

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1294

2001 HOUSE TRANSPORTATION

HB 1294

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1294

House Transportation Committee

Conference Committee

Hearing Date January 25, 2001

Tape Number	Side A	Side B	Meter #
1		X	551
Committee Clerk Signature <i>Sauer</i>			

Minutes: Rep. Weisz - Chairman opened the hearing on HB 1294; A BILL for an Act to create and enact a new section to chapter 57-55 of the North Dakota Century Code, relating to documentation of taxes paid for transfer of title to a mobile home; and to amend and reenact section 39-18-03 of the North Dakota Century code, relating to documentation of taxes paid for transfer of title to a mobile home.

Rep. Clark: Basically this bill deals with the payment of the taxes on a mobile. That is the seller rather than the buyer should pay the taxes at the time or before the sale of the a mobile home. If the seller does not pay the taxes to the date of sale, either the seller or the mortgagor will get stuck for the taxes owing.

Frank Klein, Cass county, North Dakota Tax Director appeared in support of HB 1294. His prepared remarks were read. A copy of his prepared text is attached.

Rep. Thoreson: (849) How is the mobile home tax assessed?

Frank Klein: The mobile home tax is calculated much like the real estate property taxes are.

Usually it is based on cost less depreciation per a schedule determines the value of the mobile home. The mil levy is applied to that taxable evaluation. The tax dollars raised are apportioned like the real estate--- the schools get their share; the counties get their share; and the townships get their share.

Rep. Thorpe: (896) When are they due and payable? Are they similar to personal property?

Frank Klein: The mobile home tax is a little bit different from the real property tax in that the tax is levied at the beginning of the year and the due date is January 1. Like the real property tax, the tax you are allowed to make two equal payments --- first payment is due March 1 and the second payment is due June 1. If you pay by February 15th you do get a 5% discount.

Rep. Thorpe: (986) So if you buy a new mobile home in the middle of March, is that assessed on a prorated basis? And when is that due?

Frank Klein: That tax would be prorated -- you would go nine months paying 1/12th of the tax each of the nine months you owned it -- or 9/12ths of the tax. It is due within forty days.

Rep. Thorpe: I am not quite clear yet in my mind -- when you buy this new home do you pay the tax at the time you buy it? Or some time later?

Frank Klein: If you buy a new mobile home there are two taxes. You pay sales tax on a new mobile home. Then you also owe the property tax. For a used mobile home there is no sales tax. So the first time, if you purchase a new mobile home you pay the sales tax and then you will get a bill for the real estate taxes or mobile home tax prorated for amount of time. So there is a difference in real property in that when you buy a house you don't pay sales tax as such but you do pay sales tax on the materials used to build the home.

Rep. Thorpe: I was referring to the real estate tax.

Frank Klein: Yes the difference is that if you buy a mobile home you pay the tax right away whereas if you buy a home you may not have any tax due for six months or more depending when you buy it.

Rep. Thorpe: (1229) So, if they buy that mobile home in March, they pay their prorated taxes up front?

Frank Klein: Yes the mobile home tax is due the beginning of the year or beginning when you buy it during the year.

Rep. Thoreson: (1336) What is the procedure if I wanted to find out if there were taxes owing?

Frank Klein: You would check with the County Treasurer or the County Director of Equalization.

Rep. Hawken: (1378) The whole purpose of this bill is more for the person that owned to pay the tax and now he is selling it. So is it correct that they pay what they owe before they vacate the premises?

Frank Klein: That is correct. Hopefully it will protect the buyer.

Rep. Carlson: (1454) This doesn't affect any of the other laws on how you pay mobile home taxes --- it is just from owner to owner?

Frank Klein: Correct.

Rep. Lemieux: I represent Dist. 9 in Rollette County. We actually treat mobile home owners in North Dakota as second class citizens. We don't trust them. Rep. Lemieux handed out copies of 57-55-04 of the North Dakota Century Code. As the statute which I just handed out to you suggests, we don't trust mobile home owners. We ask them to pay their taxes up front while the

stick built owner pays at the end of the year -- they pay after the fact. If you buy a mobile home and move it into North Dakota you have to pay the real estate taxes within forty days. All the rest of us pay our taxes after the fact.

Rep. Weisz - Chairman are you suggesting that we amend this bill to have mobile home taxes paid the same time as real estate taxes?

Rep. Lemieux: Yes.

Larry Osborne: We are here to support this. We live in a mobile home and we manage property. I hate to think how many times we have had to send out delinquent notices to new owners. They bought the mobile home. They were told that taxes were paid but they did not come to our office to check. All of a sudden they get a delinquent notice. They were told the taxes were paid and were not. We are very much in support of this bill. You can't transfer any other property -- if you buy stick built houses or if you buy farm land it can't not be transferred without the taxes being paid. I think it is a matter of fairness that we do the same thing with the mobile homes. I think if I could also address your question on your mobile home when you pay taxes. When we are dealing commercial, residential and farmland we are dealing with last years value being party to this years taxes. In dealing with mobile homes we are dealing with the current year values. So that is where that difference comes in.

Rep. Thorpe: (1961) Addressing Rep. Lemieux ' s question on the amendment, could we amend this bill to so that it would conform to the real estate tax?

Larry Osburne: You probably can -- but I don't know that you want to. That mobile home that you moved in March might move out in November. They then would be living there tax free.

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Rep. Mahoney: On a mobile home - say a twenty thousand dollar mobile home -- is that taxed at the rate as regular homes?

Larry Osborne: Yes - the mil levy is the same.

Ron Landress: I am Rep. Lemieux's brother-in-law. Like other people in the trailer park, we don't mind paying our taxes. We just don't like having to come up with \$1500 - \$1700 in February. As for these mobile homes being moved out, I worked the company I bought my mobile home from. You must buy a permit from the state to move home anywhere, whether state road or county roads. That is in order to protect the gentlemen's taxes, I think that if you go in for a permit. Look back to see if the taxes are paid. If they haven't been paid, you pay before you move. The other question I have is what your mobile home is worth ----we paid \$58000 for our mobile home. We are being taxed on \$72000. Why is that - - you can't go into a bank and refinance without half down. These don't hold their values. What I would like to know is why we are taxed for more than we paid it. You don't go out and buy a \$20000 house and pay taxes on \$30000 worth of taxes on it.

Rep. Carlson: (2420) I sympathize with the testifier but we have to go back to this bill, it is a whole different bill and a whole different taxation issue. I think what we are trying to do here is to make sure that on a sale from owner to owner that we collect the tax. So my recommendation would be that would be a different bill at a different time instead of on this issue.

Leon Samuel: I am Tax Director in Morton County. We are in support of this bill basically for the reason that's been stated. We are looking for the right people to pay the tax. We want to protect the buyers. We would love to have mobile home taxes like real estate taxes. No body would enjoy it more than we would. It would take care of a lot of our problems in trying to

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House Transportation Committee
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collect the taxes. Yes, the taxes must be paid to get a moving permit but the problem is that most mobile homes are sold and not moved from the site. The buyer is often quite unaware that the taxes are not paid.

Don Severt: I am the Tax Director from Ward County. We have the largest number of mobile homes of any county in the state. This has been a recurring problem for us. I have been Tax Director there for 25 years. In most cases the buyers seem to believe that the taxes are all paid up. Often they are not and it is a real good deal for the seller. We support this bill to protect the buyers.

There being no one appear either for or against HB 1294, Chairman Weisz closed the hearing for receipt of testimony on HB 1294. (2763) Side B Tape 1.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1294 b

House Transportation Committee

Conference Committee

Hearing Date January 25, 2001

Tape Number	Side A	Side B	Meter #
2	x		1,480
Committee Clerk Signature <i>Laurie H. Jorde</i>			

Minutes: In working session, Rep. Weisz - Chairman, opened the discussion on HB 1294.

Rep. Hawken moved a 'Do Pass' on HB 1294.

Rep. Thoreson: I second the motion.

On a roll call vote the motion carried. 12 yeas 0 nays 1 absent.

Rep. Hawken was designated to carry HB 1294 on the floor.

