

2009 HOUSE FINANCE AND TAXATION

HB 1166

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB1166

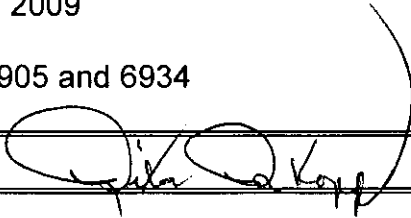
House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 13, 2009

Recorder Job Number: 6905 and 6934

Committee Clerk Signature



Minutes:

Chairman Belter: I open the hearing on HB1166.

Marcy Dickerson, State Supervisor of Assessments and Director of the Property Tax

Division for the Office of the Tax Commissioner: (See Testimony #1.) When I was

waiting outside, Morton County Tax Director Leon Samuel questioned what the situation would be in the case of an unorganized township where the county actually acts as the assessor. I think this covers it because it does not just talk about the governing body of an organized township; it talks about the governing body of a township and a city so the governing body of an unorganized township really is the county. I believe that language is adequate the way it is in here. We respectfully request that you give favorable consideration to HB1166.

Chairman Belter: Are there any questions? Other testimony in support of 1166? Any opposition to 1166? Any neutral testimony on 1166? If not, we will close the hearing on 1166.

Representative Headland moved "Do Pass" on HB 1166. Vice Chairman Drovdal seconded. A roll call vote was taken. Yeas: 12, Nays: 0, Absent: 1 (Brandenburg).

Representative Grande will carry the bill.

Date: January 13, 2009

Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1166

House FINANCE AND TAXATION Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Do Not Pass Amended

Motion Made By Headland Seconded By Drovdal

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter	X		Representative Froelich	X	
Vice Chairman David Drovdal	X		Representative Kelsh	X	
Representative Brandenburg			Representative Pinkerton	X	
Representative Froseth	X		Representative Schmidt	X	
Representative Grande	X		Representative Winrich	X	
Representative Headland	X				
Representative Weiler	X				
Representative Wrangham	X				

Total (Yes) 12 No 0

Absent 1 Brandenburg

Floor Assignment Rep Grande

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

REPORT OF STANDING COMMITTEE

HB 1166: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS (12 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1166 was placed on the Eleventh order on the calendar.

2009 SENATE FINANCE AND TAXATION

HB 1166

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1166

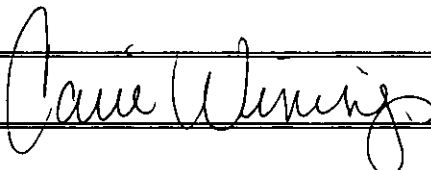
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 03/09/2009

Recorder Job Number: 10447

Committee Clerk Signature



Minutes:

Chairman Cook: Opened hearing on HB 1166.

Marcy Dickerson, State Supervisor of Assessments, Office of the Tax Commissioner:

See Attachment #1 for testimony in support of the bill as well as a proposed amendment.

8.35 Chairman Cook: You call this technical cleanup except Section 1?

Marcy Dickerson: I would say that the only thing that is not technical cleanup would be the \$3000 being reinserted; we did not originally put that in. Section 1 is really cleanup.

Chairman Cook: I am talking about adding the language of "township".

Marcy Dickerson: That is just to expand on what was given, what the legislature provided last year for cities. We are thinking of townships like Haycreek township outside of Bismarck where there is a tremendous amount of new development going on there and it seemed reasonable but the assessments of the lots in that developing township should be handled similarly to the way you approve the assessment of lots in the developing city.

Chairman Cook: How is that?

Marcy Dickerson: That the assessor may or the governing body may take into consideration

the supply of vacant lots available for sale. Basically, it says you don't have to go straight by

the market value of the first two lots that sell and say that all of the lots in that area are worth the same amount.

Chairman Cook: That was last session we did that wasn't it?

Marcy Dickerson: That is correct.

11.08 **Senator Triplett:** Can you give us history as to why the \$3000 floor was removed?

Marcy Dickerson: 2007 was a big year for a lot of property tax ideas to come up. A lot of it was to inform the taxpayer more. The people that were behind removing that just wanted to give notice to more people with fewer requirements. There have been proposals that would require a notice of increase to anybody if they increase the property by one dollar. It used to be that it was \$3000 and 15% increase before a notice was required. Last session you moved it down to 10% and took out the \$3000. (Gives example). We intended to amend HB 1241, but our legal counsel preferred to amend our own housekeeping bill, which is this one. I would like to see them both amended. The idea is for them to both match.

Chairman Cook: If we only amend this bill and not the other one, are we alright regardless of which one goes to the governor first?

Marcy Dickerson: I believe so.

Chairman Cook: We will be hearing 1241.

