

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2332

2005 SENATE FINANCE AND TAXATION

SB 2332

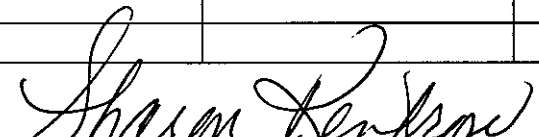
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2332

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 25, 2005

Tape Number	Side A	Side B	Meter #
# 2	X		10-5 - 19.3
Committee Clerk Signature 			

Minutes: All committee members present.

**SEN. URLACHER:** called the committee to order and opened the hearing on SB 2332.

**SEN. COOK:** appeared as prime sponsor of the bill stating all this bill does is put a definition of a retired farmer, if you are drawing social security or if you are eligible for social security, old age or disability benefits, then your a retired farmer.

**MARCY DICKERSON:** Tax Dept. Appeared in support of the bill stating as I do like the fact that there will be a definition if this is enacted what people can hang their hat on and as I interpret it, it wouldn't make any difference what this retired farmer did after his retirement. If he did some other type of work for whatever, I wouldn't see that that would make any difference. Under the existing retiring due to age or illness, how old do they have to be or how sick does he have to be to qualify. There's a lot of problems with that, but with this I think its pretty clear, your old enough or sick enough for social security, your a retired farmer, you can keep your exemptions, you can go to work doing something else, I don't think that would be questioned.

**ERIC AASMUNDSTAD**, NDFB appeared in opposition with written testimony stating we believe that the proposed change to the definition of retired farm in this bill is unwarranted and that the current definition of a retired farmer is a derivative of the farmer definition in NDCC subsection 15 of section 57-02-08 is adequate as it relates to this section of the law.

**SEN. EVERY:** give example of that farmer that left for some other reason.

**ERIC:** Say someone was 58-59 yrs old and just retired because they could. If we change that, the question we have is well, really if they weren't old enough to collect social security or weren't disabled, they wouldn't qualify for the exemption just because they retired because they could. Say they retired at 58, in 4 years from then at age 62 and they qualify for social security benefits, would they then be eligible for the exemption? Because they were a farmer before that or would they still not because they retired before they were 62.

**SEN. COOK:** is it possible then that somebody at age 26 could decide that after 5 years of farming I'm going to retire or quit farming and get a job at the power plant and make 60,000 a year and call myself a retired farmer the rest of my life and not have to pay farm residence tax?

**ERIC:** I would no they couldn't, if they are going to take another job, then they've given up their career as a farmer. I would say no.

**SEN. COOK:** That is the problem we are having because we have individuals who quit farming to pursue other job opportunities and then the tax equalization comes along and says you are going to lose your farm residence exemption and it ends up in court, then they say no, I'm a retired farmer. That's what brought this and we are addressing it.

Page 3  
Senate Finance and Taxation Committee  
Bill/Resolution Number SB 2332  
Hearing Date January 25, 2005

**ERIC:** I feel its a fair statement, I don't know how we address that, in all fairness can we limit that to someone that only draws social security. Can you file for an exemption to the exemption if you decide to retire early and not take another career.

**DAVID MUNSCH:** on behalf of himself made a comment stating the county commissioner is the guy who can file an abatement and they can overrule that as far as whether he is exempt or not , if there's a problem with it.

**NO FURTHER TESTIMONY,** hearing closed.

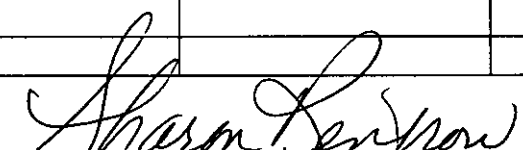
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2332

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date February 1, 2005

Tape Number	Side A	Side B	Meter #
# 3	X		8.0 - 15.1
Committee Clerk Signature 			

Minutes: AFTERNOON COMMITTEE WORK

**SEN. URLACHER:** was it not intended to kind of separate these guys that have been building large homes off the farm?

**SEN. COOK:** not this one. Remember back during the interim when we studied this issue, we had tax equalization officers stand up and inform us that there is basically is no definition of a retired farmer and it drives them nuts. They don't know how to enforce, I mean a retired farmer gets the exemption then for as long as they live on that farm and the intent of this bill is to put a definition of a retired farmer. In their testimony a farmer is defined as an individual who normally devotes a major portion of da da da da da. We believe the definition of a farmer is adequate as it relates to this section of law. But we're talking about a retired farmer.