FISCAL NOTE STATEMENT

House Bill or Resolution No. 1294

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

John Walstad
Code Revisor

Date:
Roll Call Vote #: 1294

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House Transportation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Hawker Seconded By Thoreson

Representatives	Yes	No	Representatives	Yes
Robin Weisz - Chairman	✓		Howard Grumbo	✓
Chet Pollert - Vice Chairman	✓		John Mahoney	A
Al Carlson	✓		Arlo E. Schmidt	✓
Mark A. Dosch	✓		Elwood Thorpe	✓
Kathy Hawken	✓			
Roxanne Jensen	✓			
RaeAnn G. Kelsch	✓			
Clara Sue Price	✓			
Dan Ruby	✓			
Laurel Thoreson	✓			

Total (Yes) 12 No 0

Absent 1

Floor Assignment Hawker

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

2001 SENATE FINANCE AND TAXATION

HB 1294

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1294

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 3/5/01

Tape Number	Side A	Side B	Meter #
1		x	4.8-44.7
3/6/01 - 2		x	5.7-15.6
3/7/01 - 1	x		24.4-28.4
Committee Clerk Signature <i>Raynelle M. Kragg</i>			

Minutes:

Senator Urlacher: Opened the hearing on HB 1294, relating to documentation of taxes paid for transfer of title to a mobile home.

Representative Byron Clark: Co-sponsored the bill, testified in support. This bill just clarifies some parts of the Code. This bill state that now before a title can be transferred, the county director of tax equalization will verify that all the delinquent taxes have been paid on that mobile home.

Frank Klein: Tax Director for Cass County, testified in support. Written testimony attached.

Senator Nichols: How often is this a problem?

Frank Klein: In Cass County, about a dozen transfers a year.

Senator Urlacher: I supposed there's a problem with out of state people.

Frank Klein: If the seller moves out of state, we can't even pursue the matter in small claims court. It does become a problem for us.

Senator Stenehjem: Isn't the sale of a mobile home like the sale of the house?

Frank Klein: Where we have the problem is when the sale is privately transacted. The buyer and seller get together on their own and make an exchange.

Senator Nichols: Can the purchaser get stuck with the back taxes?

Frank Klein: Currently, the administrative rules say that we can only collect the prorated portion from the buyer and you can go back after the seller for the full amount. There's another provision that says that we cannot issue a moving permit unless the taxes are paid in full.

Senator Stenehjem: I see the person who's buying the mobile home is going to be the one in the squeeze if the seller leaves the state.

Frank Klein: Hopefully the period of time will be short between buying the home and transferring the title. Hopefully when you come down to the title you can catch it right away if there's taxes owed on it and you can go back to the seller and get the matter straightened out.

Senator Stenehjem: Those mobile homes might be sitting there for quite a while or you could be dealing with an out of state seller.

Frank Klein: We would hope that the title's transferred right away.

Senator Wardner: Currently, if I buy a mobile home and I get the title changed, do I have to check on the taxes there or does that come later?

Frank Klein: Right now, you can buy a mobile home without checking on the taxes. When you purchase it, you have to come in and register the home with our office so that we know where to bill you.

Senator Stenehjem: What I see you doing is putting the responsibility on the buyer of the mobile home to see that the previous taxes were paid.

Frank Klein: I guess you could look at it in such a sense. I think that the buyer of a mobile home is in a much better position to negotiate with the seller if there are taxes due, rather than the county being involved in the middle of the transaction.

Don Seifert: Director of Tax in LaMoure County, testified in support. This bill would solve some of the problems we're currently having.

Leon Samuel: Morton County Director of Tax Equalization, testified in support. We are trying to get the people that owe the tax to pay the tax. Hopefully the majority of transactions will go through a Realtor and the tax situation will be checked out.

Todd Kranda: Kelsh Law Firm representing Recreation Vehicle Industry Assoc., testified in support. Written testimony attached. Also introduced amendment.

Senator Christmann: All the amendment does is exclude the motor homes from what the bill attempts to change?

Todd Kranda: Actually 1294 doesn't exclude them, they would be within 39-18. What the amendment does is within 39-22, exclude that chapter from applying to them and then by application, 39-18 does apply to them for motor homes.

Senator Stenehjem: What I see us doing in this bill is turning the person that buys the mobile home into a tax collector. The owners are supposed to be paying their taxes in advance in the first place.

Representative Byron Clark: What this bill was attempting to do is not to make sure that the buyer is getting stuck with the taxes, but to make sure that the seller has the taxes paid before the title is transferred. I wouldn't object to an amendment that would clarify that.

Keith Kiser: ND DOT, testified neutrally. I did not intend to testify, we have not taken a position. We would not oppose this bill.

Discussion

Senator Stenehjem: Can't the county have the ability to sue the person that didn't pay the taxes in the first place?

Frank Klein: Sometimes we simply don't know that a mobile home has been sold.

Senator Stenehjem: I can understand the problem but I don't know if this is necessarily the right solution.

Senator Wardner: We don't want to they buyer holding the bag and he has to pay those taxes in order to get the title. I agree with Senator Stenehjem that we need to work this out.

Senator Nichols: In order to move it, he would need a permit to move it and you can't get a moving permit until the taxes are paid.

Frank Klein: That's correct. We will not issue a moving permit until the taxes are paid in full. At no time do we pass out blank permits.

Senator Stenehjem: Can't you just go to the DOT and get a self-issued permit?

Frank Klein: If you're going to take it down a highway, you need a permit to move it down a highway.

Senator Christmann: How old can these taxes get? Can there be ten years of back taxes just let go waiting to someone wants to move the mobile home? Or once they get a year or two behind do you make an effort to collect?

Frank Klein: That varies by county. In Cass, we try to keep them within two years.

Senator Christmann: I think this should be limited to the current year's taxes and the counties have to keep up with their taxes.

Frank Klein: Gives an example of how it works when loans are reassigned.

Senator Stenehjem: Agrees with Senator Christmann, we should close the loophole on the loans.

Senator Wardner: When there's a loan on a mobile home, don't they have an escrow account so that whoever has the loan, pays the taxes?

Frank Klein: I believe that financial institutions that specialize in mobile home loans have gotten away from that. I don't know why.

Senator Christmann: When the mobile home is delinquent for two years, do you file with the Secretary of State?

Frank Klein: No, when the tax becomes delinquent, we turn it over to the Sheriff's Dept. for collection.

Senator Christmann: But you don't do that until after 5 years?

Frank Klein: We can do that the minute the tax becomes delinquent.

Senator Christmann: So after 1 year, you can put it on a Sheriff's sale?

Frank Klein: In Cass, we usually wait 2 years.

Leon Samuel: Makes a comment-If you would limit it to the current year's taxes, if an individual owed more than one year, you would have to apply it to the oldest delinquent year.

Senator Stenchjem: We could change some language to change that.

Senator Urlacher: Closed the hearing. Action delayed.

Discussion held 3/6/01. Meter number 5.7-15.6, Tape 2, Side B.

Senator Christmann: Todd Kranda is still working on some things for this.

Senator Wardner: Currently, you can buy a mobile home and title it without checking on the taxes?

Senator Christmann: Yes, but you can't move it. Dan Rouse from the tax department may come up with a solution to paying the current year's taxes. What's going to happen if we pass this bill, counties are not going to bother to collect the taxes when they become delinquent.

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Senate Finance and Taxation Committee
Bill/Resolution Number 1294
Hearing Date 3/5/01

Senator Stenehjem: It turns the buyer into the tax collector. It should be just for the current year's taxes.

Senator Christmann: Let's follow up with Todd Kranda and Dan Rouse.

Senator Wardner to get amendment.

Discussion held 3/7/01. Meter number 24.4-

Senator Wardner: Explained amendment. Combined Todd Kranda's with the committees to limit to the current year's taxes.

AMENDMENT ACTION:

Motion made by Senator Stenehjem, Seconded by Senator Christmann, to move amendment numbered 10527.0102. Voice Vote taken. 5 yeas, 1 nay, 0 absent and not voting.

Amendment adopted.

COMMITTEE ACTION:

Motion made by Senator Wardner for a DO PASS AS AMENDED, Seconded by Senator Christmann. Vote was 6 yeas, 0 nays, 0 absent and not voting. Bill carrier was Senator Christmann.

AB
3-2-1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1294

Page 1, line 3, replace "section" with "sections" and after "39-18-03" insert "and 39-22-12"

Page 1, line 4, after "home" insert "and an exemption from the motor vehicle dealer licensing law for house car dealers, manufacturers, and distributors"

Page 2, line 1, replace "2" with "3"

Page 2, alter line 20, insert:

"SECTION 2. AMENDMENT. Section 39-22-12 of the North Dakota Century Code is amended and reenacted as follows:

39-22-12. Officers to administer chapter - House car dealer, manufacturer, and distributor exemption. The director and any duly authorized representative shall be responsible for the administration of ~~the provisions of this chapter.~~ This chapter does not apply to house car dealers, manufacturers, and distributors."