Marcy Dickerson: I have an amendment for that one as well if you would like it.

14.36 **Representative of the Association of Counties:** Testified in support of the bill.

15.20 **Chairman Cook:** Closed hearing.

Senator Triplett: Moved the Amendments from Marcy Dickerson with the addition of the word "land" on page 6, line 5.

Senator Dotzenrod: Seconded.

A Voice Vote was taken: Yea 7, Nay 0, Absent 0. Motion Passed.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1166

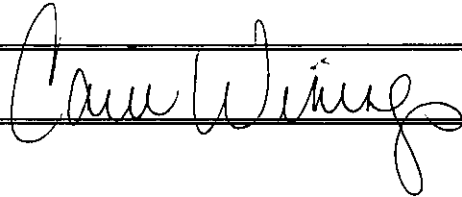
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 03/11/2009

Recorder Job Number: 10731

Committee Clerk Signature



Minutes:

Chairman Cook: Reopened discussion on HB 1166. Would like to see us take Lines 18 and 19 out on page one and then pass the bill.

Senator Dotzenrod: Is that line currently in the statute?

Chairman Cook: Yes.

Senator Dotzenrod: If we take that out, it won't change the statute?

Chairman Cook: No.

Senator Anderson: I guess we need to just take out the word township out.

Senator Dotzenrod: Moved to amend the bill by taking out the word township out on line 18.

Vice Chairman Miller: Seconded.

Chairman Cook: Discussion?

A voice vote was taken: Yea 7, Nay 0, Absent 0.

Vice Chairman Miller: Moved for a Do Pass As Amended (both amendments passed).

Senator Dotzenrod: Seconded.

A Roll Call vote was taken: Yea 7, Nay 0, Absent 0.

Senator Cook will carry the bill.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1166

Page 6, line 19, after "by" insert "three thousand dollars or", overstrike "than" and insert immediately thereafter "and to", after "percent" insert "or", remove the overstrike over "~~more than~~" and remove "over"

Page 6, line 20, after the comma insert "written"

Page 7, line 7, after "~~fifteen~~" insert "three thousand dollars or more and to"

Renumber accordingly

Date: 03/09/09

Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.: 1166

Senate Finance and Taxation Committee

Check here for Conference Committee

Amendments
page 6 line 5
insert "and" after
unplatted.

Legislative Council Amendment Number 98120.0TX

Action Taken Do Pass Do Not Pass Amended

Motion Made By Senator Triplett Seconded By Senator Dotzenrod

Senators	Yes	No	Senators	Yes	No
Sen. Dwight Cook - Chairman			Sen. Arden Anderson		
Sen. Joe Miller - Vice Chairman			Sen. Jim Dotzenrod		
Sen. David Hogue			Sen. Constance Triplett		
Sen. Dave Oehlke					

Total: Yes 7 No 0

Absent 0

Floor Assignment _____

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

Date: 03/11/09

Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. : 1166

Senate Finance and Taxation Committee

Check here for Conference Committee Amendment

Legislative Council Amendment Number remove township out of lines 18+19

Action Taken Do Pass Do Not Pass Amended

Motion Made By Senator Dotzenrod Seconded By Senator Miller

Senators	Yes	No	Senators	Yes	No
Sen. Dwight Cook - Chairman			Sen. Arden Anderson		
Sen. Joe Miller - Vice Chairman			Sen. Jim Dotzenrod		
Sen. David Hogue			Sen. Constance Triplett		
Sen. Dave Oehlke					

Total: Yes 7 No 0

Absent 0

Floor Assignment _____

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

Date: 03/11/09

Roll Call Vote #: 2

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. : 1166

Senate Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number Amended 2 times

Action Taken Do Pass Do Not Pass Amended ^{AS}

Motion Made By Senator Miller Seconded By Senator Dotzenrod

Senators	Yes	No	Senators	Yes	No
Sen. Dwight Cook - Chairman	✓		Sen. Arden Anderson	✓	
Sen. Joe Miller - Vice Chairman	✓		Sen. Jim Dotzenrod	✓	
Sen. David Hogue	✓		Sen. Constance Triplett	✓	
Sen. Dave Oehlke	✓				

Total: Yes 7 No 0

Absent 0

Floor Assignment Senator Cook

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

REPORT OF STANDING COMMITTEE

HB 1166: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1166 was placed on the Sixth order on the calendar.

