

2013 FINANCE AND TAXATION

HB 1107

2013 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1107
January 15, 2013
Job #17233

☐ Conference Committee

Committee Clerk Signature

Mary Bruck

Explanation or reason for introduction of bill/resolution:

A Bill relating to county implementation of soil survey data in agricultural property tax assessments; and to declare an emergency.

Minutes:

Attached testimony #1

Chairman Belter: Opened hearing on HB 1107.

Jeb Oehlke, Deputy Treasurer: See attached testimony #1.

Representative Froseth: I was on the interim committee that dealt with this issue 6-10 years ago but I think when we passed this law it was with understanding that when they come back into compliance the assessment would end but apparently it wasn't spelled out correctly.

Jeb Oehlke: Somewhere in the amendment of that last bill the cure was taken out of the language.

Representative Froseth: If there are eight counties who still haven't come into compliance then this penalty apparently isn't working very well.

Jeb Oehlke: It actually hasn't begun yet. The distribution we did in April will be the first time there has been any withholding.

Representative Froseth: Are there still eight counties?

Jeb Oehlke: Yes there are eight counties. The certification we received from the tax commissioner in December tells us there are eight counties not in compliance.

Chairman Belter: Any further testimony in support of 1107? Any testimony in opposition of 1107? Any neutral testimony to 1107?

David Munch, Morton County: I went into a soil type business and had some questions on taxes on some farmland I bought. I didn't get a very good answer so I went to the Board and they said I should go to the state. I went to the state and they came up with this soil

type stuff. That law was passed in 1981 to go to soil types and this is 2013. They had to pass a law to force these guys into doing it. I went in there the other day and told them my taxes went up \$700 on a home quarter from last year. I asked how they arrived at this figure and they said you have the soil types and said they'd send me some maps. I haven't got them yet and that was a week or two ago. They told me that I have 41 acres of tillable land on that quarter. I told them that could be but I took some of that out and put it as pasture. They were supposed to have these variables. When the state passed the law they never said this was the way they were going to do it. They let the counties do this and would make them a program. So you have this county using this program and another county using another program. Then when you ask why you're being taxed at a certain rate then they can't answer you. If you call that being certified then I don't know. I was a certified welder and I had to go weld and they bent it and then gave me a certificate otherwise I wouldn't get the job. Is there a glacier going to go by before this gets taken care of? I've been here a half a century already, I can't wait.

Chairman Belter: We share your frustrations. Any other testimony? If not we will close the hearing.

2013 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1107
January 16, 2013
Job #17272

☐ Conference Committee

Committee Clerk Signature

Mary Bruckner

Explanation or reason for introduction of bill/resolution:

A Bill relating to county implementation of soil survey data in agricultural property tax assessments; and to declare an emergency.

Minutes:

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Chairman Belter: What are the committee's wishes on HB 1107?

Representative Froseth: Made a motion for a DO PASS.

Representative Trottier: SECONDED.

Chairman Belter: Any further discussion? If not will the clerk read the roll for a Do Pass?

Roll call vote taken: 14 Yes 0 No 0 Absent: MOTION CARRIED FOR DO PASS.
Representative Schmidt will carry the bill.

Date: 1-16-13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1107

House Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☒ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By R. Froseth Seconded By R. Trottier

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley Belter	✓		Rep. Scot Kelsh	✓	
Vice Chairman Craig Headland	✓		Rep. Steve Zaiser	✓	
Rep. Matthew Klein	✓		Rep. Jessica Haak	✓	
Rep. David Drovdal	✓		Rep. Marie Strinden	✓	
Rep. Glen Froseth	✓				
Rep. Mark Owens	✓				
Rep. Patrick Hatlestad	✓				
Rep. Wayne Trottier	✓				
Rep. Jason Dockter	✓				
Rep. Jim Schmidt	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment R. Schmidt

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

REPORT OF STANDING COMMITTEE

HB 1107: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1107 was placed on the Eleventh order on the calendar.

2013 SENATE FINANCE AND TAXATION

HB 1107

2013 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee

Lewis and Clark Room, State Capitol

HB 1107

3/6/2013

Job Number 19472

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact subsection 10 of section 57-02-27.2 of the North Dakota Century Code, relating to county implementation of soil survey data in agricultural property tax assessments; and to declare an emergency.

Minutes:

Testimony Attached

Chairman Cook opened the hearing on HB 1107.

Jeb Oehlke, Deputy State Treasurer - See attached testimony 1 in favor of HB 1107.

Chairman Cook - Can you give me the names of the counties still not in compliance?

Jeb Oehlke - I can get you a list today.

Senator Dotzenrod - This amount that is withheld is deposited into the agricultural land valuation fund. As I understand it then that money that is in that fund doesn't really get spent or used, it's sort of retained there and it eventually when that county gets the work done that they are supposed to get done then that money goes back to the county that originally should have gotten it to start with.

Jeb Oehlke - That is correct.