Page 2, line 23, after "title" insert "- Limitation on tax liability of bona fide purchaser"

Page 2, line 29, after the underscored period insert "A bona fide purchaser of a mobile home for which verification of tax payment is required by this section is not liable for more than one taxable year of unpaid delinquent or current taxes for which the obligation accrued against a previous owner of the mobile home."

Renumber accordingly

Date: 3/7/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1294

Senate Finance and Taxation Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number 10527.0102

Action Taken Move Amendment (voice vote)

Motion Made By Stenehjem Seconded By Christmann

Senators	Yes	No	Senators	Yes	No
Senator Urlacher-Chairman					
Senator Wardner-Vice Chairman					
Senator Christmann					
Senator Stenehjem					
Senator Kroepflin					
Senator Nichols		✓			

Total (Yes) 5 No 1

Absent 0

Floor Assignment _____

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

Date: 3/7/01
Roll Call Vote #: 7

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1294

Senate Finance and Taxation Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS AS AMENDED

Motion Made By Wardner Seconded By Christmann

Senators	Yes	No	Senators	Yes	No
Senator Urlacher-Chairman	✓				
Senator Wardner-Vice Chairman	✓				
Senator Christmann	✓				
Senator Stenehjem	✓				
Senator Kroepflin	✓				
Senator Nichols	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Christmann

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

REPORT OF STANDING COMMITTEE

HB 1294: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1294 was placed on the Sixth order on the calendar.

Page 1, line 3, replace "section" with "sections" and after "39-18-03" insert "and 39-22-12"

Page 1, line 4, after "home" insert "and an exemption from the motor vehicle dealer licensing law for house car dealers, manufacturers, and distributors"

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Renumber accordingly

2001 HOUSE TRANSPORTATION

CONFERENCE COMMITTEE

HB 1294

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1294 Conf.

House Transportation Committee

* Conference Committee

Hearing Date April 3, 2001

Tape Number	Side A	Side B	Meter #
1	x		8 to 2935 end
Committee Clerk Signature <i>Louise B. Jensen</i>			

Minutes: Conference --

Committee: Rep. Jensen Sen. Christmann
 Rep. L. Thoreson Sen. Stenehjem
 Rep. Grumbo Sen. Nichols

Chairman Jensen opened the meeting calling for the roll. All members were present.

Chairman Jensen: We have glanced over you proposed amendments. We understand there is one amendment that removes RV dealers from --- them from this chapter because they are covered in another chapter. I don't think we have any issue with that. We do have some question about page 2 line 29 adding " A bona fide purchaser of a mobile home for which verification of tax payment is required for ---" Would you like to explain that and why it is important to you?

Sen. Christmann: The reasoning behind this is that when we talked with some county tax equalization people-- what they do now is when there is no way of pushing people along to get their taxes up to date except for the time when the mobile home is going to be moved --- we

talked to a few of them and they said that they were pretty much up to date and that I was not much of a problem. Except that one pointed out that it was getting to become more of a problem because the deputies in his particular county didn't look at it as such a priority compared to a lot of their other duties. Sometimes they kind of neglected to pursue people who had not paid their mobile home tax. So as we discussed -- the way we are changing this law is so that taxes would have to be brought up to date before you can get a new title -- it almost gives counties a good reason to drop the ball and not worry about keeping their taxes up to date -- sooner or later it will get sold and some poor soul will not realize what they are getting into since its a mobile home it is likely their home purchase and go in and buy a \$5,000 mobile home with \$6,000 of back taxes on it and get hung for the whole works because the County knew that eventually they would get their money. We just thought that we ought not provide that incentive to the counties -- to just sit back and wait -- to get the new owner -- so we limited it to the one year of back taxes that the purchaser would be obligated to pay before they could get the title. If the counties have let it go that long they are out.

Sen. Stenhjem: The other part of it is -- the county, even if that one year back taxes is required or the taxes are required to be paid by the purchaser, the counties still have the recourse to go back and get rightful person to pay the taxes. What I found or what our committee found in this bill is that we are turning the purchaser of a mobile home into the tax collector. We are shifting the burden from the county where the taxes are to be collected -- to the mobile home buyer. I don't think we have a lot of problems when it is one year -- when you finance it with the bank they keep in tune with the fact whether the taxes are paid -- they keep up with that -- but what happens is in these casual sales -- the ones you are not going to catch are -- I talked with someone up in

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House Transportation Committee

Bill/Resolution Number HB 1294 Conf.

Hearing Date April 3, 2001

the Williston area when they had the big boom up there -- then the oil business went sour -- they had a big mobile home court with hundreds of mobile homes in there and people started pulling them out of there heading back to Montana -- they set up a road block on the highway checking these guys out and most of them owed taxes. That is where the problem is, if they ever get to Montana, what are you going to do to them? Then if somebody over in Montana wants to get title to the mobile home he can't because there are taxes owed here. I think it is the responsibility of the counties to collect the taxes. We are really shifting a years worth over onto the new buyers.

Chairman Jensen: I talked the bills sponsors -- one of their issues was and they highly objected to this addition and their objection had to do with the fact that limiting it to one year it was deprive counties of the revenue. He seemed to feel very strongly, although it is not in this bill, that the counties were hampered in their ability to collect their taxes because they can not move against the property until the taxes are at least two years delinquent. I don't know how germane that is to this bill or whether we need to ask a change for the counties' benefit.

Sen. Stenejem: I would stand here to say that if the mobile home is sold and the new purchaser was required for the one years worth of taxes and they would have to pay it. And the county would still have the ability to go after the taxes owing at that time. If there were two years taxes they would still have the same ability that they have as if the mobile home wasn't sold. But why should the purchaser be stuck with them when he didn't even live there?

Chairman Jensen: I am sensitive to that because as you say the casual buyer -- that quite often may be unsuspecting and unsophisticated buyers --

Sen. Stenejem: I felt -- if I might -- in our committee -- or at least I can speak for my own person -- had the bill been in the shape that it was in without this amendment in I would not have

voted for it. I would have stood up on the floor at that point and tried to kill the bill. I don't think it is that person's responsibility to pay somebody else's taxes and when you shift the burden from the counties to the purchaser who bought it -- that is the squeeze point -- that guy is in the squeeze.

Rep. Thoreson: (570) What is the rationale for having them pay for even one year taxes? Why are we obligating them to pay any taxes that they rightfully have not accrued?

Sen. Stenehjem: We came into this in a spirit of compromise so that they could get these paid. Maybe the person at that time -- if there was nothing in it for the buyer to at least check out the taxes-- maybe they wouldn't do any thing but this way they may be will check it out before they buy. But I would prefer not to have the buyer pay any of the taxes back.

Rep. Thoreson: The back taxes -- the two year thing is that the same as on regular houses?

Chairman Jensen: That is 5 years.

Sen. Stenehjem: I don't know what exactly they do with the house taxes but mobile homes are taxed differently than house are -- we pay our house taxes based on what happened last year -- mobile homes are paid in advance.

Sen. Christmann: In discussing it with some of the county tax people I think their collection procedure is quite different -- if you are five years behind in your house taxes the county can take your home. One county told me they (taxes) were due in the spring and if they weren't paid in the fall they send the deputies out. They do have enforcement ability somehow.

Sen. Nichols: When you mentioned the 2 years, there is as I understand it there are 5 years on permanent houses. But with regard to the 2 years is that something in the statute or is that something or a procedure they are following?

Chairman Jensen: I am just telling you what one of the sponsor who brought the bill forward told me because the counties were having a difficult time with that. He clung to the idea that the taxes were already 2 years delinquent before they could bring an action and that seemed important to him.

Sen. Stenejem: Then is it his recommendation that we take the amendments out from the senate and leave all the taxes if they are 3, 4, 5 years delinquent for the purchaser. Is that what he is asking?

Chairman Jensen: He thinks that protects the counties.

Rep. Grumbo: (905) I am wondering when the taxes are due and delinquent, if you pay the one year -- then that takes the burden for just one year -- is there any what we call " a grace period " ? I pay my taxes for one year to kind of bringing my taxes closer to paying them all. The county kind of leaves that go until the following year?

Chairman Jensen: Sen. Stenejem, I guess I need some advice --- from the county tax assessor.

Sen. Stenejem: One thing we talked about too on paying the tax liability in this bill related to like a house -- this person is required for the most recent years taxes -- now if you go on a house or land purchase and there are taxes due -- you pay and they go back to the first year the taxes are owed.