**SEN. TOLLEFSON:** your definition is a bill for a retired farmer.

**SEN. URLACHER:** that's really what it addresses.

**SEN. WARDNER:** I'm gonna move a **DO PASS**, seconded by Sen. Cook.

**SEN. EVERY:** What about the farmer the retired farmer that is still, travels back and forth from town to the farm every day to help son or daughter operate the farm and still has an income off that farm? I could think of 3 or 4 of my friends that do that. I don't live on the farm, but the son runs the farm and I still go to the farm to help with the harvest, to help with Spring's work to do some of the leg work and I still get an income off the farm, I don't live on the farm, I could live anywhere.

**SEN. COOK:** Then you don't qualify for it. Right now. That definition doesn't even touch that guy. The son gets it.

**SEN. URLACHER:** my son lives in town 2 miles apart, I live on the farm. He pays his taxes on his house and everything but he's the major operator, I'm the helper but I live on the farm, so I'm a retired farmer. But he pays his share on his residence and in reverse of this.

**SEN. WARDNER:** this is to define a retired farmer so that they don't have to pay property taxes on their home such as our Chairman Urlacher called the Committee to order and opened the hearing on . I think you qualify.

**ROLL CALL VOTE:** 4-2-0

**SEN. COOK:** can I ask a question? I'm just curious is if the NO is because you don't like the definition that we have here, you wish it was something else or you'd rather we not have a definition?

**SEN. EVERY:** the NO is because I was elected the same way everybody else in the room was I have a right to vote NO on anything I want.

Sen. Tollefson will carry the bill.

**FISCAL NOTE**  
**Requested by Legislative Council**  
01/20/2005

Bill/Resolution No.: SB 2332

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

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

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

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

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

SB 2332 defines "retired farmer" for purposes of the farm buildings and residence property tax exemption. SB 2332 adds clarity and possibly ease of administration but may not change overall property tax revenues.

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

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



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

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. *SB 2932*

Senate	Finance and Taxation	Committee
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☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass

Motion Made By Wardner Seconded By Cook

[illegible]

Total (Yes) 4 No 2

Absent ☒

Floor Assignment Tollefson

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

**REPORT OF STANDING COMMITTEE (410)**  
February 2, 2005 8:14 a.m.

**Module No: SR-22-1635**  
**Carrier: Tollefson**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2332: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2332 was placed on the Eleventh order on the calendar.**

2005 HOUSE FINANCE AND TAXATION

SB 2332

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2332**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **March 1, 2005**

Tape Number	Side A	Side B	Meter #
<b>2</b>	<b>X</b>		<b>43.9</b>
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

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

**SEN. DWIGHT COOK, DIST. 34, MANDAN** Introduced the bill. This bill simply provides the definition of a retired farmer. This issue also came up during the last interim study. The retired farmer means an individual no longer engaged full time in farming and is eligible to receive social security. It was introduced to correct some ambiguity.

**REP. BELTER** If a farmer wants to retire at age 60, why not?

**SEN. COOK** He loses his exemption.

**MARCY DICKERSON, STATE TAX DEPARTMENT** Testified in support of the bill. See attached written testimony.

**REP. WRANGHAM** How do we define a full time farmer?

**MARCY DICKERSON** That is a good question.

**JOHN BOLLINGBERG** Testified in opposition of the bill. What if a person had a heart attack at 49, wasn't disabled, but decided it would be in his best interests if he decided not to continue to farm, because of health reasons, not getting disability? I still like local problems being solved locally.

**ERIC AASMUNDSTAD, REPRESENTING THE NORTH DAKOTA FARM BUREAU**

Testified in opposition of the bill. See attached written testimony.

**ARVID WINKLER, ASSESSOR FOR BARNES COUNTY** Testified in opposition of the bill. Related to several situations from his area who retired and rented their land.

