

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1071

2007 HOUSE FINANCE AND TAXATION

HB 1071

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1071

House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 9, 2007

Recorder Job Number: 792 13min 12sec

Committee Clerk Signature *Mickie Schmielt*

Minutes:

Chairman Belter called the House Finance & Tax Committee to order. Roll call was taken and all members were present.

Chairman Belter: We'll open the hearing on HB 1071. Any testimony in support?

Marcy Dickerson, State Supervisor of Assessments and Director of the Property Tax Division for the State Tax Commissioner, testified in support of HB 1071. See Attachment #1.

Chairman Belter: Could you go back and explain this inundated agricultural land part again?

Marcy Dickerson: In the existing language in the law there is a date by which an individual must submit his application for classification as inundated land. In the past there has been some discussion as to whether that date is final or whether an appeal is possible, or whether an abatement is possible if a person does not get his application in by that date, which I believe is March 1st. This language is just to clarify that if you don't get your application for inundated land classification in by the required date, you can go through the equalization process at the county or state level or you can file for an abatement. It's a similar situation through homestead credit where the law provides that the application must be made by

February 1st. If it comes in after February 1st, it can be abated. This is just to clarify that in inundated land also.

Chairman Belter: In other words, we're actually giving people more opportunity to apply. Are there any other questions?

Representative Froelich: Section 6 says we're repealing 57-29-04, which applies to certain property that has been sold for taxes. Property is no longer sold for taxes so that section is no longer needed. If I don't pay my taxes, my property could be sold at public auction?

Marcy Dickerson: That has changed. It is true that your property can be sold at public auction after it has been foreclosed to the county. It used to be that every years' delinquent taxes were sold, either to an individual purchaser or to the county. Then after approximately 5 years, you would then lose your property. Now we do not have a annual sale of property taxes. Every year, there is a tax lien placed on your property. Individuals can no longer pick up today's or this year's delinquent taxes, so there's no longer a provision for that. After 5 years, the county can foreclose the lien on that property. Then once they get title to the property, in November they can sell it just like they always did. But the actual tax sales that used to take place annually, no longer do. Tax liens are placed on the property.

Chairman Belter: Any other questions? Thank you. Any further testimony in support of 1071?

John Dwyer, President of the Lignite Energy Council testified in support of HB 1071. I represent ND Coal producers and utilities and cooperatives. My comments are only to Section 5 of the Bill. I just want the committee to know that the Lignite Energy Council supports that beneficiated coal into a substantially different form.

Chairman Belter: Any further testimony in support for 1071?

Gary Jacobson, Legislative Consultant for Great River Energy testified in support of 1071.

I'm just here to back up Mr. Dwyer and Marcy's testimony. The need for looking at a better

beneficiated coal processes, hoping that it meets the qualifications. The term beneficiated means the improving of the coal, adding to the quality and the efficiency of that is a fuel source.

Chairman Belter: Thank you. Any questions? Further testimony in support of 1071? Any opposition? Any neutral? If not, we'll close the hearing on 1071. Committee, what are your wishes on 1071?

Representative Brandenburg: I move a motion for a Do Pass.

Representative Schmidt: I second.

Chairman Belter: Is there any discussion? If not, will the clerk take the Roll call vote?

Yes-13, No -0, Absent-1. Rep. Representative Vig will carry the Bill. We'll close the hearing on HB 1071.

FISCAL NOTE
Requested by Legislative Council
12/27/2006

Bill/Resolution No.: HB 1071

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

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$12,000		
Expenditures						
Appropriations						

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

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

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

HB 1071 provides primarily statutory cleanup. Section 2 of the bill will result in a transfer of a small amount of revenue from the homestead credit fund to the medical center fund.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 of HB 1071 is expected to result in a transfer of approximately \$6000 annually from the homestead credit fund to the medical center fund.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	01/08/2007

Date: 1-9-07
Roll Call Vote #: HB 1071

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

House Finance & Tax Committee

Check here for Conference Committee

Legislative Council Amendment
Number _____

Action Taken Do Pass

Motion Made By Rep. Brandenburg Seconded By Rep. Schmidt

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

Total (Yes) 13 No 0

Absent 1 -

Floor Assignment Rep. Vig

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

REPORT OF STANDING COMMITTEE (410)
January 9, 2007 12:49 p.m.

