15.0775.03000

FISCAL NOTE

Requested by Legislative Council
02/10/2015

Amendment to: SB 2307

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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			$250,000,000			
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 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).*

Engrossed SB 2307 removes the sunset on the state paid property tax credit.

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.*

Engrossed SB 2307 makes the 12% state paid property tax credit permanent. The estimated cost of the credit for the 2015-17 biennium is $250 million. The continuation of the credit is contained in the executive recommendation.

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 or a part of the appropriation is 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: 02/11/2015

15.0775.02000

FISCAL NOTE
Requested by Legislative Council
01/20/2015

Bill/Resolution No.: SB 2307

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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			$(160,000,000)			
Expenditures			$309,000,000			
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 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).*

SB 2307 creates a property tax credit for homeowners and an income tax credit for renters.

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 1 of SB 2307 authorizes a property tax credit equal to fifty percent or $50,000 of true and full valuation, whichever is less, of a person's primary residence. For farmers whose personal residences are tax exempt, the bill authorizes credit on up to 640 acres. These provisions are expected to increase state general fund expenditures by an estimated $309 million in the 2015-17 biennium.

Section 2 of SB 2307 authorizes a refundable income tax credit equal to fifteen percent of the annual rent, up to a maximum of $900 per year. This is expected to reduce state general fund revenues by an estimated $160 million in the 2015-17 biennium.

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.*

The residential and agricultural credits authorized in SB 2307 will increase state general fund expenditures as the state will be required to reimburse counties for these credits.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

If enacted, SB 2307 may require an appropriation allowing the state treasurer to pay the counties as authorized in Section 1 of the bill.

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 01/26/2015

2015 SENATE FINANCE AND TAXATION

SB 2307

2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB2307
1/27/2015
Job Number 22580

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Alice Grove

Explanation or reason for introduction of bill/resolution:

Relating to provision of property tax relief through a residential property tax reduction and to provide a renter's income tax credit; and to provide an effective date.

Minutes: Attachment #1

Chairman Cook opened the hearing on SB2307.

Senator Dotzenrod, **State Senator District 26, presents SB2307**. This bill, SB2307, is a major initiative and attempt to lay out a way of dealing with property tax relief. The bill, essentially, has three parts to it: residential property tax -- a homestead credit, an agricultural component, and a renter's income tax credit (meter 1:05 to 15:52)

Senator Cook -- So, if you are a farmer, and your home is exempt, you would still be able to take this deduction, only you would take it on 640 acres of land?

Senator Dotzenrod -- Limited to a dollar value that would be comparable to someone who has a home residence.

Senator Cook -- And that 640 acres has to be acres in which the homestead is located on?

Senator Dotzenrod -- It doesn't say that. It says includes up to 640 acres of continuous farmland owned by the applicant. There's not a requirement that they live there.

Senator Cook -- You could select the highest tax section. Chances are the credit would be similar because of the cap?

Senator Dotzenrod -- Yes.

Senator Cook -- Senator Dotzenrod, did you talk with the county folks that would have to administer this to see what their thoughts were.

Senator Dotzenrod -- I have not.

Senator Cook -- And, looking at the fiscal note, are you comfortable that we can afford that?

Senator Dotzenrod -- I think that we are going to have some difficult decisions between now and the end of the session. In the last biennium we provided $800 million in tax relief on property. It may be difficult to achieve a level that high in the coming biennium, but we should have resources enough to provide a pretty significant reduction in taxes on property.

Senator Cook -- You suggested two changes that needed to be made. Are you going to work on amendments?

Senator Dotzenrod -- I am. The date for the homestead credit, I think needs to be changed. The other one is to make sure that this renter's credit is limited.

Senator Triplett -- On page 2, between lines 13 and 19, you are talking about how to claim it for the first year and then "the reduction for that property continues to apply for subsequent years but the county director of tax equalization may require the signing and filing of an updated claim form for a subsequent year to verify continued eligibility", can you explain to us why you went that route, rather than putting the burden on the taxpayer to fess up when they are no longer eligible?

Senator Dotzenrod -- One of the concerns that I have about this is the amount of paper it is going to take to make it work. The solution might be to get the system in place with an initial request and then the county directors are aware of the changes that occur.

Senator Triplett -- When you are working on your amendments, perhaps contact someone from the Association of Counties or the tax equalization folks in a couple of counties and find out if they might have a suggestion for a better way of doing it. Maybe just a check the box when you're paying your taxes that says: I am still eligible. This has the potential for unfairness.

Senator Dotzenrod -- I think there might be some way to make that work. People do have to appear or mail their tax statements in to the courthouse and that statement that shows the tax due on their home residence will be crossing the desk at the treasurer's office.

Senator Laffen -- The $160 million would be the reduction to state income tax?

Senator Dotzenrod -- Yes.

Senator Laffen -- Because of the renter's credits and the $309 million would be our payment to the counties just to make them whole.

Senator Dotzenrod -- Yes, that's right. For a total of $469 million. And, Senator Laffen, I don't know if you were in the room when we talked that renter's credit, it appears to me that because it's a refundable credit, page 5, line 10, that it's creating an obligation on the part of the state that goes beyond what I had intended. It should only be limited to support from the state that does not exceed the taxpayers individual tax liability for that year. I am going to have some amendments prepared for that.

Senator Cook -- This is not the first time that we've had the opportunity to look at a renter's credit and it gets to be an issue of administration more than anything. Is there any responsibility for the landlord in this renter's credit? Any paperwork?

Senator Dotzenrod -- As I envision the way the system would work, the answer would be no.

Opposed testimony:

Laney Herauf, Government and Regulatory Affairs Specialist for the Greater North Dakota Chamber. (Attachment #1) Requests a do not pass.

Senator Bekkedahl -- A comment: on most income rental property, including apartments, doesn't the landlord schedule, as one of the expenses for operating that facility, property taxes?

Laney Herauf -- I believe so, yes.

Senator Bekkedahl -- And wouldn't that be reflected in the rent calculations for the income of the facility at some point? Which would indicate that, renters are paying a property tax apportionment?

