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## **FISCAL NOTE STATEMENT**

Senate Bill or Resolution No. SB 2304

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, school districts, or townships. However, no state agency has primary responsibility for compiling and maintaining the information necessary for the proper preparation of a fiscal note regarding this bill or resolution. Pursuant to Joint Rule 502, this statement meets the fiscal note requirement.

Sheila Sandness  
Senior Fiscal Analyst

**2017 SENATE FINANCE AND TAXATION**

**SB 2304**

# 2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Lewis and Clark Room, State Capitol

Senate Bill 2304  
2/1/2017  
Job #: 27702

- Subcommittee  
 Conference Committee

Committee Clerk Signature



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

A BILL for an Act to amend and reenact section 40-29-11 of the North Dakota Century Code, relating to payment of assessments.

## Minutes:

Attachment #1

**Chairman Cook:** Opened the hearing on SB 2304. All senators present.

**Senator Roers, District 44:** Presented SB 2304. Sidewalks be assessed over a 20-year period rather than a 10-year period.

**Senator Laffen:** They, you mean Fargo city assessments.

**Vice Chairman Bekkedahl:** City of Williston has an interest in going from 10 years to a 20-year span. The engineers have made a case that the improvement have a longer life span then 20 years.

**Senator Roers:** Most of the other improvements are assessed over 20 years, this make things consistent with time.

**Senator Laffen:** Would a city be able to stay at 10 or 15?

**Senator Roers:** I don't know the answer to that.

**Vice Chairman Bekkedahl:** The bill does say, not exceeding 20 years so still gives that latitude to statute.

**(0:02:30-0:05:50) Blake Crosby, Executive Director, North Dakota League of Cities:** presented testimony #1 in support of SB 2304.

Questions were asked regarding bonding of sidewalk pourers and if individuals can do their own work. Permits and inspections are required before and after the pour. Information was shared about different cities and the options in them.

**Chairman Cook:** If a sidewalk is in bad repair, who is responsible for going after a bonded installer? The homeowner or the city on the homeowner's behalf? Brand new addition built 4 years ago, the sidewalks are in terrible condition.

**Blake Crosby:** It's my understanding that Mandan is one of the cities that does not special assess for sidewalks, the developer is responsible for them and added to the price of the house.

**Senator Meyer:** Is this for new special assessments being introduced?

**Blake Crosby:** You can't go back, everything is forward.

**(0:09:10-0:15:30)** Discussion was held on the interest rate options available, wondering if the rates should be increased or decreased if the period of time is extended. Comments were made about assessments being part of escrow, so many people don't look at them. Discussed caps on other projects that are assessed.

Mr. Crosby would like if any amendments are going to be made that they be made before going over to the House.

Discussion continued about interest rates and term lengths following the mortgage cycle, longer term, higher percentage compared to a shorter term and a lower percentage.

**Senator Dotzenrod:** The changes from 10 years to 20 years, prescribed time limits in statute for other projects. What about the curb and gutter, sewer, lift station, other special assessments? Most cities and subdivisions keep the time as short as possible to have an annual payment that's affordable. Does the statute have time frames for other assessment types? Chapter 40-29 is the sidewalk chapter.

**Closed the hearing on SB 2304.**

# 2017 SENATE STANDING COMMITTEE MINUTES

**Finance and Taxation Committee**  
Lewis and Clark Room, State Capitol

Senate Bill 2304  
2/1/2017  
Job #: 27750

- Subcommittee  
 Conference Committee

Committee Clerk Signature



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

A BILL for an Act to amend and reenact section 40-29-11 of the North Dakota Century Code, relating to payment of assessments.

## **Minutes:**

No Attachments

Committee discussion on SB 2304.

**Vice Chairman Bekkedahl moved a do pass on SB 2304.**

**Senator Meyer seconded.**

**A Roll Call Vote was taken. 5 yeas, 1 nay, 0 absent.**

**Motion passed.**

**Senator Meyer will carry the bill.**

Date: 2-1-17  
 Roll Call Vote #: 1

**2017 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2304**

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 Bekkedahl    Seconded By Meyer

Senators	Yes	No	Senators	Yes	No
Chairman Dwight Cook	X		Senator Jim Dotzenrod	X	
Vice Chair Brad Bekkedahl	X				
Senator Lonnie J. Laffen	X				
Senator Jessica Unruh		X			
Senator Scott Meyer	X				

Total (Yes) 5    No 1

Absent 0

Floor Assignment Meyer

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

**REPORT OF STANDING COMMITTEE**

**SB 2304: Finance and Taxation Committee (Sen. Cook, Chairman)** recommends **DO PASS** (5 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). SB 2304 was placed on the Eleventh order on the calendar.