Module No: HR-05-0348
Carrier: Vig
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1071: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1071 was placed on the Eleventh order on the calendar.

2007 SENATE FINANCE AND TAXATION

HB 1071

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1071

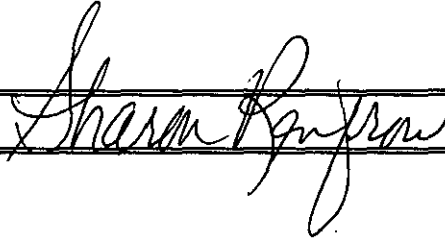
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: February 26, 2007

Recorder Job Number: 3816

Committee Clerk Signature



Minutes:

Sen. Urlacher opened the hearing on HB 1071, a bill relating to removal of obsolete language, transfer of funds to the state medical center, appeals of determinations on inundated agricultural land applications, tad receipts filed with county auditors and coal conversion facilities. All members (7) were present.

Marcy Dickerson, State Supervisor of Assessments and Director of the Property Tax Division, testified in favor of the bill. See attached testimony.

Sen. Horne- curious about beneficiated coal can you explain what that is?

Marcy Dickerson- up to this point it has not existed at least in ND, it means converting the coal into another for which is improved by the beneficiation process. We now have a plant near Underwood that is going to be producing beneficiated coal which will be burned by a new coal conversion facility in Stutsman county. However without this clarification it could be argued that the plant in Stutsman county could not be a coal conversion facility if it was burning beneficiated coal because the statute refers to coal in its original form.

Sen. Cook- subsection 2 deals with the one million dollars that goes to the medical center?

Marcy Dickerson- that's correct.

Sen. Cook- that is the only property tax that is actually levied and comes to the state?

Marcy Dickerson- that is correct.

Sen. Cook- so what is actually happening here now is that somebody gets a homestead tax credit, the state pays the county for the amount of property tax that is being credited but the one million dollars of that part is not going to the medical center?

Marcy Dickerson- that is correct, the reason is when the counties levy taxes on properties that are not receiving homestead credit, they have to remit that one million to the state treasurer to go into the fund for the state medical center.

Sen. Cook- how long has this been going on?

Marcy Dickerson- forever.

Sen. Triplett- so the money is actually in state government the tax department just doesn't think that it has the authority to put it into the correct account?

Marcy Dickerson- that is correct.

Sen. Cook- regarding this money, is it in the state general fund or has it stayed into the homestead tax credit fund available for larger tax credits?

Marcy Dickerson- at the end of the biennium if there is money left in the homestead credit fund it gets turned back and I believe at that point it winds up in the state general fund.

Sen. Oehlke- the 590, that is 1% correct? Is that the total of all the numbers that we are talking about? So if I multiply that times 100 I get 596,000 that is what the homestead credit fiscal note is so to speak at this point?

Marcy Dickerson- the fiscal note at the present time for the homestead credit as it stands in the existing appropriation was 4 and a half million which we have for the current fiscal year. The one million is different from the 1%.

Sen. Horne- one of the things that I am noticing here is that the state medical center fund, could you expand on that and help us understand what that is?

Marcy Dickerson- There are certain funds for just about everything and the state treasurer is responsible, there are many different funds for state money.

Sen. Horne- I was curious what the state medical center fund is?

Marcy Dickerson- it is a fund that supports the medical center in Grand Forks at the University.

Sen. Cook- I am assuming that we had the homestead tax credit first and then came along the one million levy for the state medical fund, I am assuming that we created that one million when the medical school was created?

Marcy Dickerson- I don't know how long that has been in effect, I would assume that it has been in effect since the creation of the medical center school and I don't know when that took place.

Sen. Tollefson- getting back to beneficiated coal, you are talking about the Underwood plant that is drying the coal and then moving it to Stutsman county plant?

Marcy Dickerson- that's correct.

Sen. Tollefson- so is that beneficiated coal that leaves that plant?