Laney Herauf -- Yes, you could look at it that way.

Senator Bekkedahl -- Does the Greater North Dakota Chamber believe that every property owner does that to the renter? Gives credit back to the renters in their rent cost because of property tax relief?

Laney Herauf -- In a roundabout way, yes. It's our position that, while rent has increased, they haven't increased at a rate that could have, had we not seen the property tax relief.

Senator Bekkedahl -- If you could bring some specific parties in here that can show us that that is happening, it would be enlightening to me.

Jeremy Petron, Lobbyist, North Dakota Apartment Association.
We are not specifically opposed to this bill. We are neutral. Our only concern would be how the tax credit is administered, as far as what is required of the landlord.

Senator Cook -- There always has been some sort of burden placed on landlords. I don't know how we would do this, administratively, without placing some sort of burden.

Sara Meier, Property Tax Specialist, Office of State Tax Commissioner
No testimony, but there are a few items that I would like to work with Senator Dotzenrod and cleaning up some of the language to make it a little bit more workable with the property tax relief credit, changing the references from true and full to taxable, and look at the dates for the effective date.

Senator Cook -- Just on the property tax part of it?

Sara Meier -- Yes. I can't speak to the income tax side.

Rocky Gordon, North Dakota Apartment Association
Our association did take a neutral stance because as this bill appears to be written there is not an administrative burden on the landlord.

Senator Laffen -- Who do you represent?

Rocky Gordon -- I'm with the North Dakota Apartment Association.

Senator Triplett -- Are you aware of any single landlord in your association who may have particularly passed along a property tax cut to a renter?

Rocky Gordon -- I am not, but I do believe that it has slowed the increase in many cases.

Chairman Cook closed the hearing on SB2307.

2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB2307
2/9/2015
Job #23466

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Alicia Grove

Explanation or reason for introduction of bill/resolution:

Committee work

Minutes: Attachment #1, #2

Chairman Cook opened the committee work on SB2307.
I believe Ms. Wald has some amendments. Looks like a $469 million fiscal note on this bill as it sits. The bill does 2 things, I believe. It creates a second homestead tax credit; and then it has a renter's credit.

Dee Wald -- Section 1 of the bill provides a residential property tax credit. It gives them a credit against the first $2,250.00 of the valuation, or 50% which is ever less of the taxable valuation instead of the true and full valuation of the property. See that on page 1 of the Christmas tree lines 1 through 19. It creates a new section. Page 2, we just changed some dates for administrative purposes for the counties and the tax department because we start that process in March. Page 3, we are removing the social security and taxpayer identification number. We don't receive that information now. We don't need it to administer the credit. Page 4, we are changing the $45,000.00 of true and full value to $2,250.00 of taxable value. The dollars are the same. It's just for ease of administration. Page 5, same changes. We also removed the requirement that they look at the income tax return, other information that's available. It wouldn't provide us the information that we need to administer this residential property tax credit.

Chairman Cook -- It would not?

Dee Wald -- To the extent that it won't tell us what their primary residence is necessarily because we sometimes have those snowbirds. It's not saying that we can't look at them because we already a statute that says we may look at an income tax return, an individuals or businesses, other tax information to administer anything else. That is part of the reason that is out.

Chairman Cook -- Can you administer it?

Dee Wald -- We do that now with the homestead tax credit and all the other ones and we've had no problems. Again, changing dates and language on page 4. Page 6 removes the income tax cut for renters completely. Page 7 we changed the effective date so that it will be effective for the 2015 tax year.

Senator Triplett -- Other than the change in the effective date, the removal of the renter's income tax is really the only substantive change here. Is that correct?

Dee Wald -- Yes.

Senator Dotzenrod -- On page 5, line 10, you were referring to the review of the certifications under subsection 14. Since the sections have been renumbered, should that be a different number in there?

Dee Wald -- You caught us. Yes, it should be 13.

Chairman Cook -- Subsection 13?

Dee Wald -- That's correct.

Senator Bekkedahl -- On page 4, the bottom, changing before April to March 1st of each year, the county auditor, is that to bring that into compliance with the date that the counties use or that the tax department uses?

Dee Wald -- That conforms to the date that the county auditors use so we have the February date for the first one, March, and then comes to us. That's how our current property tax and other credits -- those are the deadlines.

Senator Bekkedahl -- So it's the consistency and it conforms to what you already have.

Dee Wald -- Yes.

Senator Dotzenrod -- I did ask them to take that renter's credit out because, in our discussion, the tax department brought up so many issues about the renter's credit that made it difficult for them to verify. We have a separate bill here in the committee that is basically a carbon copy of that section so I thought we could have our discussions on that and not have it get us bogged down on that part of it.

Senator Triplett -- If a motion is in order, I would move to adopt the amendment 02000 with the addition of one small typo of changing 14 to 13 on page 5, line 10.
(Attachment #1)

Chairman Cook -- We have a motion by Senator Triplett to pass the amendment 02000 which removes the renter's income tax credit from SB2307 and makes technical corrections to section 1. Is there a second?

Senator Oehlke seconded.

Senator Triplett -- Maybe I should make sure that Senator Dotzenrod likes it before I make the motion.

Senator Dotzenrod -- They are fine.

Chairman Cook -- I appreciate the renter's credit coming out of this. That leaves us now with a property tax bill that creates the second homestead tax credit, as I see it. Senator Dotzenrod, do you want to explain again who is going to get this? Primary residential homes?

Senator Dotzenrod -- Yes. Of the four classes of property in the state, residential, commercial, agricultural and centrally assessed property, this is primarily addressed to residential property. It does provide an additional credit of equal value to someone who lives in a home that is not taxed.

Chairman Cook -- In a home that is not taxed? Meaning?