Senator Dotzenrod - Have you had some counties that have gotten in to compliance and have been able to get the money out of there?

Jeb Oehlke - The first time we do withholding will be now in April when we make the state aid distribution. It went in to effect for distributions of funds collected after the first of January 2013. Each year the Tax Commissioner's Office does an audit of all the counties and so they will certify to us which counties have come in to compliance.

Sara Meier, Tax Department - See attachment 2, a map of counties not in compliance at this time.

Chairman Cook - Can you have land that is zoned agricultural but taxed as commercial?

Sara Meier - No, it must be zoned commercial to be commercially assessed.

Senator Miller - I don't understand why you couldn't implement a program because you've got new commercial activities, that doesn't make any sense.

Sara Meier - That is the reason that Mountrail County gave for not having it in place in 2012.

Vice Chairman Campbell - The soil survey maps, are those the maps that were done in like the 1960's-70's?

Sara Meier - Natural Resource Conservation is in charge of doing the soil survey. It's an ongoing process. They are still starting to split down those soils in to even more distinct soils within the map units. I think they finished the state in the 1980's, every county was done. (8:20)

Chairman Cook - When a county does its budget they are supposed to determine what their needs are and divide that into taxable valuation and come up with a mill rate. I think generally they look at the money they need first. Do you know when they do their budget and they are going to have 5% of these funds withheld does it actually reduce the income side of their budget by that amount?

Sara Meier - I think they take in to account every revenue source they have when they come up with their budgets so if they knew they were going to be out of compliance with this, they built that in to their budget. The 5% withholding from counties that I talked to that were concerned about losing that 5% they said their state aid is increasing, the 5% sure, we want it, but we've been having an increase in that amount of money that we are getting.

Chairman Cook closed the hearing on HB 1107.

Senator Miller - I'll move a **Do Pass**.

Seconded by **Vice Chairman Campbell**.

Roll Call Vote 7-0-0

Carried by **Senator Miller**.

Date: 3-6-13
Roll Call Vote #: 1

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1107

Senate Finance & Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☒ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Miller Seconded By Senator Campbell

Senators	Yes	No	Senator	Yes	No
Chairman Dwight Cook	X		Senator Jim Dotzenrod	X	
Vice Chairman Tom Campbell	X		Senator Connie Triplett	X	
Senator Joe Miller	X				
Senator Dave Oehlke	X				
Senator Randy Burckhard	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Miller

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

REPORT OF STANDING COMMITTEE

HB 1107: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1107 was placed on the Fourteenth order on the calendar.

2013 TESTIMONY

HB 1107



STATE OF NORTH DAKOTA
OFFICE OF STATE TREASURER
Kelly L. Schmidt, State Treasurer

House Bill 1107
Testimony in Support
Committee: House Finance and Taxation
Date: January 15, 2013
Jeb Oehlke
Deputy Treasurer

Mr. Chairman, members of the committee:

For the record I am Jeb Oehlke, Deputy Treasurer for the Office of State Treasurer. I am here in support of HB 1107, which was submitted by the Treasurer's Office.

This is a housekeeping bill which will help create efficiencies in the Treasurer's Office. At the present time subsection 10 of section 57-02-27.2 requires the State Treasurer to withhold a portion of the quarterly State Aid distribution from each county not in compliance with the use of soil survey data as the method of valuation for its agricultural land. The funds that are withheld are deposited into the agricultural land valuation fund and redistributed to the county from which they were withheld upon certification from the Tax Commissioner that they are compliant with the law. However, once a previously non-compliant county comes into compliance the statute – as currently worded – does not give the Treasurer's Office the authority to stop the withholding. Rather we will have to continue withholding 5% of the State Aid distribution, deposit it into the Agricultural Land Valuation Fund, and then redistribute it to the county. This requires additional steps and accounting entries and creates inefficiencies in the process.

The changes made in this bill will allow the Treasurer's Office to stop the withholding and subsequent redistribution of funds once we have received a certification from the Tax Commissioner that a previously non-compliant county has come into compliance with the law.

There is no fiscal impact from this change.

We ask the committee for a Do Pass recommendation.

Thank you.



STATE OF NORTH DAKOTA
OFFICE OF STATE TREASURER
Kelly L. Schmidt, State Treasurer

House Bill 1107
Testimony in Support
Senate Finance and Taxation Committee
Date: March 6, 2013
Jeb Oehlke
Deputy Treasurer

Chairman Cook and committee members:

For the record I am Jeb Oehlke, Deputy State Treasurer. I am here in support of HB 1107, which was submitted by the Treasurer's Office.