Rep. Jensen: (1022) Do any of you have any idea of how many people we are looking at -- who would be effect by this bill?

Sen. Stenejem: No one ever testified as to the number we might be talking about.

Chairman Jensen: I would suggest that if is agreeable with the committee that we recess and meet again as early as possible and take action at that time. We can redevelop our thoughts on our own.

Voice from the audience: Madam Chairman I might suggest that Chuck Krueger, State Supervisor of Assessments might offer some insight -- I just want to offer him to you before you recess. If you or any of your committee have questions any be he can answer them. We also have information that might be useful as you may want to change the wording in some of the sections we had some problem with on page 3.

Rep. Thoreson: (1145) Mr. Krueger, do counties come up with this collection schedule on their own, like they wait 2 years before they collect taxes on a mobile home?

Charles Krueger: Generally the taxes on a mobile home are paid ahead -- so it is handled a little bit different than real estate. Generally what happens is that first installment on a mobile home becomes delinquent in July. To start the collect process in July -- however there are some occasions where people start to make payment with the intend of bringing their taxes current, it generally takes any where from six months to a year to get some of those taxes and in some cases the sheriff doesn't act immediately those taxes can bee delinquent for a number of years.

Charles Krueger: If I could talk to the committee, I am not sure of the procedure -- we have a couple of concerns with the engrossed bill. As an example, on section 3 of the engrossed bill which is on page 3. It says -- the first sentence says "before title to a mobile home is sent to the motor vehicle department for transfer the county director of tax equalization

Committee --- voices -- where are we , there is no engrossed bill -- it is just a house bill with amendments. There were senate amendments but the house didn't engross it on their side.

Sen. O'Connell: There is a House bill with senate amendments but there is no official engrossed bill.

Rep. Thorseon: Anyway go ahead with what you were saying --

Chairman Jensen: Start at section 2 -- line 21 on page 2 --

Charles Krueger: The first line start out " before title to a mobile home ... The county director of tax equalization shall verify on the title that all delinquent and current taxes due ...have been paid". Then when you compare that with the amendment made by the senate which say the bona fide purchaser of a mobile home for which verification is required ... Is liable for the current and one years taxes -- for which the taxes occurred against the previous owner of a mobile home -- in this current condition of this bill -- we think that legislation is not workable because the first statement still requires the county director to verify all taxes are paid when they may not be. And the last section doesn't say who is responsible. I can see arguments arising when trying to record the titles or clear the titles. It will be an administrative problem when we are asked how to administer this --

Rep. Thoreson: Should they be able to record the title without the taxes being paid?

Charles Krueger: The intent of this legislation was to make the transfer of title to a mobile home similar to the transfer of title to real estate. May one house or chamber each is looking at it a little bit different. The original bill the house passed look at the taxes being paid and the Senate is looking at one years taxes being paid. I have some proposed amendments but you will have to excuse me because I thought this was an engrossed bill so my amendments are based on that.

The logic for this language is -- there is another section ---

Voice: The pages and line number are the same .. On the house bill and the senate amendments ...

Chairman Jensen: Your amendments are shown as on page 3 and we don't have a page 3 so how do you handle that?

Charles Krueger: We would look at it -- Before the director of --- A lengthy discussion reviewed the proposed amendments a copy of those propose amendments are attached.

Sen. Stenehjem: (1997) Would the county still have the ability to put a lien on other real estate in the county he tax ower would have ?

Charles Krueger: Yes .

Sen. Stenehjem: How many people would this effect where there would be no other property to attach?

Charles Krueger: I don't have a feel for that.

Rep. Thoreson: In that change the way it is, who is responsible for paying those taxes?

Charles Krueger: A question for clarification -- you means the current taxes plus one prior year. That would be -- the seller is still responsible but the buyer couldn't record the title until the taxes had been paid and the buyer could pay those. It would be a negotiation between the buyer and the seller.

Sen. Christmann: (2228) If we did this what other section (of the code) you mention may govern ?

Charles Krueger: Certainly, 57-22-18. Conditional sales. It originally applied to personal property but was amended later to include mobile homes.

Sen. Stenehjem: Here's another point too. Let's say we didn't do any thing to the law and the person would have pay -- the buyer would have to pay five years worth of taxes or whatever-- his recourse at that point is -- before he could get his title transferred. He could take the seller to

court and get a judgment to pay the taxes. The same thing happens if this bill is enacted. He got stuck for 4 years of taxes that somebody else justifiably owed. He could still that person to court and sue them for the tax the other fellow should have paid. If he didn't have any money and he can't get it out of him, he is out -- no doubt about it. I don't think he should have to go to court to collect the taxes and then turn it over to the county but should keep it himself.

Sen. Nichols: (2510) I think this suggestion is pretty good because I do think the person purchasing the unit -- he has a responsibility to check it out -- I don't think they should go into a deal they can't believe because the taxes aren't paid.

Rep. Thoreson: (2580) Apparently everybody involved in this situation has some responsibility including the county who didn't collect the taxes especially if they let the taxes go for 3 or 4 years -- they probably should be responsibility for collecting.

Rep. Grumbo: (2622) When we talk about the individual buyers -- I think about the refugees coming in who don't understand our laws and yet all of a sudden they can be taken to task on something like this. They just do not understand.

Chairman Jensen: I think the buyers are often quite unsophisticated in many ways --

Sen. Stenehjem: That is exactly why we put the amendments on in the Senate that we did. To me the county has a whole deeper pockets than these buyers and they have attorneys on staff and plus it is their responsibility to collect the taxes.

Chairman Jensen: If it is agreeable with everybody I would like to recess this and reschedule.

Sen. Stenehjem: I have no problem with that and in the meantime I would request that you have your intern have the amendments drafted the way that the tax assessment office proposed and went over with us.

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Chairman Jensen: Then we do have a version of proposed amendments.

I would like to have time to talk to the counties about their situation on this and what it would amount to in their loss of revenue.

Sen. Stenehjem: I don't know have they can have any greater loss of revenue they are not getting it now and with this they will get more revenue.

Rep. Thoreson: I don't think it is our responsibility here to make laws that take the county off the hook.

Chairman Jensen: I agree with you but I do think we should get as much information as we can before we decide.

END (2935)

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1294 Conf. B

House Transportation Committee

Conference Committee

Hearing Date April 12, 2001

Tape Number	Side A	Side B	Meter #
1	x		9 --3955
Committee Clerk Signature <i>Laurence J. Junt</i>			

Minutes: Conference ----

Committee-----

Rep. Jensen

Sen. Christmann

Rep. Thoreson

Sen. Stenehjem

Rep. Grumbo

Sen. Nichols

Chairman Jensen opened the conference with the call for the roll. All members were present.

Chairman Jensen: We in the House have discussed this bill and issues quite a bit and we thought that perhaps we could resolve this with some changes on the Title (to the Mobile Home). The thought is that maybe this would give the buyer some protection. Therefore, if it is agreeable to you, I would like to have Keith Magnusson to address the committee.

Keith Magnusson: I am Director of Driver and Vehicle Services for the DOT. Any thing you do the title will probably cost more than you want to hear. It costs us money and effort. We use the same title for a truck, car, all terrain vehicles, motor homes, and mobile homes. The title form is on special paper and to reprint the titles, the paper purchase alone is at least \$100,000. When we

print titles, the forms come up in the printer and the next title in line is printed. So if you wanted some thing special printed on a mobile home title some times, we would have to stop the operation and print that note (item) on there before we could continue. There may be 1 mobile home to 800 cars -- that is a rough example. We would have to take the paper out, put the new paper in, print and reset. We would have to buy small quantities of expensive paper and contract to have them printed. Preprinting on a title would stop our operations.

Chairman Jensen: If I am understanding you -- you don't preprint anything on the title -- you wait until you have the buyer/seller information and then you do it at that time.

Keith Magnusson: You have a basic title form, with some of the blocks for the information and the information is put on by computer.

Chairman Jensen: You don't put out a supply of forms where you could have a supply for mobile homes and a supply for other vehicles?

Keith Magnusson: If we would have a different for a mobile home, we would have to stop our operations. Right now we print titles on line using the same paper. We would have to stop the operation and take out the paper were using and insert other paper. So there is some time and effort. We would have a much smaller buy of anything with mobile homes as there is about 10,000 mobiles titled right now, say we did a 1,000 a year -- we would buy a 1,000 sheets of paper -- it is quite expensive.