Senator Dotzenrod -- If they have an agricultural tax due on a parcel that can be up to 640 acres in size, they are entitled to a credit. That would give an agricultural component to the bill. Otherwise, as far as the main section that starts on page 1, this is residential and it provides a state will come in and pay 50% of the tax due on the home, up to $100,000 of value. I wanted the true and full value when I had the bill drafted because I thought it would be easier for people to follow what was going on. The tax department prefers not to use that in the way they interpret what the legislatures is trying to do. On a $40,000.00 home, the state would be coming in and contributing 50%. On a $140,000.00 home the state would pay, up to that $100,000, the $50,000.00 worth of true and full value and then the homeowner would be liable for the remainder. In this case the $90.000.00 beyond that. It's a property tax credit for residential property.

Chairman Cook -- And agricultural property?

Senator Dotzenrod -- Yes.

Chairman Cook -- So if a farmer has a spouse that earns more than $40,000.00 he is then paying property tax on his home? He would get this exemption for his home and not the section of land?

Senator Dotzenrod -- That's true. He would not be entitled to do both.

Chairman Cook -- And the language makes that clear?

Senator Dotzenrod -- On page 4, lines 18,19 & 20, that the applicants primary residence which is not exempt from property tax as a farm resident. Below that, primary residence is exempt, this includes up to 640 acres as long as they don't exceed the dollar value.

Chairman Cook -- And how often do they have to reapply?

Senator Dotzenrod -- The way that this bill was drawn up was that they would apply the first year and then the director of tax equalization has the authority to ask for verification if they need information later. I didn't want to have a large amount of paper having to be dealt with every year in the director of tax equalization's office so that once they had this. Most of the directors know when property changes hand they generally seem to be aware of that.

Chairman Cook -- We're leaving out commercial property here. We have residential, agricultural and commercial and you are taking care of two but not the third.

Senator Dotzenrod -- And the intent was to have renters in there but to try to get down to the residential part of it, I left the renters out. It is not on commercial. It is only on residential and that ag part for those people in the homes that are not taxed.

Chairman Cook -- Why agricultural and not commercial? I could understand that if we were looking at primary residence because whether you own commercial or agricultural property you probably have a primary residence. If you wanted to target it to North Dakotans, why not just give it on primary residences? Why have the agricultural component in there?

Senator Dotzenrod -- The thing is in most of the taxing districts, most of the school districts, in the state, the agricultural share of the support for that is quite high. If you look at the share of the cost of operating the school, most rural school districts are 65% to 70% taxing ag land. If we provide this benefit to residential property, that would then become 80% on ag land. If you start exempting out significant share of the property in town, I was trying to find some way to provide an offset for that so that the ag contributors to the system would get some benefit as well.

Chairman Cook -- When you go and give it to two and not three, you are going to subject yourself to a lot of...

Senator Dotzenrod -- I am going to assume that the taxpayers in these taxing districts those folks are living in taxable residences would get this benefit and that most of the people that own the commercial property are living in those kinds of homes that are going to get that benefit.

Chairman Cook -- The farmers aren't because they don't pay taxes on their homes.

Senator Dotzenrod -- Generally speaking, they are generating the larger share of the revenue in most of these school districts.

Chairman Cook -- They are generating the larger dollars, probably, but the percentage of the taxes that they pay, based on the value of the property, is the lowest.

Senator Dotzenrod -- And we could sure get into this discussion about how the system may be tilted one way or the other but the argument that I get back to is, if you are going to support the system, the state and the local governments, you need income. The other things you can't pay property taxes with mills. You can't pay it with valuation. You have to

have income and if we think there is some unfairness and somebody is not paying enough in the way their property is taxed, they really have to have income. The question I always get back to is, if you have a tax bill that goes up with things are good and it goes down when things are bad, that seems to be acceptable to most people.

Chairman Cook -- This is $309 million for the property tax bill?

Senator Bekkedahl -- This bill deals with everybody or just people eligible for the homestead tax credit under all of our existing legislation?

Senator Dotzenrod -- No, this creates a new type of homestead credit.

Senator Bekkedahl -- But everybody then would have to follow the application process by February 1st every year.

Senator Dotzenrod -- The first year only. And then if you look at the bottom of page 2, the reduction for that property continues to apply for subsequent years. But the county director may require the signing of an updated form in some subsequent year. If the director is organized enough to know what properties have changed hands they don't really need to have an application on those properties.

Senator Bekkedahl -- I think the way it works now on the homestead tax credit is that you have to apply every year to show eligibility, don't you?

Chairman Cook -- Yes, I believe you do.

Senator Dotzenrod -- I think we are talking about 3% of the residential properties in the state that are currently coming in and requesting that.

Senator Bekkedahl -- This legislation doesn't change that requirement for those people, does it?

Senator Dotzenrod -- No, it doesn't. If I'm on the farm and the majority of my income is derived from farming income, is it the residence or all buildings on that farmstead that are property tax exempt?

Senator Dotzenrod -- Under current law, we don't tax bins, buildings, the shop and the house, if the farmer meets the definition of farmer in state law. The land will be taxed but not the buildings on the land.

Senator Bekkedahl -- If I live in the city I'm paying property taxes on the structures on my property and I would get some property tax relief from that payment with this bill but if I live on a farmstead on a farm where I am primarily farming, I'm paying zero property tax on those improvements but I also get a credit on my ag land valuation taxation?

Senator Dotzenrod -- Yes, that's correct.

Chairman Cook -- Dee, an individual is living in North Dakota paying taxes in North Dakota, he applies for this credit, primary sector credit, and gets it. Eventually he buys property in Florida, becomes a resident of Florida for income tax purposes, how would we know whether or not his home in North Dakota is still his primary residence?

Dee Wald -- Our income tax returns have non-resident or part-year resident, he would file as a non-resident.

Chairman Cook -- And how are you going to pick it up in this application?

Dee Wald -- The taxpayer must provide both addresses, the address for which he is asking for the credit. This is a situation too where we might look at the income tax return.

Chairman Cook -- Are you going to do that on every one or just if you are auditing?

Dee Wald -- We audit all of these.

Chairman Cook -- Any idea how many of these applications there will be?

Dee Wald -- I do not.

Senator Laffen -- I don't understand how farmland is taxed. Is it all taxed at the same level?

Chairman Cook -- I assume that the 640 acres has to have the residence located on it, correct?

