



Testimony Senate Finance and Taxation Committee House Bill 1057

February 14, 2023

Chairman Kannianen, and members of the Senate Finance & Taxation Committee:

My name is Charles Dendy. I am here on behalf of the North Dakota Office of State Tax Commissioner to provide testimony in support of House Bill 1057. House Bill 1057 contains amendments proposed by the Tax Commissioner related to equalization of property taxes, tobacco products tax, sales tax notices, and gas gross production tax rate notices.

Section 1 of the Bill:

N.D.C.C. § 11-18-02.2 and N.D.C.C. § 57-01-06, together, control when statements of full consideration must be filed with county recorders and when that filed information can be used in an annual sales, market, and productivity study. That study is used as a guide in equalizing assessments of property in North Dakota.

This technical amendment makes the lists contained in the two statutes consistent so the counties are collecting all of the information that the Tax Department can use for the sales ratio study.

Section 2 of the Bill:

Section 2 of the Bill updates the notice requirements for city and township boards of equalization. The change makes the notice requirements consistent with statutory meeting dates for city and township boards of equalization.

The 2021 Legislative Assembly passed House Bill 1445, changing the township board of equalization meeting date from the first fifteen days of April to anytime in the month of April. However, N.D.C.C. § 57-11-01 continues to require that a city board of equalization meet during the first fifteen days of April.

Although township and city boards of equalization may now meet at different times, the meeting notice requirements applicable to both cities and counties were not updated. Section 2 of the Bill aligns city and township board of equalization notice requirements with the timing of the meetings.

Section 3 of the Bill:

Section 3 of the Bill clarifies that the definition of “snuff” under N.D.C.C. § 57-36-01 includes products that are placed in the nose, most commonly known as dry snuff. We have been asked if our definition of snuff includes dry snuff. The proposed amendment will create clarity and consistency for tobacco distributors and ensures that the definition of snuff fits all snuff.

Section 4 of the Bill:

N.D.C.C. § 57-39.2-17 requires that certain sales and use tax notices be given by registered or certified mail. This requirement can delay delivery of notices, can make receipt of notices more difficult for taxpayers who may need to drive to pick up their mail, and increases mailing costs. If a taxpayer is unable or unwilling to claim their mail, the certified mail requirement puts the Office of State Tax Commissioner in a position where it is difficult, expensive, or perhaps impossible to move forward, particularly in cases of noncompliance such as permit revocation hearings. Service by sheriff is an expensive alternative.

Section 4 of the Bill amends Chapter 57-39.2 to require that any notice authorized or required under the chapter may be given by first-class mail with proof of mailing to the address in the most recent return filed by the person or to the last known address of the person to be served if no return has been filed. This method of service is consistent with Rule 5 of the North Dakota Rules of Civil Procedure, which governs most service of documents in civil cases. This change will provide convenience for permit holders, efficiencies for the agency, and will maximize the likelihood that mail reaches its intended recipient promptly.

Section 5 of the Bill:

Section 5 of the Bill amends N.D.C.C. § 57-51-02.2 to allow for notice of the gas base rate adjustment and the gas tax rate to be provided to affected producers by posting the notice on the Tax Department’s website. With the increases in telecommuting and remote work over recent years, mailing hard copies of the gas base rate adjustment and gas tax rate is no longer the most efficient or effective means to provide this information. This change will provide the information producers need in a more efficient and effective manner.

Section 6 of the Bill:

Provides that the notice changes in Sections 4 and 5 of the Bill are effective for notices issued after June 30, 2023.

Chairman Kannianen, and members of the Committee, the Tax Commissioner respectfully requests favorable consideration of House Bill 1057. I am available for any questions you may have. Thank you.

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