

**2013 HOUSE FINANCE AND TAXATION**


**HB 1459**

# 2013 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee  
Fort Totten Room, State Capitol

**HB 1459**  
February 6, 2013  
Job 18384


Conference Committee



**Explanation or reason for introduction of bill/resolution:**

A Bill relating to a sales tax rebate for certain purchases of replacement property for property damaged or destroyed by 2011 flooding; to provide an effective date; and to provide an expiration date.

**Minutes:**



**Vice Chairman Headland:** Opened hearing on HB 1459.

**Representative Maragos:** Introduced bill. (ended 3:55)

**Vice Chairman Headland:** Is there any precedence in the past when we've had major floods like this for this type of exemption that you are aware of?

**Representative Maragos:** I'm not aware of any personally; I would have to do some research to answer that correctly.

**Vice Chairman Headland:** You've identified who would be eligible for this, do you have a number of how many people that would be and if this would cover more areas than just Minot?

**Representative Maragos:** Yes, I believe Burlington, Sawyer, and Bismarck. I do not think this really identifies any specific local that I can see.

**Representative Trottier:** What if they were reimbursed by an insurance company?

**Representative Maragos:** Then they would not qualify.

**Vice Chairman Headland:** Further support for HB 1459?

**Dan Stevenson,** rural Burleigh County: I was in the flood impact area, I support this bill, I was also hoping this would include prevention. FEMA only helped us getting a dehumidifier.

House Finance and Taxation Committee  
HB 1459  
February 6, 2013  
Page 2

**Vice Chairman Headland:** Further testimony in support of 1459? Any opposition to 1459?  
Any questions for the tax department?

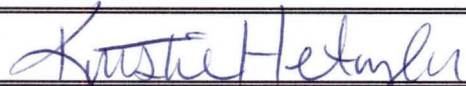
Hearing closed.

# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1459  
February 11, 2013  
Job 18699

Conference Committee



### Explanation or reason for introduction of bill/resolution:

A Bill relating to a sales tax rebate for certain purchases of replacement property for property damaged or destroyed by 2011 flooding; to provide an effective date; and to provide an expiration date.

### Minutes:



**Chairman Belter:** Opens HB 1459

**Representative Dockter:** Motions Do Not Pass.

**Representative Schmidt:** Second.

Discussion:

**Representative Dockter:** After talking to Miles it was just decided that there was too many grey areas.

**Representative Owens:** It also did not distinguish between reimbursed purchases and non-reimbursed purchases.

Yes: 10

No: 3

Absent: 1

**Carried by:** Representative Kaiser.

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/22/2013**

Bill/Resolution No.: HB 1459

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **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 1459 creates a sales tax rebate for the sales tax paid on qualifying purchases made by homeowners affected by the 2011 flood events.

- 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.*

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.*

HB 1459, if enacted, will increase state general fund expenditures from rebates requested by individuals affected by the 2011 flooding. The amount of the requests for rebates that will be filed and accepted is unknown.

- 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

**Telephone:** 328-3402

**Date Prepared:** 02/05/2013

Date: 2-11-13  
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1459

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 Rep. Dockter Seconded By Rep. Schmidt

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) 10 No 3

Absent 1

Floor Assignment Rep. Zaiser

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

**REPORT OF STANDING COMMITTEE**

**HB 1459: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO NOT PASS (10 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). HB 1459 was placed on the Eleventh order on the calendar.**



**2013 SENATE FINANCE AND TAXATION**

**HB 1459**

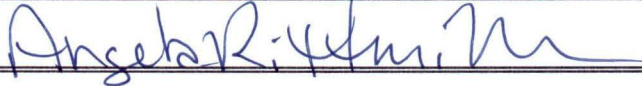
# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Finance and Taxation Committee Lewis and Clark Room, State Capitol

HB 1459  
3/18/2013  
Job Number 20040

Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 57-39.2 of the North Dakota Century Code, relating to a sales tax rebate for certain purchases of replacement property for property damaged or destroyed by 2011 flooding; to provide an effective date; and to provide an expiration date.

### Minutes:

Testimony Attached

**Chairman Cook** opened the hearing on HB 1459.

**Representative Maragos** introduced HB 1459.

**Vice Chairman Campbell** - What percentage of this have already been spent?

**Representative Maragos** - The section applies to purchases that occurred only between June 10, 2011 through December 31, 2013, if you look on page 2 line 20.

**Senator Triplett** - Why would we not, if we were going approve this why would we not approve it for anyone from 2011 going forward who had a flood disaster and give them 2.5 years to make application for this. What is unique about that flood relative to any individual person that would say, not be relevant to the Knife River flooding and damaging 3 homes badly.

**Representative Maragos** - I guess one could look at it that way and one could certainly bring the bill back and extend it. This bill takes care of everybody who was affected; I just named those that I know directly. (8:38)

**Senator Triplett** - My point is that sometimes there aren't major disasters but there are in some years there are small disasters that maybe don't get the publicity across the state that 2011 got but for the individual homeowner they are just as devastating so I'm thinking that if we would do this it should not be time limited to the 2011 flood. It should just be a generic thing that if there is a disaster that gets the governors attention and there's a disaster area declared and FEMA comes in and all the rest of it, that then those people should be treated fairly relative to how you're asking your people to be treated.