Senator Dotzenrod -- It was my understanding that it wouldn't have to have the residence located on it. They would just have to demonstrate that they are paying taxes on farmland. To answer Senator Laffen's question, it is not a simple bumper sticker answer. Under state law, we require all counties to have done soils mapping. The soil map becomes the guide-card for determining the productivity and the value. The counties have to take the numbers they get from NDSU and figure out what is the appropriate value for that land.

Chairman Cook -- He's not going to choose a quarter section of land that is pasture land. He is going to choose a section of land that is the most highly-taxed, productive land.

Senator Laffen -- Or is he going to choose every one of those soil types across all his land?

Chairman Cook -- It has to be continuous 640.

Senator Dotzenrod -- When you get your bill, property tax for a section of land, you don't a bill that is divided into pieces, based on the soil type. You get a number of what you owe, based on the weighted value for each quarter, or each parcel.

Senator Laffen -- The taxpayer gets to choose the parcel?

Senator Dotzenrod -- Yes.

Chairman Cook -- Depending upon what we do with the other option we have here, I believe Senator Unruh has amendments to turn this bill, or some bill, into a 12 1/2% property tax reduction.

We have a motion to approve the amendments to SB2307. Any further discussion?

Roll vote 7-0-0.

We have before us SB2307. Committee, your wishes.

Senator Unruh -- I do have some amendments for the committee to consider. If now is the appropriate time?

Chairman Cook -- Yes. Senator Unruh, this does what?

Senator Unruh -- What this does is, it takes the state-paid property tax relief credit that was implemented last session, that 12 ½%, and extends it and makes it permanent. You can see at the top of section 1, it's crossed out the effective for the first two taxable years, beginning after December 1, 2012, and crosses that language out to make this relief permanent. This was discussed extensively during the interim by the taxation interim committee. There is a similar bill on the house side that does this same thing. This is property tax relief that extends to all three sectors, includes commercial as well as residential and agricultural and makes it more even across the board.

Senator Dotzenrod -- Does the benefit also apply to centrally assessed property, this 12%?

Senator Unruh -- This extends to most centrally assessed property, but does not include the reduction for the REC's. That, I believe, is included in the bill on the house side, HB1059. This version does exclude that language which would be a $300/per mile tax on transmission lines.

Chairman Cook -- This is your bill. Do you want to take it to the floor as it is with a do not pass or do you want to have it amended?

Senator Dotzenrod -- I like these amendments, the one that Senator Unruh handed out. We did this at the end of the last session. What I found that, out in the field, people liked this. It was the most easy to understand portion of their bill, the 12%. The way we have supported the education mill levy and used state dollars to increase the funding for education, people seemed to understand that they were getting more support for education but it was hard for them to follow how that worked on their tax statement.

Chairman Cook -- Did you want to move the amendments?

Senator Dotzenrod -- Even though I like these amendments and if we're going to the floor this is the only property tax vehicle that we have in the committee.

Chairman Cook -- We could find another place for those amendments.

Senator Dotzenrod -- You could?

Chairman Cook -- We've got 27 bills down here.

Senator Dotzenrod -- This could come through and we could endorse this on a different bill?

Chairman Cook -- We could do that on a different bill.

Senator Dotzenrod -- So I have to decide if I want to take this to the floor and get it killed or to adopt these amendments?

Chairman Cook -- What we're talking about here is vehicles. We know that. We need a property tax vehicle out of here. We need to get it into the best shape that will pass the senate floor and pass a vehicle over.

Senator Dotzenrod -- I might have a little loyalty to the approach that I put together in SB2307, but realistically, accepting that we're just going to take it to the floor and get a do not pass, it makes more sense to have a bill that is going to pass. And I do like this. If the committee wants to go ahead, I'd be willing to let this SB2307 in the version that I introduced it go by the wayside.

Chairman Cook -- Senator Dotzenrod, are you moving that we pass on these amendments?

Senator Dotzenrod -- **I would move that we adopt the amendments to 02004. (Attachment #2)**

Seconded by Senator Unruh.

Senator Unruh -- I have one thing to add, it looks like this will provide about $258 million worth of property tax relief.

Chairman Cook -- Now we don't get a new fiscal note until the amendments pass the floor and then it will go to appropriations. I've always been hearing 250 for this. I heard a different number from the house this morning. It's irrelevant . It's a vehicle. I think I'm going to be using 250. We have a motion and a second to approve amendments 02004, any other discussion?

Senator Triplett -- To follow up on what you said, what are you hearing? Higher or lower?

Chairman Cook -- Lower. 238.

Senator Triplett -- Is that a fiscal note that they already have in place?

Chairman Cook -- I doubt it. I think it's what they believe.

Senator Triplett -- Theirs actually should be higher, if it includes the REC's.

Chairman Cook -- I think the REC inclusion was about $2 million. I'm all in support of the REC inclusion into this.

Senator Triplett -- Why is it left out of this one?

Chairman Cook -- Just so there is some variance in the bills. We are talking vehicles. It's a long way to the end.

Roll call on the motion to amend, 02004 to SB2307. 7-0-0.

Chairman Cook -- We have before us SB2307, as amended.

Senator Unruh -- I will move SB2307, as amended, and rerefer to appropriations.

Seconded by Senator Bekkedahl.

Roll call vote 7-0-0.

Carrier: Senator Unruh.

15.0775.02000

Prepared for
Senator Dotzenrod
February 4, 2015

PROPOSED AMENDMENTS TO SENATE BILL NO. 2307

Page 1, line 1, remove ", a new section to chapter 57-38, and a"

Page 1, line 2, remove "new subdivision to subsection 7 of section 57-38-30.3"

Page 1, line 3, remove "and to"

Page 1, line 4, remove "provide a renter's income tax credit"

Page 1, line 9, replace "reduction of fifty thousand dollars" with "credit applied against two thousand two hundred fifty dollars of taxable valuation"

Page 1, line 10, replace "true and full" with "taxable"

Page 1, line 12, replace "reduction in true" with "credit of taxable"

Page 1, line 13, remove "and full"

Page 1, line 17, replace "true and full" with "taxable"

Page 2, line 14, replace "March" with "February"

Page 2, line 23, after the second "the" insert "applicant's"

Page 2, line 23, replace the first underscored comma with "and"

Page 2, line 24, remove "and social security or taxpayer identification number of the applicant,"

Page 2, remove lines 30 through 31

Page 3, remove lines 1 through 4

Page 3, line 5, replace "9." with "8."