Rep. Thoreson: (297) You have got just to put that on here for trailer house or mobile home only --

Keith Magnusson: Not preprinted on a form -- the way our system is set up, there is a possibility and I am thinking of our new system now--- we couldn't have done this on our old system -- but

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we have a text message that we could program a message to go in a certain place. The could be set a place on that title where we could place a message. Usually we use that space for odometer things. Anytime you talk about programming things it cost you a \$1,000. That is a fallback kind of thing rather than preprinting a new title.

Sen. Stenhjem: What seems to be the problem with the amendment that's on the bill now? As far a you are concerned-- from you department?

Keith Magnusson: We have now problem with the bill as introduced or as it came out of the senate.

Chairman Jensen: We do -- we have problem with because while on the one hand it clearly protects a prospective buyer it lets the seller off scot free. And that is what we are trying to somehow do both -- to help the buyer --in someway without letting the seller just walk. So there might be a suggestion about we have the amendments that the senate suggested -- you make the purchaser liable for one and the most recent year. This is for the current year. We were wondering if we shouldn't exempt the buyer all together except for the current year. And that would leave the county holding the bag.

Sen. Stenhjem: We had the discussion in our committee and as far as I am concerned the is the best the way to do it -- let the county be responsible for the back taxes not the buyer. I don't have problem with that part. There are thousands upon thousands of mobile home titles out there already. None of this stuff is going to be print on their title so all you are looking at some thing on the title in the future-- so you are messing around with the title that is not going to help us now.

Chairman Jensen: We thought that if perhaps like an odometer disclosure if in fact that we had a statement not only do I have title but that the taxes are not paid.

Sen. Stenehjem: That O. K. For the new titled mobile homes but there probably tens of thousands of these titles sitting out in North Dakota already and it is not going to be on there.

That's the one they are going to be selling.

Rep. Thoreson: If you did put something on there that required a signature that probably going to require actual printing on the title?

Keith Magnusson: That is going to require printing on the title.

Rep. Thoreson: (620) Do we have a ball park figure of the number trailer sales that happen in a year -- are we talking about effecting 20 of these or 120?

Rep. Jensen: (660) Looking through the Senate minutes --

Rep. Thoreseon: Basically this is coming from the counties because there aren't collecting the back taxes? So instead of them fixing the problem -- they want the state to fix it for them?

Rep. Jensen: On the first page of the standing committee report from the senate it shows that Cass County experiences about 1 dozen of these sales per year.

Sen. Christmann: Would the Dot would have any problem with these amendments were adopted now? The amendments from the tax department. Do we have LC versions of these amendments yet?

Keith Magnusson: I haven't seen the tax department amendments. (reading ...) We wouldn't have a problem with those as they don't effect us.

Rep. Thoreseon: How is that different than what the senate put on there:

Sen. Stenehjem: Sen. Christmann can correct me if I am wrong but they more clearly state what our amendment would do.

Rep. Thoreson: The buyer is still responsible for the taxes ---

Sen. Christmann: It give the counties one extra year That's the biggest difference from what passed the Senate.

Chairman Jensen: (971) It doesn't change the Senate amendment which requires the buyer to pay the current years taxes and 1 year -- the most recent year.

Sen. Stenehjem: as I remember the discussion in the Senate -- if you look at the yellow amendment on p.2 line 29 -- I can understand how it is confusing -- but what I thought was passed out of the senate is what the tax dept. Amendment says in better words -- the only problem I have the new words is that they put the tax levied for the whole year for the current year. But normally when you go in you have the option to pay part in installments -- now we are treating somebody who buys a mobile home for the whole first year. We are treating them a little different than any body else -- we tell them they have to pay the whole year while their neighbor can pay for six months -- I think they should all be treated the same.

Chairman Jensen: We had a question which I will direct to Charles Krueger -- we had a question after we met last week about the amendment -- you used the language the most recent preceding tax year. -- you wanted that changes to be consistent with another section of the tax code -- from the testimony when some one is delinquent in their tax payments -- a payment made to catch up that is applied to the older indebtedness. Is that correct?

Charles Krueger: The is correct.

Chairman Jensen: If that is the case then -- does this language limit it to the most recent -- only to the preceding year? Or would it go to the oldest part of the account?

Charles Krueger: Generally what happens is --lets back up before I answer the question -- mobile home taxes are always collected in advance. The is just the opposite of real estate -- so if you had a situation where I am the purchaser of a mobile home -- technically I am only responsible for the taxes after I acquired it. Now if I walk into the treasurer's office and want to pay my tax they would not apply --it could not be applied to past that someone else is responsible for -- we have a rule that prohibits that. In this regard I think that we are saying that to transfer title -- I would have to pay the taxes for 2001 and any outstanding taxes for the year 2000.

Rep. Jensen: (1298) In order to transfer the title?

Charles Krueger: yes

Sen. Stenehjem: Now that brings me to a question -- if I bought a mobile home from J--- and I went to you would only be interested the taxes that I as a new purchaser was responsible for. And you would be after J--- for the back taxes..the problem arises and correct me if I have this wrong -- when I go over to the Motor Vehicle Department to get the title -- they won't give me a title until all the taxes are paid -- is that correct?

Charles Krueger: Current law they could transfer title without any regard to taxes -- there is nothing from transferring title to a mobile home and the issue of taxes doesn't enter the transfer of title -- apparently that is the basis for the county wanting this bill. You could transfer a mobile home anytime Irrespective of the tax issue but that is different than real estate so the thought may have been to try to make the mobile home transf . . more like the real estate.

Sen. Stenehjem: That is certainly different than the testimony I get on the Senate side.

Sen. Christmann: What is the timing for the second phase for your tax payment when you are current on your mobile home?

Charles Krueger: The first installment becomes delinquent on March 1. The second installment on mobile home is due in June becomes delinquent on July 1.

Sen. Christmann: So if we passed this amendment and bought a mobile home in May and there were delinquent taxes-- would it be your interpretation that I would have to pay the previous years taxes and the first installment on this years taxes because the second installment isn't due yet?

Charles Krueger: The proposal you are looking at is for the current year and the most recent year preceding year. My interpretation is you would have to pay all of 2001.

Rep. Thoreson: (1666) That hardly seems fair.

Sen. Christmann: It seems that it should be the taxes due for the current year and the most recent preceding year instead of 'levied'.

Charles Krueger: All I can tell you is that the tax is due on January first - if you pay the tax before the 15th of February they receive a discount just like on real estate and if it is not paid by the discount date and the tax is more than \$40 you can pay it in installments. If the tax is less than \$40 they do not have that provision available to pay in installments.

Rep. Thoreson: Is there a penalty for not paying your taxes?

Charles Krueger: Yes, -- I believe from -- looked into the code -- a penalty of 2% April 1, 2% May 1, 2% , June 1st and additional penalty of 2% -- so it looks like goes up to 8% and then starting on the second payment is due and a penalty of 2% on that one also up to 8%.

Rep. Thoreson: So that just adds on to what isn't paid.

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Charles Krueger: yes

Rep. Thoreson: Is there a penalty for not paying at all period. Jail?

Charles Krueger: There are two things the county can do -- small claims court and the County can turn it over to the Sheriff the delinquent taxes to collect and they can sell property to pay the taxes due on a mobile home.

Sen. Stenehjem: Can they put a tax lien on the mobile home?

Charles Krueger: That's where the Sheriff would sell the property.

Sen. Stenehjem: The more that I get into this the more I don't like what we did. We are turning the buyer into a tax collector. There is another issue and that is the County can refuse to grant a moving permit. I think the counties should give the buyer a permit. If I do move it from Fargo to Bismarck do I still pay taxes in Cass County or Burleigh County for the current year?

We need to get that possible dispute resolved.

Chairman Jensen: In fairness to the counties, if they can't get a tax lien or collect a tax lien -- on my home it can't go anywhere but a mobile home can be moved.

Rep. Thoreson: They can put a lien on it can't they?

Charles Krueger: They can sell it to get their money if it is still there.

Chairman Jensen: Then you still have a buyer to worry about.

Sen. Christmann: The second installment becomes delinquent in July and there is four months when they can add 2% to it, is that when they (the county) can sell it?

Charles Kreuger: Generally, what happens is that the -- I don't know how all counties do it -- but in one of the counties I am some what familiar with -- once the tax becomes delinquent, they wait

until October because that is when the second installment becomes delinquent and it is at that point that they start to move to collect the taxes.

Sen. Nichols: I thought there is some testimony in the hearings that they couldn't really take the mobile home until it is two years delinquent.

Chairman Jensen: I have felt you are right. These are the minutes from the senate and the testimony says that they won't hold up issuing a moving permit until the taxes are paid and are two years delinquent.

