

2017 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2157

2017 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Roosevelt Park Room, State Capitol

SB 2157
1/18/2017
Job Number 27027

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Era Liebelt

Explanation or reason for introduction of bill/resolution:

Election by a city having a class 1 assessor to maintain its property assessment records

Minutes:

Attachments 1-2

Chairman Klein: Called the Industry, Business and Labor Committee to order.

Senator Campbell: Introduced the bill. He handed out a letter from Ed Sevigny, Grafton City Assessor, see attachment #1 and an Amendment, see attachment #2. The bill comes from the city assessor in his district. He read the letter. (1:04-3:19)

Chairman Klein: In all other communities less than 5,000, where is that held now, at the county level?

Senator Campbell: Yes, it is.

Chairman Klein: So it works everywhere else but it doesn't work in Grafton? You have had the responsibility and you don't want to lose it?

Senator Campbell: It's nice because our city controls everything. We do our own sale ratio study and the county has given us their blessing anyway. We do our own assessment studies but we can't make the changes, we have to go through the county even though we did the study.

Chairman Klein: You want the records to be held at the Grafton City Hall?

Senator Campbell: Yes, like other cities over 5,000 do.

Senator Burckhard: How does this effect other cities in North Dakota that are under 5,000?

Senator Campbell: That is why this amendment is coming and I will have Linda Leadbetter comment on that. They will have the final say.

Senator Roers: What is the cost? At some point it becomes cost prohibited to have your own class 1 Assessor. Is there a benefit that we are not seeing here?

Senator Campbell: I would imagine each city would determine that. If it is too small of a city and can't justify having a class 1 Assessor.

Senator Roers: You feel there is a value proposition here and the value is in access of what your assessor department costs?

Senator Campbell: Yes, he is also doing a lot of townships.

Linda Leadbetter, State Supervisor of Assessments for the Office of the State Tax Commissioner: We were made aware of the bill and our concern was that just anyone who chose to have a class 1 certificate would choose to have their sales ratio study prepared independently. A sale ratio study does depend very largely on the numbers so the 5,000 population had been established years ago to insure that it was at least a large enough community that could support the number of sales that could actually identify what a market was for a community. She explained a class 1 certificate. (7:45-9:30)

Chairman Klein: Does this provide Grafton with better information to move their community?

Linda Leadbetter: I believe it really doesn't change anything for the way things are being assessed. They will have to pay an assessor regardless whether they are paying the county or hire their own. In this statute it does say, "may", so it allows that city to make the decision. The final say in all the assessments, does land at the state board of equalization but what Grafton has found is they are the city that has just dropped below the threshold that is identified in statute. They have their own records, they have their sale ratio and know enough about all the sales. When the deed is recorded in the county recorder's office it is provided to the tax director, the tax director decides if it is a good sale. Grafton feels that they are large enough and that they can maintain the records better on their own then having it done at the county level. (10:15-12:35)

Chairman Klein: The tax department is good with this?

Linda Leadbetter: Yes, we believe we can work with this with the amendment. It will just afford us an opportunity to insure if a request were made to us, we would look back a few years of sale data to determine if that jurisdiction had enough to support a ratio study.

Senator Poolman moved a do pass on amendment 17.0171.01001.

Senator Casper seconded the motion.

Roll Call Vote: Yes-7 No-0 Absent-0

Senator Roers moved a do pass as amended.

Senator Casper seconded the motion.

Senate Industry, Business and Labor Committee

SB 2157

January 18, 2017

Page 3

Roll Call Vote: Yes-7 No-0 Absent:0

Senator Campbell will carry the bill.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2157

Page 1, line 15, after "57-02-01.1" insert ", and which has been determined by the state
supervisor of assessments to have enough sales for an adequate sales ratio study."

Renumber accordingly

**2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2157**

Senate Industry, Business and Labor Committee

☐ Subcommittee

Amendment LC# or Description: 17.0171.01001

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 Senator Poolman Seconded By Senator Casper

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Marcellais	x	
Vice Chairman Campbell	x				
Senator Roers	x				
Senator Burckhard	x				
Senator Casper	x				
Senator Poolman	x				

Total (Yes) 7 No 0

Absent 0

Floor Assignment _____

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

**2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2157**

Senate Industry, Business and Labor Committee

☐ Subcommittee

Amendment LC# or Description: 17.0171.01001

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 Senator Roers Seconded By Senator Casper

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Marcellais	x	
Vice Chairman Campbell	x				
Senator Roers	x				
Senator Burckhard	x				
Senator Casper	x				
Senator Poolman	x				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Campbell

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

REPORT OF STANDING COMMITTEE

SB 2157: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2157 was placed on the Sixth order on the calendar.