Page 3, line 8, replace "10." with "9."

Page 3, line 15, replace "11." with "10."

Page 3, line 17, replace "12." with "11."

Page 3, line 19, replace "13." with "12."

Page 4, line 5, replace "forty-five" with "two"

Page 4, line 5, after "thousand" insert "two hundred fifty dollars"

Page 4, line 6, replace "true and full" with "taxable"

Page 4, line 7, replace "14." with "13."

Page 4, line 7, replace "April" with "March"

Page 4, line 11, replace "true and full" with "taxable"

Page 4, line 12, replace "true and full" with "taxable"

Page 4, line 15, replace "15." with "14."

Page 4, line 20, remove "In reviewing"

Page 4, remove lines 21 through 22

Page 4, line 23, replace "16." with "15."

Page 4, line 27, replace "17." with "16."

Page 5, line 1, replace "18." with "17."

Page 5, remove lines 6 through 31

Page 6, remove lines 1 through 10

Page 6, line 12, replace "2014" with "2015"

Renumber accordingly

15.0775.02004
Title.03000

Prepared by the Legislative Council staff for
Senator Unruh
February 4, 2015

1 of 2
TD
2/5/15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2307

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact section 57-20-07.2 of the North Dakota Century Code, relating to extension of the effective date of the state-paid property tax relief credit; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-20-07.2 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.2. ~~(Effective for the first two taxable years beginning after December 31, 2012)~~ State-paid property tax relief credit.

1. The owner of taxable property is entitled to a credit against property taxes levied against the total amount of property or mobile home taxes in dollars levied against the taxable value of the property. The credit is equal to twelve percent of property or mobile home taxes levied in dollars against that property.

2. The owner, operator, or lessee of railroad property assessed by the state board of equalization under chapter 57-05 or public utility operative property assessed by the state board of equalization under chapter 57-06 is entitled to a credit against property taxes levied within each county against that property in the amount provided in subsection 1 against property taxes levied in dollars against that property in that county.

3. The owner, operator, or lessee of operative property of an air carrier transportation company assessed and taxed under chapter 57-32 is entitled to a credit in the amount provided in subsection 1 against property taxes in dollars levied against that property. The tax commissioner shall determine the total amount of credits under this subsection and certify the amount to the state treasurer for transfer from the general fund to the air transportation fund. The credit for each air transportation company must be allocated to each city or municipal airport authority where that company makes regularly scheduled landings, in the same manner as the tax collected from that company is allocated.

4. The tax commissioner shall estimate the amount necessary to provide each county advance payment of seventy-five percent of the amount the county and the taxing districts in the county will ultimately receive for a taxable year under this section and certify the estimated amounts to the state treasurer by March fifteenth for transfer by April first to the county treasurer and distribution to the county and taxing districts in the county as provided in subsection 5.

5. The tax commissioner shall determine the total amount of credits under this section for each county from the abstract of the tax list filed by the county auditor under section 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner shall certify to the state treasurer for payment, by June first following receipt of the abstract of the tax list, the amount determined for each county under this subsection. No penalty or interest applies to any state payment under this section, regardless of when the payment is made. The tax commissioner shall reduce the June certification of payments to reflect the April estimated payments previously made to counties under subsection 4.

6. Upon receipt of the payment from the state treasurer under subsections 4 and 5, the county treasurer shall apportion and distribute it to the county and the taxing districts in the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.

7. After payments to counties under subsection 5 have been made, the tax commissioner shall certify to the state treasurer as necessary any supplemental amounts payable to counties or the air transportation fund or any amounts that must be returned by counties or returned from the air transportation fund for deposit in the state general fund to correct any errors in payments or reflect any abatement or compromise of taxes, court-ordered tax reduction or increase, or levy of taxes against omitted property. The county auditor shall provide any supplemental information requested by the tax commissioner after submission of the abstract of the tax list. The county treasurer shall apply to the tax commissioner for any supplemental payments to which the county treasurer believes the county is entitled.

8. Notwithstanding any other provision of law, for any property other than mobile homes, the property tax credit under this section does not apply to any property subject to payments or taxes that are stated by law to be in lieu of personal or real property taxes.

SECTION 2. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2014."

Renumber accordingly

Date: 2-9-15

Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO 2307

Senate Finance and Taxation Committee

☐ Subcommittee

Amendment LC# or Description: 15.0775.02000

Recommendation: ☑ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Sen. Triplett Seconded By Sen Oehlke

Senators	Yes	No	Senators	Yes	No
Chairman Dwight Cook	✓		Senator Jim Dotzenrod	✓	
Vice Chairman Lonnie Laffen	✓		Senator Connie Triplett	✓	
Senator Brad Bekkedahl	✓				
Senator Dave Oehlke	✓				
Senator Jessica Unruh	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment _____

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

Date: 2-9-15

Roll Call Vote #: 2

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO 2307

Senate Finance and Taxation Committee

☐ Subcommittee

Amendment LC# or Description: 15.0775.02004

Recommendation: ☑ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Sen. Dotzenrod Seconded By Sen. Unruh

Senators	Yes	No	Senators	Yes	No
Chairman Dwight Cook	✓		Senator Jim Dotzenrod	✓	
Vice Chairman Lonnie Laffen	✓		Senator Connie Triplett	✓	
Senator Brad Bekkedahl	✓				
Senator Dave Oehlke	✓				
Senator Jessica Unruh	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment _____

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

Date: 2-9-15

Roll Call Vote #: 3

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO 2307

Senate Finance and Taxation Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☑ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☑ As Amended ☑ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Sen. Unruh Seconded By Sen. Bekkedahl

Senators	Yes	No	Senators	Yes	No
Chairman Dwight Cook	✓		Senator Jim Dotzenrod	✓	
Vice Chairman Lonnie Laffen	✓		Senator Connie Triplett	✓	
Senator Brad Bekkedahl	✓				
Senator Dave Oehlke	✓				
Senator Jessica Unruh	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Sen. Unruh

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

REPORT OF STANDING COMMITTEE

SB 2307: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2307 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact section 57-20-07.2 of the North Dakota Century Code, relating to extension of the effective date of the state-paid property tax relief credit; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-20-07.2 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.2. ~~(Effective for the first two taxable years beginning after December 31, 2012)~~ State-paid property tax relief credit.