Page 1, line 3, remove "property valuation by townships,"

Page 1, line 18, remove "or township"

Page 6, line 5, after "unplatted" insert "land"

Page 6, line 19, after "by" insert "three thousand dollars or", overstrike "than" and insert immediately thereafter "and to", after "percent" insert "or", remove the overstrike over "~~more than~~", and remove "over"

Page 6, line 20, after the comma insert "written"

Page 7, line 7, after "~~fifteen~~" insert "three thousand dollars or more and to"

Renumber accordingly

2009 TESTIMONY

HB 1166

TESTIMONY #1

**TESTIMONY OF THE OFFICE OF STATE TAX COMMISSIONER
BEFORE THE
HOUSE FINANCE AND TAXATION COMMITTEE**

HOUSE BILL 1166

JANUARY 13, 2009

Chairman Belter, members of the House Finance and Taxation Committee, I am Marcy Dickerson, State Supervisor of Assessments and Director of the Property Tax Division for the Office of State Tax Commissioner, and I am here today on behalf of the Commissioner to testify in support of House Bill 1166.

BACKGROUND

This bill was introduced by the Tax Commissioner to delete obsolete dates and references, to give the governing body of a township authority to establish valuations that recognize the supply of vacant lots available for sale, to clarify units of real property for assessment of nonagricultural land outside the limits of an incorporated city, to clarify that a special assessor acting under N.D.C.C. chapter 57-14 must provide the same notice of increase over the last assessment that must be provided by all assessors acting under N.D.C.C. § 57-12-09, and to remove a reference to property that has been sold for taxes and replace it with a reference to property upon which a tax lien has been foreclosed.

REASONS FOR PROPOSED CHANGES

The amendments are intended to remove unnecessary language and to correct references in certain statutes; to provide authority for assessment of property in townships where development is taking place similar to authority provided to cities by the 2007 Legislative Assembly; to provide for similar description of nonagricultural property in townships and cities; to clarify the notice of assessment to be provided by special assessors; and to update language that refers to a repealed statute.

EXPLANATION OF THE BILL

Section 1. Amendment of § 57-02-27.1. The amendments on lines 10, 11, 13, and 14 of page 1 remove references to the year 1981. The amendment on line 18 provides that the governing body of a township, as well as a city, may establish valuations that recognize the supply of vacant lots available for sale. This amendment recognizes that some townships adjacent to major cities are experiencing residential and commercial growth similar to cities.

Section 2. Amendment of § 57-02-27.2. The amendments on lines 5, 6, and 7 of page 3 remove the reference to the capitalization rate that was effective for 2005. All the other amendments in this section update the name of a department at the University of North Dakota from the “agricultural economics department” to the “department of agribusiness and applied economics.”

Section 3. Amendment of § 57-02-38. This amendment is a companion to the amendment in Section 1 that gives a township governing body authority to establish valuations that recognize the supply of vacant lots for sale. It provides that real property platted on or after March 31, 1981, that is located outside any city and is not agricultural property under the conditions set out in subsection 1 of § 57-02-01 must be assessed separately as to each lot, just as similar property located in a city is assessed. This amendment makes no change to the definition of agricultural land or to the assessment of agricultural land. It recognizes development taking place in some townships and clarifies how developing properties shall be described for assessment purposes.

Section 4. Amendment of § 57-12-09. The 2007 Legislative Assembly amended the requirement in § 57-12-09 for an assessor to send notices of increased assessment. The word “or” on line 18 of page 6 makes it unclear whether the requirement applies when the value of the whole parcel has been increased by more than 10 percent, or when the value of either the land or improvements has been increased by more than 10 percent. Changing the word “or” to “including” clarifies that notice is required when the value of the entire parcel has been increased by more than 10 percent. The amendments on lines 19 and 20 of page 6 are merely slight grammatical changes.

Section 5. Amendment of subsection 4 of § 57-14-08. When the 2007 Legislative Assembly amended § 57-12-09 concerning notice of increase to be sent by assessors, no similar amendment was made to § 57-14-08, which applies to special assessors when a general reassessment of property is ordered. The changes in Section 5 make the notice requirements the same in both statutes.

Section 6. Amendment of § 57-20-03. The amendment on line 27 of page 7 is merely a grammatical change. The amendment on lines 2 and 3 of page 8 corrects the statute to refer to foreclosure of tax lien instead of tax sale. N.D.C.C. chapter 57-24, which provided for sale of land for delinquent taxes, was repealed in 1999. Current law provides for foreclosure of tax lien.

Section 7. Effective date. The provisions of House Bill 1166 are effective for taxable years beginning after December 31, 2008.

CONCLUSION.

The Office of State Tax Commissioner believes these changes will update and clarify statutes that are unclear or no longer accurate. The Tax Commissioner respectfully requests that you give favorable consideration to House Bill 1166.