Page 1, line 15, after "57-02-01.1" insert ", and which has been determined by the state supervisor of assessments to have enough sales for an adequate sales ratio study."

Renumber accordingly

2017 HOUSE POLITICAL SUBDIVISIONS

SB 2157

2017 HOUSE STANDING COMMITTEE MINUTES

Political Subdivisions Committee

Prairie Room, State Capitol

SB 2157

3/9/2017

Job # 28967

☐ Subcommittee

☐ Conference Committee

Carmen Hickle

Explanation or reason for introduction of bill/resolution:

Relating to election by a city having a class I assessor to maintain its property assessment records

Minutes:

[Signature]

Chairman Klemin: Opened the hearing on SB 2157.

Senator Campbell: Introduced the bill. The bill makes two changes to the Code. It allows cities under 5000 that the city assessor and the state supervisor approves that and if that city assessor has a class I certificate. What it does is allows some of cities under 5000 to keep doing what they are doing to allow them to keep their own records and sales records. If any city under 5000 want to go down this route they have to get the states approval. It keeps a small city from taking control.

Rep. Ertelt: Can you explain the last part of the sentence, having enough sales for adequate sales ratio study? (Line 16 Subsection 2)

Senator Campbell: That was basically to preclude some really small cities that the state assessor could say if there weren't enough sales they couldn't do it.

Rep K. Koppelman: Some small towns in ND the property isn't worth a lot. Now the cities that are under this size fall into a no man's land where the county does it. How do they get a fair assessment? If the county seat has property that is a growing and the property is valued substantially. Then there is a little town 20 miles away of 300 people their property isn't worth much, are they paying too much tax? How do they do a fair county wide assessment if you can't have sales ratios that are relevant to that community?

Senator Campbell: They have their township assessors. Because of the law we changed two years ago they have to have a Class 1. A lot of these local townships in our area are hiring outside commercial certified Class 1. They are doing more townships in more counties so they have that independent experience.

Rep K. Koppelman: My question is more the extent of the value of the property. If a house in Grafton is worth \$100,000 and there might be a house in a small town in the county 20

miles away and it might sell for \$5000. How can they do a fair assessment on that kind of property if they can't do a sales ratio study, which is comparing sales that is fair to that area?

Senator Campbell: This is one of the reasons we are doing this. In other cities under that the local assessors have to do it to their best ability. I don't have an answer.

Chairman Klemin: In many cities they have manuals that use replacement costs. The assessors can look at in determining valuation. So replacement costs are another alternative if you don't have sales.

Senator Campbell: Comparable sales is hard in rural areas, where if you have a nicer home there is no comparable sales. So that is a challenge.

Rep. Pyle: What was the opinion of league of cities on this?

Senator Campbell: I don't believe they gave us an opinion. Our mayor is the president of the league of cities and he was for this.

Rep. Pyle: Some of the small cities rely on the county to do their assessments. If a town can't hire an assessor because of the Class 1 certification and they go to the county for it, does that take away any type of local control when you go to your tax equalization meeting in April at the city level and they you can protest your evaluation there and it goes to the county and from there it goes to the state? If the county is setting the valuation and they are protecting at the city it doesn't matter, is there a conflict?

Senator Campbell: Since we changed that law for the Class 1 certifiers it makes it tough in some cases. It would be unfair because they wouldn't know because they can't communicate or go by a manual like Rep. Klemin said.

Rep. Pyle: Where are the Class 1 assessor classes, who provides those for the assessors?

Senator Campbell: I think it's the state.