1. The owner of taxable property is entitled to a credit against property taxes levied against the total amount of property or mobile home taxes in dollars levied against the taxable value of the property. The credit is equal to twelve percent of property or mobile home taxes levied in dollars against that property.

2. The owner, operator, or lessee of railroad property assessed by the state board of equalization under chapter 57-05 or public utility operative property assessed by the state board of equalization under chapter 57-06 is entitled to a credit against property taxes levied within each county against that property in the amount provided in subsection 1 against property taxes levied in dollars against that property in that county.

3. The owner, operator, or lessee of operative property of an air carrier transportation company assessed and taxed under chapter 57-32 is entitled to a credit in the amount provided in subsection 1 against property taxes in dollars levied against that property. The tax commissioner shall determine the total amount of credits under this subsection and certify the amount to the state treasurer for transfer from the general fund to the air transportation fund. The credit for each air transportation company must be allocated to each city or municipal airport authority where that company makes regularly scheduled landings, in the same manner as the tax collected from that company is allocated.

4. The tax commissioner shall estimate the amount necessary to provide each county advance payment of seventy-five percent of the amount the county and the taxing districts in the county will ultimately receive for a taxable year under this section and certify the estimated amounts to the state treasurer by March fifteenth for transfer by April first to the county treasurer and distribution to the county and taxing districts in the county as provided in subsection 5.

5. The tax commissioner shall determine the total amount of credits under this section for each county from the abstract of the tax list filed by the county auditor under section 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner shall certify to the state treasurer for payment, by June first following receipt of the abstract of the tax list, the amount determined for each county under this subsection. No penalty or interest applies to any state payment under this section, regardless of when the payment is made. The tax commissioner shall

reduce the June certification of payments to reflect the April estimated payments previously made to counties under subsection 4.

6. Upon receipt of the payment from the state treasurer under subsections 4 and 5, the county treasurer shall apportion and distribute it to the county and the taxing districts in the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.

7. After payments to counties under subsection 5 have been made, the tax commissioner shall certify to the state treasurer as necessary any supplemental amounts payable to counties or the air transportation fund or any amounts that must be returned by counties or returned from the air transportation fund for deposit in the state general fund to correct any errors in payments or reflect any abatement or compromise of taxes, court-ordered tax reduction or increase, or levy of taxes against omitted property. The county auditor shall provide any supplemental information requested by the tax commissioner after submission of the abstract of the tax list. The county treasurer shall apply to the tax commissioner for any supplemental payments to which the county treasurer believes the county is entitled.

8. Notwithstanding any other provision of law, for any property other than mobile homes, the property tax credit under this section does not apply to any property subject to payments or taxes that are stated by law to be in lieu of personal or real property taxes.

SECTION 2. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2014."

Renumber accordingly

2015 SENATE APPROPRIATIONS

SB 2307

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2307
2/16/2015
Job # 23870

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

Relating to extension of the effective date of the state-paid property tax relief credit.

Minutes: No Attachments

Legislative Council - Chris Kadrmas
OMB - Nick Creamer
Chairman Holmberg called the committee to order on SB 2307. Roll Call was taken. All committee members were present.

Dwight Cook, State Senator, District 34: Testified in support and tin introduce the bill. There are eight tax bills before your committee today and this is a reflection of tax policy that we passed out of the tax committee. $423 million in tax reductions and there is a little tax increase on a tobacco tax bill. I wanted to give you the big picture and you will hear from members of the tax committee on these bills.

Chairman Holmberg: We are aware that we are not going to have these bills sit down here a long time. Hopefully we will be able to pass them out today with our recommendation.

Jessica Unruh, State Senator, District 33, Bill Sponsor: This bill is simply making permanent the state paid property tax relief credit that was passed last session. It provides a 12% reduction in property taxes across all property classes. It was a hog house amendment to a bill that originally addressed other items.

Chairman Holmberg: You are aware as Senator Cook subtly suggested it was a vehicle. There are some other things floating around that have to do with this particular program; shaving some funding out of this concept and putting it into the buy down of $23 million for Human Services at the county level. That will all be resolved much later than today.

Senator Unruh: I am aware of the social services proposed buy down; a concept that I am growing warmer and warmer to as we move along this session. The fact that it could come out of here does not cause me any heartburn and this as it stands is about $250 million worth of property tax relief. That would just be a sliver of what is included in this bill.

Jim Dotzenrod, State Senator, District 26, Bill Prime Sponsor: The committee felt this is a good vehicle to use for the 12% tax buy down. I am hoping when we are done that we can put together a pretty substantial property tax bill. If you have to take the $23 million for social services and take it as part of this, I think you need to do what you need to do. My preference would be to have a good substantial property tax bill and have the 12% go in addition to that. My objectives are on the tax committee and yours in appropriations may not always necessarily be the same. I do think it is going to be a high priority of this legislative session to put together a very good property tax relief bill of some kind. I was happy to see this come on as an amendment and SB 2307 to become the vehicle for this idea.

Chairman Holmberg: You might be aware that as the discussion goes on later today we will listen to SB 2349 and there are those that have suggested that at the end of the day we should leave the 12% alone and reduced SB 2349 to pay for the property tax at the county level for social services. Those are issues that will be resolved in a bill at some point but not today.

Chairman Holmberg: Closed the hearing on SB 2307.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2307
2/16/2015
Job # 23873

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Rose Laning

Explanation or reason for introduction of bill/resolution:

Relating to extension of the effective date of the state-paid property tax relief credit.

Minutes:

Senator Robinson moved Do Pass on SB 2307.
Senator Wanzek seconded.