Rep. Thorelon: (2655) Sen. Stenhjem keeps reminding us that we are making tax collectors out of the buyer. I think -- I think the county is the tax collector not the buyer.

Chairman Jensen: The thing I am concerned about is the ability the buyer has to take possession of the mobile home -- in my thoughts is that the lien against the property is the single most important -- among the most important provisions the county has to collect the taxes.

Sen. Stenhejem: The counties can do that if they are the real owner in the first place not the buyer. If the owner had any real property in the county yes they could put a lien on it.

Understand something else, we are talking a small percentage of the sales of mobile homes.

Most mobile homes are going through a bank for financing. The bank is going to make sure what the buyer is buying. The ones are those somebody buys to make into a lake home or buys to put on the farm for a hired man or may be there is some in some mobile home park where there would turn into a repossession or somebody just moved out -- abandoned it. Why should the court owner be stuck with it.

Sen. Nichols: If the lien has already been put on the mobile home and that purchaser would give that person a check for the mobile home I think he would be stuck with the taxes.

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Sen. Stenehjem: It is different -- I don't think the county would put a lien on your car. If you have a lien on your car the bank holds the title.

Rep. Thoreson: It seems to me like -- if you are in arrears for your taxes maybe the county should have the title in their possession. Period.

Sen. Stenehjem: I suppose that would be a court action to get that title out of the mobile home owner.

Chairman Jensen: What is the pleasure of the committee.

Sen. Stenehjem: I hate to do this but my suggestion is let's recess one more time. We will get together with our people and see if there is something we can do.

Sen. Christmann: It's O. K. With me I don't see anything wrong with it.

Sen. Stenehjem: Following more discussion -- moved to recess.

END (3955)

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1294 Conf. C

House Transportation Committee

Conference Committee

Hearing Date April 16, 2001

Tape Number	Side A	Side B	Meter #
1	x		0 -- 4128 end
Committee Clerk Signature <i>Lauren B. Zide</i>			

Minutes: Conference----

Committee--	Rep. Jensen	Sen. Christmann
	Rep. L. Thoreson	Sen. Stenhjem
	Rep. Grumbo	Sen. Nichols

Chairman Jensen opened the conference calling for the roll. All members were present.

Chairman Jensen turned the discussion over to Sen. Stenhjem to present 3 possible amendments as prepared by the Legislative Council staff. The major portion of the session was the explanation given by Sen. Stenhjem on each of the 3 proposed amendments and answering questions as to the differences between them. The amendments were referred to by "102" and "103" and "104" which are the last three digits in the LC numbers. Copies of these three amendments are attached for reference and record which can be related to the tape record. After nearly one hour of discussion (all the time the conference was allotted) the committee failed to agree and recessed for another session at a later date (April) . Prior to recessing a 'straw vote

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Bill/Resolution Number HB 1294 Conf. C

Hearing Date April 16, 2001

was taken ' but no record of the vote was made only a voice vote on several of the aspect of the amendments were assessed.

Sen. Stenhjem moved to recess.

END (4128)

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1294 Conf D

House Transportation Committee

Conference Committee

Hearing Date April 17, 2001

Tape Number	Side A	Side B	Meter #
1	x		5 -- 1346 end
Committee Clerk Signature <i>Lawrence B. Zwick</i>			

Minutes:Conference --

Committee --

Rep. Jensen

Sen. Christmann

Rep. Thoreson

Sen. Stenehjem

Rep. Grumbo

Sen. Nichols

Chairman Jensen opened the conference with a call for the roll. All member were present.

Chairman Jensen: I have some amendments I would like to propose. They are LC ----.0107. A copy is attached here. It is essentially a complete change from the bill and it would include only that amendment that the RV dealers requested. The reason I want to do this is that it seems to me that this bill has a life of its own. Every time we met or sought to do something with it we seem to create a new problem instead of solving any existing problem. So for whatever benefit it might be I would like to suggest this as an alternative.

Rep. Thoreson: (86) I move to approve the amendment 0107.

Sen. Christmann: I second the motion.

Sen. Stenhjem: I will resist this amendment because I have another amendment to propose. I don't think it is fair sticking the buyer with the back taxes and he can't even move it. I have copies for everyone to review and then I think they should vote their conscience on it. They have both amendments to see. The amendment is what we talked about the other day when we left here the other day.

Chairman Jensen: This amendment (of mine) would not change the existing law at all. It would not have an effect on the buyer or the seller.

Sen. Christmann: I would second a motion to get the amendment on the table for discussion. But I do want to see the other proposal too which I do think is preferable.

Rep. Thoreson: (225) I think it is appropriate to look at Sen. Stenhjem's amendment too. This one happens to come first but I think there is some good information in this amendment. The problem is as you have alluded to is that every time we address this bill we come up with more and more problems than solutions. I am not sure whose responsibility it is to correct that or almost like this should stay the same and two years from now come up with a good hearing on this with some really good information. Then make some decisions based on that information. We have a lot of theories -- so I would support the amendment 0107.

Sen. Stenhjem: (332) If you want to follow through with that line of thought this amendment here 39-22-12 never got any more of a hearing on our side than this other option.

Rep. Stenhjem: That is part of the whole problem. We keep getting things coming in and out and ---

Chairman Jensen: Is there more discussion -- if not we will take a vote on the motion before us.

Rep. Grumbo: I too as the week wore on here -- the different areas we were heading into -- I wasn't sure where I was at -- when the confusion was there I thought lets come in with this amendment 0107; but now that I see the other issues before us it kind of cleared a bit more and I would like to see more in a bill. I am not sure I know what I want to do yet.

On a roll call vote, the motion failed.

Sen. Stenehjem: (360) I move the amendments 110527.0106 for approval.

Sen. Christmann: I second the motion.

Sen. Stenehjem: Regarding this amendment, the buyer is responsible for the most recent years taxes and the next years ahead taxes. The new owner is responsible 1 years previous taxes and the 1 year ahead taxes. And the dealers exemption and all that is in there.

Chairman Jensen: Is there any other discussion --- just so that I understand the amendment, this the same amendment you proposed at our last meeting with the exception that you have added the language the buyer would be responsible for the taxes for the preceding year and next year.

Sen. Stenehjem: In talking with the prime sponsor of the bill he said he didn't have a big problem with it. I don't know if the committee will. I realize that maybe it isn't everything that any of us wanted but I certainly think it is fair -- not as fair as I wanted -- but fairer than the way it is better today because now the buyer can get his mobile home.

Sen. Christmann: I think too it comes as close to neutral ground between making buyer into tax collectors --- the other extreme of the county may be losing the taxes for everything. It gives it the chance for the buyer to get title and getting it moved. Beyond that if the counties let it go that long -- I think are probably somewhat at fault. I think it is a pretty good balance.

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House Transportation Committee

Bill/Resolution Number HB 1294 Conf. D

Hearing Date April 17, 2001

Rep. Thoreson: One point of clarification -- In the original bill there was a section two that talked about the mobile home dealers -- Is that still in this bill some where.

Chairman Jensen: Its not in the amendments but as I understand this we are still working with the original house version of the bill. And that this amendment would amended the original bill and doesn't touch that. Line 26 addresses mobile home dealers.

Chairman Jensen: I am going to support this amendment because the time has come to quite meeting like this. I probably will not support the bill on the floor.

On a roll call vote on the amendment, the motion carried.

Sen. Stenehjem: I move that the Senate recede from its amendments as recorded on page 888 of the House Journal and the we further amend and move 'Do Pass as Amended on HB 1294'.

Sen. Christmann: I second.

On a roll call vote the motion carried.

END (1346)

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1294

That the Senate recede from its amendments as printed on page 888 of the House Journal and page 761 of the Senate Journal and that House Bill No. 1294 be amended as follows:

Page 1, line 3, replace "section" with "sections" and after "39-18-03" insert ", 39-22-12, and subsection 2 of section 57-55-11"

Page 1, line 4, after "home" insert ", an exemption from the motor vehicle dealer licensing law for house car dealers, manufacturers, and distributors, and moving permits for mobile homes"

Page 2, line 1, replace "2" with "3"

Page 2, after line 20, insert:

"SECTION 2. AMENDMENT. Section 39-22-12 of the North Dakota Century Code is amended and reenacted as follows:

39-22-12. Officers to administer chapter - House car dealer, manufacturer, and distributor exemption. The director and any duly authorized representative shall be responsible for the administration of ~~the provisions of this chapter.~~ This chapter does not apply to house car dealers, manufacturers, and distributors."