#1

**TESTIMONY OF THE OFFICE OF STATE TAX COMMISSIONER
BEFORE THE
SENATE FINANCE AND TAXATION COMMITTEE**

HOUSE BILL 1166

MARCH 9, 2009

Chairman Cook, members of the Senate Finance and Taxation Committee, I am Marcy Dickerson, State Supervisor of Assessments and Director of the Property Tax Division for the Office of State Tax Commissioner, and I am here today on behalf of the Commissioner to testify in support of House Bill 1166 and to offer amendments to Sections 4 and 5. The proposed amendments are attached to my testimony.

BACKGROUND

This bill was introduced by the Tax Commissioner to delete obsolete dates and references, to give the governing body of a township authority to establish valuations that recognize the supply of vacant lots available for sale, to clarify units of real property for assessment of nonagricultural land outside the limits of an incorporated city, to clarify that a special assessor acting under N.D.C.C. chapter 57-14 must provide the same notice of increase over the last assessment that must be provided by all assessors acting under N.D.C.C. § 57-12-09, and to remove a reference to property that has been sold for taxes and replace it with a reference to property upon which a tax lien has been foreclosed.

REASONS FOR PROPOSED CHANGES

The amendments are intended to remove unnecessary language and to correct references in certain statutes; to provide authority for assessment of property in townships where development is taking place similar to authority provided to cities by the 2007 Legislative Assembly; to provide for similar description of nonagricultural property in townships and cities; to clarify the notice of assessment to be provided by special assessors; and to update language that refers to a repealed statute.

EXPLANATION OF THE BILL

Section 1. Amendment of § 57-02-27.1. The amendments on lines 10, 11, 13, and 14 of page 1 remove references to the year 1981. The amendment on line 18 provides that the governing body of a township, as well as a city, may establish valuations that recognize the

supply of vacant lots available for sale. This amendment recognizes that some townships adjacent to major cities are experiencing residential and commercial growth similar to cities.

Section 2. Amendment of § 57-02-27.2. The amendments on lines 5, 6, and 7 of page 3 remove the reference to the capitalization rate that was effective for 2005. All the other amendments in this section update the name of a department at the University of North Dakota from the “agricultural economics department” to the “department of agribusiness and applied economics.”

Section 3. Amendment of § 57-02-38. This amendment is a companion to the amendment in Section 1 that gives a township governing body authority to establish valuations that recognize the supply of vacant lots for sale. It provides that real property platted on or after March 31, 1981, that is located outside any city and is not agricultural property under the conditions set out in subsection 1 of § 57-02-01 must be assessed separately as to each lot, just as similar property located in a city is assessed. This amendment makes no change to the definition of agricultural land or to the assessment of agricultural land. It recognizes development taking place in some townships and clarifies how developing properties shall be described for assessment purposes.

Section 4. Amendment of § 57-12-09. The 2007 Legislative Assembly amended the requirement in § 57-12-09 for an assessor to send notices of increased assessment. The word “or” on line 18 of page 6 makes it unclear whether the requirement applies when the value of the whole parcel has been increased by more than 10 percent, or when the value of either the land or improvements has been increased by more than 10 percent. Changing the word “or” to “including” clarifies that notice is required when the value of the entire parcel has been increased by more than 10 percent. The amendments on lines 19 and 20 of page 6 are merely slight grammatical changes.

An amendment I am proposing today applies to this section and incorporates a provision of House Bill 1241, which the House has passed. This amendment adds language calling for an increase in true and full value of \$3,000 or more, in addition to a 10 percent increase in true and full value, before an assessor is required to send a notice of increase. The \$3,000 floor was included in § 57-12-09 until it was removed in 2007, and it has now been reinstated in House Bill 1241.

Section 5. Amendment of subsection 4 of § 57-14-08. When the 2007 Legislative Assembly amended § 57-12-09 concerning notice of increase to be sent by assessors, no similar amendment was made to § 57-14-08, which applies to special assessors when a general reassessment of property is ordered. The changes in Section 5 make the notice requirements the same in both statutes.

The other amendment I am proposing today applies to this section, reinstates the \$3,000 floor, and makes subsection 4 of § 57-14-08 agree with proposed language in our amendment to § 57-12-09.

Section 6. Amendment of § 57-20-03. The amendment on line 27 of page 7 is merely a grammatical change. The amendment on lines 2 and 3 of page 8 corrects the statute to refer to foreclosure of tax lien instead of tax sale. N.D.C.C. chapter 57-24, which provided for sale of land for delinquent taxes, was repealed in 1999. Current law provides for foreclosure of tax lien.

Section 7. Effective date. The provisions of House Bill 1166 are effective for taxable years beginning after December 31, 2008.

CONCLUSION.

The Office of State Tax Commissioner believes these changes will update and clarify statutes that are unclear or no longer accurate. The Tax Commissioner respectfully requests that you approve the amendments I have proposed today and give a Do Pass recommendation to House Bill 1166 as amended.

This concludes my prepared testimony.