to $75,000 true and full value of home	Not addressed
Levy limits	9 percent instead of 18 percent increase up to 185 mills	9 percent instead of 18 percent increase up to 157 mills
Voter approval for higher levy	Majority or 55 percent vote - No maximum increase - Reduced signatures to vote to discontinue unlimited or increased levy authority	Majority or 55 percent vote - Maximum increase 5 percent in dollars
Property tax relief	Residential, agricultural, commercial, mobile home, and railroad receives reduction in dollars of approximately 5.9 percent of 2006 taxes	All taxable property within a school district receives equal reduction in mills
Income tax marriage penalty elimination	Up to $63,700 taxable income for married filing jointly	Not addressed
Property tax early payment discount	Applied after tax relief	Applied after tax relief
Delinquent taxes	Tax relief not applied to delinquency	Tax relief not applied to delinquency
Tax statements	Three years of tax information and line item to show tax relief	Two years of tax information and line item to show tax relief
Legislative intent and Legislative Council study	Legislative Council study only	Yes
Sunset	No	Two years