Page 2, line 23, after "title" insert "- Limitation on tax liability of bona fide new owner"

Page 2, line 26, after "paid" insert "or that the bona fide new owner does not have any unpaid tax obligation on the mobile home"

Page 2, line 29, after the underscored period insert "A bona fide new owner of a mobile home for which verification of tax payment is required by this section is not liable for unpaid delinquent taxes for which the obligation accrued against a previous owner of the mobile home. For purposes of this section, "bona fide new owner" does not include a person who acquired ownership from the previous owner in a manner that shows an intent to evade a tax obligation on the mobile home."

Page 2, after line 29, insert:

"SECTION 4. AMENDMENT. Subsection 2 of section 57-55-11 of the North Dakota Century Code is amended and reenacted as follows:

2. Before a mobile home is moved from its existing location, a moving permit must be obtained by the owner from the county director of tax equalization indicating that all taxes, penalties, and interest levied against the owner of the mobile home have been paid. A mobile home moving permit may not be denied to the bona fide new owner of a mobile home who has no unpaid tax obligation on the mobile home under section 3 of this Act. While the mobile home is being transported, the moving permit must be displayed on the rear of the mobile home. Any person who violates this provision is guilty of an infraction, for which a fine of no less than one hundred dollars and no more than five hundred dollars may be imposed."

Renumber accordingly

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1294

That the Senate recede from its amendments as printed on page 888 of the House Journal and page 761 of the Senate Journal and that House Bill No. 1294 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 section 39-22-12 of the North Dakota Century Code, relating to an exemption from the motor vehicle dealer licensing law for house car dealers, manufacturers, and distributors.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 39-22-12 of the North Dakota Century Code is amended and reenacted as follows:

39-22-12. Officers to administer chapter - House car dealer, manufacturer, and distributor exemption. The director and any duly authorized representative shall be responsible for the administration of ~~the provisions of this chapter.~~ This chapter does not apply to house car dealers, manufacturers, and distributors.

Renumber accordingly

VR
4/17/01

CONFERENCE COMMITTEE AMENDMENTS To HB 1294 HTRN 4-18-01

That the Senate recede from its amendments as printed on page 888 of the House Journal and page 761 of the Senate Journal and that House Bill No. 1294 be amended as follows:

Page 1, line 3, replace "section" with "sections" and after "39-18-03" insert ", 39-22-12, and subsection 2 of section 57-55-11"

Page 1, line 4, after "home" insert ", an exemption from the motor vehicle dealer licensing law for house car dealers, manufacturers, and distributors, and moving permits for mobile homes"

CONFERENCE COMMITTEE AMENDMENTS To HB 1294 HTRN 4-18-01

Page 2, line 1, replace "2" with "3"

Page 2, after line 20, insert:

"SECTION 2. AMENDMENT. Section 39-22-12 of the North Dakota Century Code is amended and reenacted as follows:

39-22-12. Officers to administer chapter - House car dealer, manufacturer, and distributor exemption. The director and any duly authorized representative shall be responsible for the administration of ~~the provisions of this chapter.~~ This chapter does not apply to house car dealers, manufacturers, and distributors."

Page 2, line 23, after "title" insert "- Limitation on tax liability of bona fide new owner"

Page 2, line 26, after "paid" insert "or that the bona fide new owner does not have any unpaid tax obligation on the mobile home"

Page 2, line 29, after the underscored period insert "A bona fide new owner of a mobile home for which verification of tax payment is required by this section is not liable for more than the tax levied upon the mobile home for the current year and the most recent preceding year for which the obligation accrued against a previous owner of the mobile home. For purposes of this section, "bona fide new owner" does not include a person who acquired ownership from the previous owner in a manner that shows an intent to evade a tax obligation on the mobile home."

SECTION 4. AMENDMENT. Subsection 2 of section 57-55-11 of the North Dakota Century Code is amended and reenacted as follows:

2. Before a mobile home is moved from its existing location, a moving permit must be obtained by the owner from the county director of tax equalization indicating that all taxes, penalties, and interest levied against the owner of the mobile home have been paid. A mobile home moving permit may not be denied to the bona fide new owner of a mobile home who has no unpaid tax obligation on the mobile home under section 3 of this Act. While the mobile home is being transported, the moving permit must be displayed on the rear of the mobile home. Any person who violates this provision is guilty of an infraction, for which a fine of no less than one hundred dollars and no more than five hundred dollars may be imposed."

Renumber accordingly

2001 TESTIMONY

HB 1294



Testimony Before the House Transportation Committee
January 25th, 2001
House Bill 1294
Frank Klein, Cass County Tax Director

Auditor

Michael Montplaisir, CPA
701-241-5601

Treasurer

Charlotte Sandvik
701-241-5611

**Director of
Equalization**

Frank Klein
701-241-5616

Mr. Chairman and Members of the Committee:

My name is Frank Klein and I am the Tax Director for Cass County. I am appearing in favor of HB 1294.

Currently, a mobile home title can be transferred without regard to payment of the mobile home tax. In some cases, the new buyer is unaware that there are taxes owing. The new owner is often reluctant to pay any due or delinquent taxes. They also wonder how they were allowed to purchase a mobile home with taxes owing.

The current administrative rules state that the full amount of tax is collectable from the seller and that the buyer can be held liable for the prorated portion during the period of ownership. It's difficult to collect the tax after the seller moves or is no longer in possession of the mobile home.

Under the proposed bill, the buyer and seller would need to address the issue of due and delinquent taxes before the title is transferred. It would help ensure that the tax rightfully levied on the property would be collected. The procedure would be similar to the recording of real estate deeds. Currently, before a deed can be recorded, the county auditor must certify that the taxes have been paid on the property.

Thank you for consideration.

Box 2806
211 Ninth Street South
Fargo, North Dakota 58103

FAX 701-241-5728

business of the owner or occupant, which is either attached to utility services or is twenty-seven feet [8.23 meters] or more in length. For purposes of this chapter "utility services" means services purchased by the occupant from a utility company under the jurisdiction of the public service commission.

Source: S.L. 1963, ch. 411, § 1; 1965, ch. 442, § 1; 1969, ch. 354, § 2; 1971, ch. 577, § 1; 1979, ch. 622, § 1; 1983, ch. 666, § 2. property, of mobile homes or trailers for purposes of state or local taxation, 7 A.L.R.4th 1016.

Collateral References.

Classification, as real estate or personal

57-55-01.1. Taxation and tax permits for mobile homes. The owner of each mobile home is subject to taxes as determined under this chapter and shall file an application for a mobile home tax permit with the director of tax equalization in the county in which the mobile home is located within ten days after the mobile home is acquired, moved, or first brought into this state. Application must be made on forms approved by the tax commissioner and furnished by the county director of tax equalization and must contain the necessary information to carry out the provisions of this chapter. A mobile home tax permit may not be issued unless the owner pays the tax and any penalties in full to the county treasurer. Upon payment of the tax, a mobile home tax permit must be issued to the owner of the mobile home. The tax permit is valid throughout the state for the mobile home during the period for which it was issued.

Source: S.L. 1971, ch. 577, § 2; 1985, ch. 653, § 3; 1995, ch. 582, § 1.

57-55-01.2. Statements of full consideration to be filed with application for title to mobile homes — Sales ratio study — Penalty. Any person who has purchased a mobile home and is applying for a title under section 39-18-03 shall present, with the application, a certified statement of the full consideration paid for the mobile home. The director of the department of transportation may not issue a certificate of title to the mobile home until the certified statement is received. The director of the department of transportation shall accumulate and at least monthly forward to the state board of equalization a report containing the information filed in the director's office pursuant to this section. The state board of equalization shall prescribe the necessary forms for the statements and reports to be used in carrying out the purposes of this section, and the forms must contain a space for the explanation of special circumstances which may have contributed to the amount of the consideration. The state board of equalization shall furnish this information to the state tax commissioner who shall conduct a sales ratio study to determine the proper assessment values of mobile homes under this chapter. Any person who, in the statement provided for in this section, willfully falsifies the consideration paid for the transferred mobile home is guilty of a class B misdemeanor.

Source: S.L. 1983, ch. 666, § 7; 1989, ch. 725, § 2.

57-55-02. Application for taxing — Form — Contents. Repealed by S.L. 1995, ch. 582, § 2.

57-55-03. When taxes become due and delinquent — Penalty.