Linda Leadbetler, State Supervisor of Assessments for the Tax Department: What we are looking at here is sales ratio study that is required of every county in the state. Then the cities that are 5000 or greater have their own independent sales ratio. They had enough sales and enough activity in those jurisdictions that they were able to stand independently with their sales ratio. So the smaller jurisdictions are still part of the sales ratios study they just are not individually required to meet those numbers of 30 sales every year in a commercial or residential standpoint for classification. So those properties that are assessed at the local level, all of the sales that happen in those smaller jurisdictions are part of what are used for that assessment. They are not required to stand alone to have enough sales to have their own sales ratio study. The city of Grafton fell below the 5000 mark during one of the recent census and at that point they were recognized that they then required to be a part of the Walsh County sales ratio. Our concern at the tax department was that it was wide open to anyone with a Class 1 assessor would be able to have their own sales ratio. We would still want to make certain at the state and county level that there were enough sales to make that viable sales ratio study. The sentence added at the end, it allowed the state supervisor to

review those sales to make certain there was enough information to provide an accurate sales ratio study.

Rep. Ertelt: What are the current requirements for city assessors? Do all of them need to be a Class 1 or Class 2?

Linda Leadbetler: Right now as an assessor if their population is less than 5000 they are required to have a Class 2. If the population of 5000 or greater or a tax director, they have to Class 1. A Class 1 is 180 hours and Class 2 is 150 hours of education.

Chairman Klemin: No other testimony. Closed the hearing.

Rep. Maragos: Moved a do pass motion on SB 2157.

Rep K. Koppelman: Second the motion.

SB 2157 do pass carried 15 yes, 0 no, 0 absent.

Rep. Pyle: Will carry the bill.

Date: 3-9-17
Roll Call Vote: 1

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2157

House Political Subdivisions 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. Maragos Seconded By Rep. K. Koppelman

Representatives	Yes	No	Representatives	Yes	No
Chairman Klemin	/		Rep. Guggisberg	/	
Vice Chairman Hatlestad	/		Rep. Hanson	/	
Rep. Beadle	/				
Rep. Becker	/				
Rep. Ertelt	/				
Rep. Johnson	/				
Rep. Koppelman	/				
Rep. Longmuir	/				
Rep. Maragos	/				
Rep. Pyle	/				
Rep. Simons	/				
Rep. Toman	/				
Rep. Zubke	/				

Total (Yes) 15 No 0

Absent 0

Floor Assignment Rep. Pyle

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

REPORT OF STANDING COMMITTEE

SB 2157, as engrossed: Political Subdivisions Committee (Rep. Klemin, Chairman)
recommends **DO PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed SB 2157 was placed on the Fourteenth order on the calendar.

2017 TESTIMONY

SB 2157



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Honorable Jerry Klein
State Senator
600 E. Boulevard Ave.
Bismarck, ND 58505

January 11, 2017

RE: Senate Bill 2157

Dear Senator Klein:

This letter is in regards to a proposed legislative change to which jurisdictions in North Dakota may elect to maintain their own property records for assessment purposes. In 2013, the City of Grafton was informed that we could no longer maintain our own property records because our population had fallen below 5,000. This in turn does not allow us to have our own Sales Ratio Study which does not allow us to have the final authority for our local assessments.

We believe the threshold to elect to maintain our own records should be having a properly trained assessment official on staff instead of an arbitrary population threshold. If a jurisdiction is willing to invest in fully training an assessment official to become a Class I Assessor, we feel they should have the capability of having final authority for their local assessments.

In our case, since we can no longer have our own Sales Ratio Study, the County has final say on our local assessments. Our city staff still monitors our local sales and makes the appropriate assessment changes necessary, but we have to closely monitor how the County handles their assessments and trust that they are accurately reporting data to the State Tax Department.

Since the City of Grafton has invested in having a Class I Assessor, everything that the County does could be done at the City level. This is why we feel the level of certified assessment officials that a jurisdiction has is a better measure of who can keep their own assessment records than an arbitrary population number.

If you have any further questions please feel free to contact me at 701-352-1561. I can also be reached by e-mail at esevigny@graftongov.com.

Sincerely,

Ed Sevigny
Grafton City Assessor

1/18/17

#2

17.0171.01001
Title.

Prepared by the Legislative Council staff for
Senator Campbell

January 16, 2017

PROPOSED AMENDMENTS TO SENATE BILL NO. 2157

Page 1, line 15, after "57-02-01.1" insert ", and which has been determined by the state supervisor of assessments to have enough sales for an adequate sales ratio study."

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