**Representative Maragos** - I don't disagree with that and that's why I say I would certainly support another bill if it was required. (9:56)

**Senator Triplett** - What about someone whose house was destroyed by a tornado who had the same level, even a worse level of destruction, it took the whole structure off like say the Northwood tornado where we were asked to provide some help and did not. Why would those people not be equally as entitled?

**Representative Maragos** - Correct me if I'm wrong but if a tornado damages my home and I have insurance, I think it's covered. (10:54)

**Senator Burckhard** - If I was a victim of the flood and I had to order \$600 worth of sheetrock I would only get a sales tax rebate on \$500 worth of that? Is that what you are saying?

**Representative Maragos** - No. If that sheet of sheetrock is considered an independent item and as long as it wasn't over \$500 so each sheet gets applicability.

**Senator Burckhard** - How much did FEMA reimburse most flood victims that year?

**Representative Maragos** - In my hometown of Minot most of them received a \$30,000 grant.

**Senator Miller** - How many people had flood insurance?

**Representative Maragos** - I've only heard, I could not independently confirm it, but in the valley they calculated that probably 10% of us had always maintained their flood insurance. (12:57)

**Senator Miller** - Should a determination be made if a person had flood insurance then they don't qualify for this rebate?

**Representative Maragos** - That is correct.

**Senator Triplett** - Isn't this bill really then just a disincentive for people to get flood insurance?

**Representative Maragos** - No, I don't think this would be a disincentive. I think now what everybody sees that records are made to be broken they would be foolish not to get insurance. (16:13)

**Senator Dotzenrod** - The disqualifier for the people who have insurance, that's on page 1 line 12 and 13. That where those that are insured are disqualified.

**Representative Maragos** - That's correct. The tax department is well aware of the restrictions and they seem to feel no problem in being able to administer it.

**Senator Dotzenrod** - The local sales tax that are imposed in the community by Minot, how are they handled in this? Are they rebated or just left alone, they aren't part of this? Is it only the state share that would be rebated?

**Representative Maragos** - I think you're right; it would just be the 5%. (17:29)

**Senator Oehlke** - Relative to flood insurance, I know that lending institutions got comfortable because Corp of Engineers and other people said don't worry about it we've got a big dyke so your safe and so you really don't need to carry flood insurance. Have they changed their opinion now in these areas?

**Representative Maragos** - I certainly agree with what you said I wish I could comment to it with some knowledge. My understanding is now that all of the lenders are revisiting, because of that disaster what their requirement are going to be. (19:11)

**Senator Oehlke** - I don't know that it's the immediate lender even, but when they resell those loans to whoever they resell it to part of that auditing process requires them to carry it if they are in a flood plain. Why it wasn't happening before I think was just a fluke, it shouldn't have been happening.

**Representative Maragos** - You just refreshed my memory. Now I realize why I always had flood insurance. My lender sold their loan portfolio to the Bank of North Dakota and the Bank of North Dakota required me to keep my insurance.

**Senator Oehlke** - So without that you might have been one of the \$30,000 guys.

**Representative Maragos** - I was very fortunate.

**Chairman Cook** closed the hearing on HB 1459.

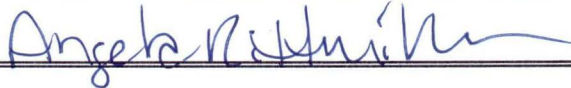
# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Finance and Taxation Committee Lewis and Clark Room, State Capitol

HB 1459  
3/27/2013  
Job Number 20571

Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 57-39.2 of the North Dakota Century Code, relating to a sales tax rebate for certain purchases of replacement property for property damaged or destroyed by 2011 flooding; to provide an effective date; and to provide an expiration date.

Minutes:

**Chairman Cook** opened discussion on HB 1459.

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

Seconded by **Vice Chairman Campbell**.

**Roll Call Vote 5-2-0**

Carried by **Senator Burckhard**.

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/22/2013**

Bill/Resolution No.: HB 1459

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **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 1459 creates a sales tax rebate for the sales tax paid on qualifying purchases made by homeowners affected by the 2011 flood events.

- 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.*

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.*

HB 1459, if enacted, will increase state general fund expenditures from rebates requested by individuals affected by the 2011 flooding. The amount of the requests for rebates that will be filed and accepted is unknown.

- 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

**Telephone:** 328-3402

**Date Prepared:** 02/05/2013

Date: 3-27-13  
 Roll Call Vote #: 1

**2013 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1459**

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 Burckhard 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) 5 No 2

Absent 0

Floor Assignment Senator Burckhard

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



**REPORT OF STANDING COMMITTEE**

**HB 1459: Finance and Taxation Committee (Sen. Cook, Chairman)** recommends **DO PASS** (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1459 was placed on the Fourteenth order on the calendar.