A Roll Call vote was taken. Yea: 13 Nay: 0 Absent: 0

Senator Unruh will carry the bill.

Date: 2-16-15
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2301

Senate Appropriations Committee

☐ Subcommittee

Amendment LC# or Description:

Recommendation: ☐ Adopt Amendment
☑ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐

Motion Made By Robinson Seconded By Wanzek

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Heckaman	✓	
Senator Bowman	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator O'Connell	✓	
Senator Carlisle	✓		Senator Robinson	✓	
Senator Sorvaag	✓				
Senator G. Lee	✓				
Senator Kilzer	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Unruh

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

REPORT OF STANDING COMMITTEE

SB 2307, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2307 was placed on the Eleventh order on the calendar.

2015 HOUSE FINANCE AND TAXATION

SB 2307

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2307
3/11/2015
24645

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to extension of the effective date of the state-paid property tax relief credit.

Minutes: No attachments.

Chairman Headland: Opened hearing.

Senator Dotzenrod: Introduced bill. When I introduced the bill it was quite a bit different than what we have now. It has been a vehicle to carry the 12% across the board reduction on all classes of property. It's the policy that the legislature adopted at the end of the last legislative session. The bill that was introduced was essentially a homestead credit type bill in which the committee didn't want to pass. When the governor gave his executive budget recommendations in December he had in there the 12% and $250 million so the committee felt we wanted to get that on a bill and that's how we ended up with this measure on 2307.

Representative Steiner: It is my understanding at the end of last session that this $250 million was a one time because we could afford it. Going into the March 18 forecast if we cannot afford this which programs would you cut to ensure your bill would be funded? Do you have ideas of programs that could be let go?

Senator Dotzenrod: A lot of us in the legislature are concerned about what information we're going to get on March 18. At that time some tough decisions will have to be made about our priorities. My priorities are good schools, good roads, and property tax relief. I would put property tax ahead of income tax relief. I would favor adjusting if we had to. There are some tax issues we decided against earlier in the session so I would revisit some of those. Of all the tax measures we have in front of us those measures that deal with property tax are most important to my district and myself.

Chairman Headland: I believe the money has been set aside for this program to fund it at least for this next biennium.

Representative Froseth: This 12% is also included in a bill we passed and sent over to the senate. I believe the appropriation was 11% figure for this relief.

Senator Dotzenrod: The appropriations committee on the senate side took the social services obligation that the state is assuming from the counties at $23 million. Rather than having a $23 million appropriation that stood alone and separate on top of this 12% they decided to take that $23 million out of this 12% so this $250 million the governor proposed is $226 million plus $23 million or 11 plus one percent.

Chairman Headland: We'll take support for 2307?

Jon Godfread, Greater North Dakota Chamber: We stand in support of 2307; property tax relief. We would like to see the 12% be restored. We think it is an important piece to continue. We like the social services aspect as well. This money has essentially been set aside with the buckets that we have so we think this is a good program to continue. We ask for your favorable support.

Keith Lund, President of Economic Development Association of North Dakota: I concur with Mr. Godfread's testimony. We support 2307 and urge your support.

Chairman Headland: Is there anyone else who would like to testify in support? Is there any opposition? Seeing none we will close the hearing on 2307.

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2307
3/16/2015
24876

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to extension of the effective date of the state-paid property tax relief credit.

Minutes: No attachments

Chairman Headland: I would like to move this bill out. I think we should defeat this bill because we passed over a version to the senate that has added the relief for the electric cooperatives both on their distribution lines and their generation lines. Rather than fighting that battle and adding that into this bill I think we should just dispose of this bill and have that bill as a vehicle for the 12% tax credit.

Representative Dockter: Made a motion for a do not pass.

Representative Toman: Seconded.

Representative Froseth: There is another bill from senate appropriations with this property tax credit and they reduced it to 11 percent. There is work to do in working out the differences between both bills. Both of those other two are in the senate so they might as well hash it out over there.

Chairman Headland: I believe the one with the money in it is in the house. That gives us each a bill to work with moving forward so I think that makes it easier for us to dispose this one.

Roll call vote: 10 yes 4 no 0 absent

Motion carried for a do not pass.

Representative Trottier will carry this bill.

Date: 3-16-15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2307

House Finance and Taxation Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☒ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep. Dockter Seconded By Rep. Toman

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND	√		REP HAAK		√
VICE CHAIRMAN OWENS	√		REP STRINDEN		√
REP DOCKTER	√		REP MITSKOG		√
REP TOMAN	√		REP SCHNEIDER		√
REP FROSETH	√				
REP STEINER	√				
REP HATLESTAD	√				
REP KLEIN	√				
REP KADING	√				
REP TROTTIER	√				

Total (Yes) 10 No 4

Absent 0

Floor Assignment Rep. Trottier

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

REPORT OF STANDING COMMITTEE

SB 2307, as engrossed: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO NOT PASS** (10 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2307 was placed on the Fourteenth order on the calendar.

2015 TESTIMONY

SB 2307

#1

GNDC
Greater North Dakota Chamber

Testimony of Laney Herauf
Greater North Dakota Chamber of Commerce
SB 2307
January 27, 2015

Mr. Chairman and members of the committee, my name is Laney Herauf; I am the Government and Regulatory Affairs Specialist for the Greater North Dakota Chamber. GNDC is working on behalf of our more than 1,100 members, to build the strongest business environment in North Dakota. GNDC also represents the National Association of Manufacturers and works closely with the U.S. Chamber of Commerce. As a group we stand in opposition to Senate Bill 2307.

The Greater North Dakota Chamber has often fought for tax decreases and tax credits to citizens and businesses alike. It is our belief that lower taxes offer a much more dynamic business climate, which aids in a healthy statewide economy. This bill, however, does not align itself with our mission and creates unfair tax policy among North Dakota's citizens.

We support broad based income tax relief. This bill takes one particular subsection of the population, determined by their choice of place of residence and determines that they are more worthy of income tax relief. This is an arbitrary way to classify people.