1. a. The tax imposed in this chapter is due and payable on January tenth of each year or ten days after the mobile home is purchased or first moved into this state. If the tax due for the entire year is paid in full by February fifteenth, the county treasurer shall allow a five percent discount.
- 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. 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.
2. Except as provided in subdivision b of subsection 1, the tax imposed by this chapter may be paid in two equal installments if the amount of the tax due is forty dollars or more. The first installment is due on January tenth and becomes delinquent on March first and is then subject to a penalty of two percent, and on April first an additional penalty of two percent, and on May first an additional penalty of two percent, and on June first an additional penalty of two percent. The second installment is due June first and is delinquent on July first and is then subject to a penalty of two percent, and on August first an additional penalty of two percent, and on September first an additional penalty of two percent, and on October first an additional penalty of two percent. If any tax remains due after January first of the next year, interest is due at the monthly rate of one-half percent of the tax due for each month or fraction of a month until the tax and penalties have been paid in full.

Source: S.L. 1963, ch. 411, § 3; 1965, ch. 442, § 3; 1965, ch. 653, § 5; 1967, ch. 726, § 1; 1971, ch. 158, § 26; 1971, ch. 577, 1995, ch. 583, § 1.

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. If a mobile home is

PAID BY
LANDRUS, RONI & VICKY
DATE PAID 5/30/2000

AMOUNT PAID 1065.83
TAX PENALTY .00
SPECIALS AMOUNT .00
SPECIALS PENALTY .00

NORTHVALLEY COMMUNITY
05
2239ABV
2000 FRIENDSHIP

RECEIPTS PAID 1
TRANSACTION # 15

CASH .00
CHECKS 1065.83
REFUND .00

01-000-00-00-05-057
LANDRUS, RONI & VICKY

PAID IN FULL

1724 CHANDLER LN
BISMARCK ND 58501

THIS RECEIPT NOT VALID UNTIL REMITTANCE HAS BEEN CLEARED

2000 MOBILE HOME TAX STATEMENT

52777
RECEIPT NO.

NORTHVALLEY COMMUNITY
2000 FRIENDSHIP
28X26

GENERAL TAX DISTRIBUTION

STATE	171	SCHOOL	607.52
COUNTY	139.64	RURAL FIRE	00
TOTAL	232.95	TOTAL	1065.83

1724 CHANDLER LN

ASSESSMENT	ASSESSED VALUE	TAXABLE VALUE	MILL LEVY	CONSOLIDATED TAX	INITIALMENT	FULL YEAR TOTAL	DISCOUNT
	2110	1725	1.00	1065.83		1065.83	51.29

STATEMENT WITH
THE TREASURER'S
COUNTY, P.O. 6818, BISMARCK, ND 58501
THIS IS A STATEMENT
RECEIPT. SEE REVERSE SIDE.

IMPORTANT
IF ADDRESS TO THE RIGHT IS
INCORRECT, PLEASE CHECK BOX
AND SEE REVERSE SIDE.

01-000-00-00-05-057
LANDRUS, RONI & VICKY
1724 CHANDLER LN
BISMARCK ND 58501

01/01/01

Discount until 5-17-00
penalty starts 6-17-00

BURLEIGH COUNTY, NORTH DAKOTA TAXES FOR THE YEAR 2001

51300
RECEIPT NO.

NORTHVALLEY COMMUNITY

GENERAL TAX DISTRIBUTION

STATE	171	SCHOOL	852.48
COUNTY	127.86	RURAL FIRE	00
TOTAL	298.86	TOTAL	1504.10

2239ABV
2000 FRIENDSHIP
28 X 76

ASSESSMENT	ASSESSED VALUE	TAXABLE VALUE	MILL LEVY	CONSOLIDATED TAX	INITIALMENT	FULL YEAR TOTAL	DISCOUNT
	34367	3093	48694	1506.10		1506.10	78.31

STATEMENT WITH
THE TREASURER'S
COUNTY, P.O. 6818, BISMARCK, ND 58501
THIS IS A STATEMENT
RECEIPT. SEE REVERSE SIDE.

IMPORTANT
IF ADDRESS TO THE RIGHT IS
INCORRECT, PLEASE CHECK BOX
AND SEE REVERSE SIDE.

01-000-00-00-05-057
LANDRUS, RONI & VICKY
1724 CHANDLER LN
BISMARCK ND 58501

01/01/01

HOUSE BILL 1294 With Senate Amendments

Proposed Amendments

2 line 23
Page 3, line 3: After the word "that" insert "the tax levied for the current year and the most recent preceding year"

2 line
Page 3, line 3: Delete the word "all"

Page 3, line 4: Delete the words "delinquent and current taxes due"

Page 3, line 8: Delete "A bona fide purchaser of a mobile home for which"

Page 3, line 9: Delete all

Page 3, line 10: Delete all

Page 3, line 11: Delete all

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1294

Page 1, line 3, replace "section" with "sections" and after "39-18-03" insert "and 39-22-12"

Page 1, line 4, after "home" insert "and an exemption from the motor vehicle dealer licensing Law for house car dealers, manufacturers, and distributors"

Page 2, line 1, replace "2" with "3"

Page 2, after line 20, insert:

"SECTION 2. AMENDMENT. Section 39-22-12 of the North Dakota Century Code is amended and reenacted as follows:

39-22-12. Officers to administer chapter - House car dealer, manufacturer, and distributor exemption. The director and any duly authorized representative shall be responsible for the administration of ~~the provisions of~~ this chapter. This chapter does not apply to house car dealers, manufacturers, and distributors."

Page 2, line 23, after "title" insert "- Limitation on tax liability"

Page 2, line 25, replace "all delinquent and current taxes due" with "the tax levied for the current year and the most recent preceding year"



Testimony Before the Senate Finance and Taxation Committee

March 5th, 2001

House Bill 1294

Frank Klein, Cass County Tax Director

Auditor

Michael Montplaisir, CPA
701-241-5601

Treasurer

Charlotte Sandvik
701-241-5611

Director of Equalization

Frank Klein
701-241-5616

Mr. Chairman and Members of the Committee:

My name is Frank Klein and I am the Tax Director for Cass County. I am appearing in favor of HB 1294.

Currently, a mobile home title can be transferred without regard to payment of the mobile home tax. In some cases, the new buyer is unaware that there are taxes owing. The new owner is often reluctant to pay any due or delinquent taxes. They also wonder how they were allowed to purchase a mobile home with taxes owing.

The current administrative rules state that the full amount of tax is collectable from the seller and that the buyer can be held liable for the prorated portion during the period of ownership. It's difficult to collect the tax after the seller moves or is no longer in possession of the mobile home.

Under the proposed bill, the buyer and seller would need to address the issue of due and delinquent taxes before the title is transferred. It would also help ensure that the tax rightfully levied on the property would be collected.

Thank you for consideration.

Box 2806
1 Ninth Street South
Cass County, North Dakota 58103

FAX 701-241-5728

**Testimony before the
Senate Finance and Taxation Committee
on
HB 1294**

The Recreation Vehicle Industry Association ("RVIA") is seeking an amendment to chapter 39-22 of the North Dakota Century Code to clarify that such chapter does not apply to motorhome dealers or manufacturers. Motorhomes are referred to as house cars within Title 39. Recent discussions with representatives of the Department of Transportation, Lyle Paulson and Keith Kiser, have confirmed that chapter 39-22 is not intended to cover house car or motorhome dealers or manufacturers. According to the Department, no house car or motorhome dealers are currently licensed under chapter 39-22.

House car or motorhome dealers are licensed under chapter 39-18. However, the definition of "motor vehicle" and "house car" in Title 39 could lead to some house car or motorhome dealers being licensed in chapter 39-22 which relates to motor vehicles as opposed to chapter 39-18. The concern of the RVIA is that the provisions in chapter 39-22 were drafted specifically for the automotive industry, which is substantially different than the motorhome industry. The amendment proposed would merely clarify what the legislature had previously intended and would be consistent with the current application of these chapters to the automotive and motorhome industries. (See attached Proposed Amendments to HB 1294).

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1294

Page 1, line 3, replace "section" with "sections" and after "39-18-03" insert "and 39-22-12"

Page 1, line 3, after "home" insert "and application of chapter to house cars"

Page 1, after line 5, insert:

"SECTION 2. AMENDMENT. Section 39-22-12 of the North Dakota Century Code is amended and reenacted as follows:

"39-22-12. Officers to administer chapter. The director and any duly authorized representative shall be responsible for the administration of the provisions of this chapter. The provisions of this chapter shall not apply to house car dealers, manufacturers and distributors."

Renumber accordingly