This is a housekeeping bill which will help create efficiencies in the Treasurer's Office. At the present time subsection 10 of section 57-02-27.2 requires the State Treasurer to withhold a portion of the quarterly State Aid distribution from each county not in compliance with the use of soil survey data as the method of valuation for its agricultural land. The funds that are withheld are deposited into the agricultural land valuation fund and redistributed to the county from which they were withheld upon certification from the Tax Commissioner that they are compliant with the law. However, once a previously non-compliant county comes into compliance the statute – as currently worded – does not give the Treasurer's Office the authority to stop the withholding. Rather we will have to continue withholding 5% of the State Aid distribution, deposit it into the Agricultural Land Valuation Fund, and then redistribute it to the county. This requires additional steps and accounting entries and creates inefficiencies in the process.

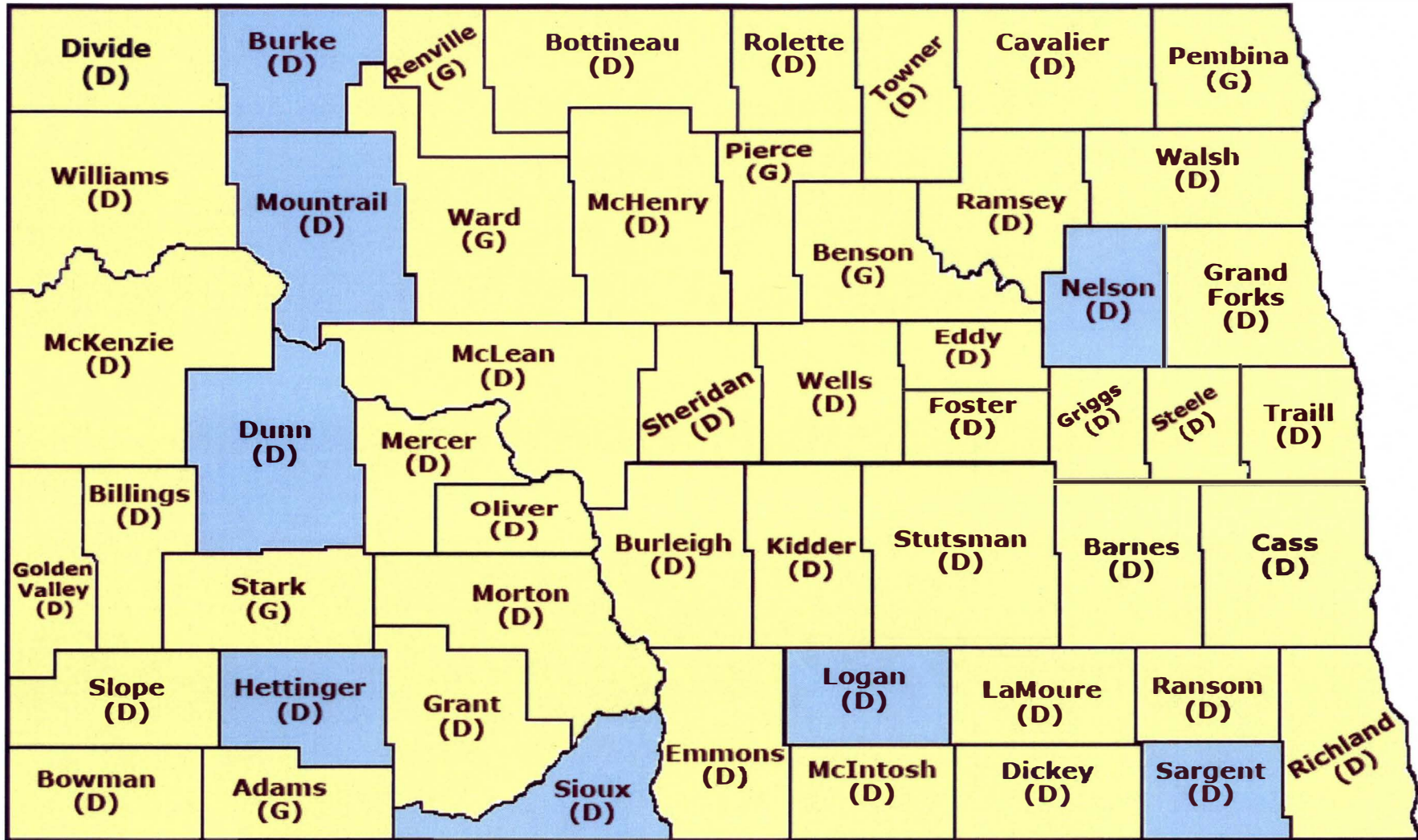
The changes made in this bill will allow the Treasurer's Office to stop the withholding and subsequent redistribution of funds once we have received a certification from the Tax Commissioner that a previously non-compliant county has come into compliance with the law.

There is no fiscal impact from this change.

We ask the committee for a Do Pass recommendation.

Thank you.

Soil Survey Method of Valuation of Agricultural Land
Office of State Tax Commissioner
October 15, 2012



Yellow
Blue

County using soil survey as basis for agricultural valuation

County in the process of implementing soil survey method of valuation or more information required for review.

(D) Indicates detailed soil survey

(G) Indicates general soil survey