Marcy Dickerson- that is correct.

Sen. Urlacher called **Dale Nieswag** to the podium to answer questions for the committee.

Dale Nieswag- the beneficiation is the a couple of different ways, we have the cold drying system that is going on and there is also what is called an air jigging. Those are the two changes that we are aware of that is going to make it from natural form to a beneficiated form and if things work out well I can see other plants in the area doing the same thing as well.

Sen. Tollefson- that ends up creating better and cleaner coal?

Dale Nieswag- correct and to meet environmental regulations.

No opposition to the bill.

Sen. Urlacher closed the hearing.

Sen. Triplett motioned for a Do Pass and to be rerefered to Appropriations and was seconded by **Sen. Horne**, roll call vote 1: 7 yea, 0 nay, 0 absent. **Sen. Oehlke** was designated to carry the bill to the floor.

Date: 2-26-07

Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB1071

Senate Finance & Tax Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO Pass & Refer to Approp.

Motion Made By Sen. Triplett Seconded By Sen. Horne

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

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Oehlke

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

REPORT OF STANDING COMMITTEE (410)
February 26, 2007 12:45 p.m.

Module No: SR-36-3852
Carrier: Oehlke
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1071: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1071 was rereferred to the Appropriations Committee.

2007 TESTIMONY

HB 1071

HB 1071

1-9-07

#1

HOUSE FINANCE AND TAXATION COMMITTEE
Testimony of Marcy Dickerson, State Supervisor of Assessments

January 9, 2007

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

My testimony concerns House Bill No. 1071. This is the Property Tax housekeeping bill and covers several different statutes.

Section 1 amends subsection 1 of N.D.C.C. § 11-10.1-01 to remove the date of September 1, 1978, for establishing minimum requirements for directors of tax equalization. It also adds authority to revise the minimum requirements.

A little background information will probably be helpful in explaining Section 2. Subsection 2 of § 57-02-08.2, the homestead credit certification statute, provides for the Tax Commissioner to "certify to the state treasurer for payment to each county ... the sum of amounts computed by multiplying the exemption allowed for each such homestead in the county for the preceding year by the total of the tax mill rates, exclusive of any state mill rates, that was applied to other real estate in such taxing districts for that year." [Emphasis supplied.] The state does not send the counties the amounts that represent the one mill that is levied for the state medical center, because if the counties received it, they would have to send it back to the state treasurer for deposit in the state medical center fund.

There is no provision in § 57-02-08.2 for the Tax Commissioner to certify the amount generated by the state medical center one mill to the state treasurer for deposit in the state medical center fund. That amount remains in state funds but is not dedicated to the state medical

center. Section 2 of House Bill 1071 provides for certification and transfer to the state medical center fund.

Had this amendment been in place for 2006, the state medical center fund would have received \$5,960. If homestead credit applicants had not received the credit but had paid the property taxes themselves, the state medical center fund would have received that amount.

This amendment also removes expired dates from § 57-02-08.2.

Section 3 removes outdated language from subsections 3 and 6 of § 57-02-27.2. It makes no change to the procedures for valuing agricultural land. The last sentence clarifies that denials of classification as inundated agricultural land may be appealed through the informal equalization process and the formal abatement process.

Section 4 amends § 57-20-08 to replace references to tax sale with references to foreclosure of tax lien. These amendments are necessary because N.D.C.C. chapters 57-26 and 57-27 concerning tax sales have been repealed. Chapter 57-28 provides for foreclosure of tax liens.

Section 5 amends the definition of a coal conversion facility in subsection 3 of § 57-60-01 to include a plant that converts beneficiated coal into a substantially different form, into electrical power, or into gas. Current language refers only to a plant that converts coal from its natural form into something else, and can be interpreted to preclude a plant that begins its process with beneficiated coal from classification as a coal conversion facility.

Section 6 repeals § 57-29-04, which applies to certain property that has been sold for taxes. Property is no longer sold for taxes so that section is no longer needed.

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

SENATE FINANCE AND TAXATION COMMITTEE

Testimony of Marcy Dickerson, State Supervisor of Assessments
House Bill 1071 – February 26, 2007

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

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