**DAVID MUNSCH, MORTON COUNTY** Testified in a neutral position. He stated there should be a limit on how big a house is and not paying taxes on it. There should be a dollar amount. I don't think this bill addresses what needs to be done.

With no further testimony, the committee hearing was closed.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2332**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **March 9, 2005**

Tape Number	Side A	Side B	Meter #
<b>2</b>		<b>X</b>	<b>16.8</b>
Committee Clerk Signature			

Minutes:

**COMMITTEE ACTION**

**REP. OWENS** suggested an amendment to the bill on Page 2, line 30 , he wanted to insert "at least 59 1/2 yrs. of age or receiving social security disability insurance" - this would define a retired farmer.

**ERIC AASMUNDSTAD, ND FARM BUREAU** Appeared before the committee and commented in regard to the suggested amendment. He felt the statute defined a retired farmer very well.

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

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

**11 YES      3 NO      0 ABSENT**

**REP. HEADLAND** Was given the floor assignment.

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

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES /  
BILL/RESOLUTION NO. SB 2332

House FINANCE & TAXATION

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Do Not Pass

Motion Made By

Rep. Headland

Seconded By

Rep. Brandenburg

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

Total (Yes)

11

No

3

Absent

0

Floor Assignment

Rep. Headland

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

**REPORT OF STANDING COMMITTEE (410)**  
March 9, 2005 4:59 p.m.

**Module No: HR-43-4571**  
**Carrier: Headland**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2332: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO NOT PASS** (11 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). SB 2332 was placed on the Fourteenth order on the calendar.



2005 TESTIMONY

SB 2332

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**North Dakota Farm Bureau**[www.ndfb.org](http://www.ndfb.org)**Testimony of North Dakota Farm Bureau****Senate Bill 2332****Senate Finance and Tax Committee****January 25, 2005****Eric Aasmundstad, President***Same given to House*

Good Morning Mr. Chairman. My name is Eric Aasmundstad. I am here representing the 27,500 member families of North Dakota Farm Bureau in opposition to Senate Bill 2332.

North Dakota Farm Bureau believes the proposed change to the definition of retired farmer in Senate Bill 2332 is unwarranted. Throughout the years starting in about 1971 many modifications have been made to the farmstead exemption law and the definition of a farmer as it relates to this law. The current definition of a "retired farmer" is a derivative of the "farmer" definition in NDCC subsection 15 of section 57-02-08. A farmer is defined as, *an individual who normally devotes the major portion of time to the activities of producing products of the soil, poultry, livestock, or dairy farming in such products' unmanufactured state and has received annual net income from farming activities which is fifty percent or more of annual net income, including the net income of a spouse if married, during any of the three preceding calendar years.* We believe the definition of a farmer is adequate as it relates to this section of the law.

Therefore, defining a retired farmer as an individual: *who is retired because of illness or age and who at the time of retirement owned and occupied as a farmer the residence in which the person lives and for which the exemption is claimed*, clearly states who should be considered a retired farmer for the purpose of the exemption. Merging the definition of a retired farmer with social security or disability benefits would seem to leave some who may retire for other reasons and qualify in the lurch.

North Dakota Farm Bureau believes the law is clear on this matter and the checks and balances are in place to allow the exemption to be applied fairly.

We would respectfully ask for a "Do Not Pass" recommendation on Senate Bill 2332.

Thank you Mr. Chairman, I would entertain any questions.

## HOUSE FINANCE AND TAXATION COMMITTEE

March 1, 2005

Testimony of Marcy Dickerson, State Supervisor of Assessments

### SENATE BILL 2332

Mr. Chairman, Members of the Committee, for the record my name is Marcy Dickerson and I am employed as State Supervisor of Assessments and Director of the Property Tax Division by the Tax Commissioner. Senate Bill 2332 provides a clear definition of "retired farmer" that can be used consistently in all counties of the state.

Under existing law, interpreted by the Attorney General, determination of whether a person qualifies as a retired farmer is the responsibility of local officials. Different criteria used by various governing bodies have resulted in inequitable administration of the farm residence exemption for retired farmers. This legislation should resolve that problem.

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