Further, people who are renting are not paying property taxes. As such, they do not have that expense. Should this bill pass, in addition to not paying property taxes, they would be receiving an income tax credit. If this committee wants to have a broader discussion about income tax credits for all citizens of North Dakota, the Greater North Dakota Chamber would happily participate in that conversation, but this bill, as written creates poor policy.

The Greater North Dakota Chamber respectfully requests a DO NOT PASS recommendation on Senate Bill 2307. Thank you and I would be happy to answer any questions.

Champions for Business

PO Box 2639
Bismarck, ND 58502

P: 701-222-0929
F: 701-222-1611

www.ndchamber.com

#1
2-9-15

15.0775.02000

Prepared for
Senator Dotzenrod
February 4, 2015

PROPOSED AMENDMENTS TO SENATE BILL NO. 2307

Page 1, line 1, remove ", a new section to chapter 57-38, and a"

Page 1, line 2, remove "new subdivision to subsection 7 of section 57-38-30.3"

Page 1, line 3, remove "and to"

Page 1, line 4, remove "provide a renter's income tax credit"

Page 1, line 9, replace "reduction of fifty thousand dollars" with "credit applied against two thousand two hundred fifty dollars of taxable valuation"

Page 1, line 10, replace "true and full" with "taxable"

Page 1, line 12, replace "reduction in true" with "credit of taxable"

Page 1, line 13, remove "and full"

Page 1, line 17, replace "true and full" with "taxable"

Page 2, line 14, replace "March" with "February"

Page 2, line 23, after the second "the" insert "applicant's"

Page 2, line 23, replace the first underscored comma with "and"

Page 2, line 24, remove "and social security or taxpayer identification number of the applicant,"

Page 2, remove lines 30 through 31

Page 3, remove lines 1 through 4

Page 3, line 5, replace "9." with "8."

Page 3, line 8, replace "10." with "9."

Page 3, line 15, replace "11." with "10."

1.2
SB2307
2.9.15

Page 3, line 17, replace "12." with "11."

Page 3, line 19, replace "13." with "12."

Page 4, line 5, replace "forty-five" with "two"

Page 4, line 5, after "thousand" insert "two hundred fifty dollars"

Page 4, line 6, replace "true and full" with "taxable"

Page 4, line 7, replace "14." with "13."

Page 4, line 7, replace "April" with "March"

Page 4, line 11, replace "true and full" with "taxable"

Page 4, line 12, replace "true and full" with "taxable"

Page 4, line 15, replace "15." with "14."

Page 4, line 20, remove "In reviewing"

Page 4, remove lines 21 through 22

Page 4, line 23, replace "16." with "15."

Page 4, line 27, replace "17." with "16."

Page 5, line 1, replace "18." with "17."

Page 5, remove lines 6 through 31

Page 6, remove lines 1 through 10

Page 6, line 12, replace "2014" with "2015"

Renumber accordingly

2.
2-9-15

15.0775.02004
Title.

Prepared by the Legislative Council staff for
Senator Unruh
February 4, 2015

PROPOSED AMENDMENTS TO SENATE BILL NO. 2307

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact section 57-20-07.2 of the North Dakota Century Code, relating to extension of the effective date of the state-paid property tax relief credit; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-20-07.2 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.2. ~~(Effective for the first two taxable years beginning after December 31, 2012)~~ State-paid property tax relief credit.

1. The owner of taxable property is entitled to a credit against property taxes levied against the total amount of property or mobile home taxes in dollars levied against the taxable value of the property. The credit is equal to twelve percent of property or mobile home taxes levied in dollars against that property.

2. The owner, operator, or lessee of railroad property assessed by the state board of equalization under chapter 57-05 or public utility operative property assessed by the state board of equalization under chapter 57-06 is entitled to a credit against property taxes levied within each county against that property in the amount provided in subsection 1 against property taxes levied in dollars against that property in that county.

3. The owner, operator, or lessee of operative property of an air carrier transportation company assessed and taxed under chapter 57-32 is entitled to a credit in the amount provided in subsection 1 against property taxes in dollars levied against that property. The tax commissioner shall determine the total amount of credits under this subsection and certify the amount to the state treasurer for transfer from the general fund to the air transportation fund. The credit for each air transportation company must be allocated to each city or municipal airport authority where that company makes regularly scheduled landings, in the same manner as the tax collected from that company is allocated.

4. The tax commissioner shall estimate the amount necessary to provide each county advance payment of seventy-five percent of the amount the county and the taxing districts in the county will ultimately receive for a taxable year under this section and certify the estimated amounts to the state treasurer by March fifteenth for transfer by April first to the county treasurer and distribution to the county and taxing districts in the county as provided in subsection 5.

2.2
SB 2307
2.9.15

5. The tax commissioner shall determine the total amount of credits under this section for each county from the abstract of the tax list filed by the county auditor under section 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner shall certify to the state treasurer for payment, by June first following receipt of the abstract of the tax list, the amount determined for each county under this subsection. No penalty or interest applies to any state payment under this section, regardless of when the payment is made. The tax commissioner shall reduce the June certification of payments to reflect the April estimated payments previously made to counties under subsection 4.

6. Upon receipt of the payment from the state treasurer under subsections 4 and 5, the county treasurer shall apportion and distribute it to the county and the taxing districts in the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.

7. After payments to counties under subsection 5 have been made, the tax commissioner shall certify to the state treasurer as necessary any supplemental amounts payable to counties or the air transportation fund or any amounts that must be returned by counties or returned from the air transportation fund for deposit in the state general fund to correct any errors in payments or reflect any abatement or compromise of taxes, court-ordered tax reduction or increase, or levy of taxes against omitted property. The county auditor shall provide any supplemental information requested by the tax commissioner after submission of the abstract of the tax list. The county treasurer shall apply to the tax commissioner for any supplemental payments to which the county treasurer believes the county is entitled.

8. Notwithstanding any other provision of law, for any property other than mobile homes, the property tax credit under this section does not apply to any property subject to payments or taxes that are stated by law to be in lieu of personal or real property taxes.

SECTION 2. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2014."

Renumber accordingly