**2017 HOUSE FINANCE AND TAXATION**

**SB 2304**



# 2017 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Fort Totten Room, State Capitol

SB 2304  
3/13/2017  
29074

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*May Brueker*

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

A bill relating to payment of assessments.

## Minutes:

Attachment #1

**Chairman Headland:** Opened hearing on SB 2304.

**Blake Crosby, North Dakota League of Cities:** Introduced bill. Provided written testimony in support. See attachment #1. Ended testimony at 3:20.

**Chairman Headland:** Are there any questions?

**Representative Trottier:** Why just sidewalks and not curb and gutter?

**Blake Crosby:** In the statute it states specifically sidewalks. Curb and gutter are an attachment to streets and they are in a separate statute.

**Representative B. Koppelman:** If the useful life is 20 years, theoretically, you'd be paying for sidewalks forever because by the time you get done paying for them they'll have to put new ones in. Is that the way it would work?

**Blake Crosby:** No, not really. In speaking with some of the city engineers, the life of a sidewalk lasts about 30 years if it's done correctly.

**Representative Ertelt:** You mentioned paying off early but I don't see anything in the bill that changes that. It looks like that already exists.

**Blake Crosby:** Exactly, it already exists. We didn't have to put it in the bill because it's already there.

**Chairman Headland:** Is there further testimony in support? Is there any opposition? Hearing none we will close the hearing on SB 2304.

**Representative B. Koppelman:** We could take the view that we want to make the rules more relaxed and let the cities do what they want. This is allowing cities to charge more for new homes and it allows them to continue to do infrastructure at times when that infrastructure is at a huge cost because it's at a time when it's busy. I'm going to vote no.

**Representative Hogan:** When I went door to door I bet 25% of the people in my district are on fixed incomes and are seniors. Three or four people have brought up the sidewalk assessment, particularly in low income neighborhoods. It really makes a difference for people on really fixed incomes. I think this is a good thing for poor people. The difference between \$25 and \$50 is real every month for people on fixed incomes.

**Representative B. Koppelman:** I understand that, but my point is that in recent years, cities have changed their modeling in how they use their money. They prioritize what they want to do with it. They should really be complaining to the city management and asking what they are doing with the infrastructure sales tax and those other general property taxes that they could be using a portion of for funding this.

**Representative Hogan:** I'm just hearing what I'm hearing. In those lower run down fixed income neighborhoods, it's a real issue and I think we need to speak for the citizens.

**Representative B. Koppelman: MADE A MOTION FOR A DO NOT PASS**

**Representative Olson: SECONDED**

**Chairman Headland:** Is there any discussion?

**Representative Olson:** I see the attractiveness of lowering the monthly payment but if you kick this out to 20 years then it's that much more of it you put on the backs of the taxpayers in some other manner. It increases debt. I would support the motion for a do not pass. I don't think this is a good idea.

**Representative Ertelt:** We didn't hear from any of the realtors but I'm interested in finding out how this would impact sales. What's the average duration homes are owned by a single owner then sold? It seems it would almost be in perpetuity although the sidewalks probably do last longer than 20 years. It seems it would potentially be an additional encumbrance on sales of homes.

**Representative Trottier:** In our small town we just have six new homes built and one of the selling points for them is they give the choice to the purchaser of the home to do this and do a special on it. It helped them sell their homes by doing it that way. They told them up front what it was going to cost them. I'm leaning the other way.

**Representative Grueneich:** I'm going to resist the do not pass. When you get into the new developments they make you put in sidewalks, it is not an option. The fact that you could stretch something out for 20 years gives them the option. It doesn't mean you have to go 20 years; it's their option. The statute is already in place. It gives new homeowners the option. I'm going to resist the do not pass.

**ROLL CALL VOTE: 5 YES 8 NO 1 ABSENT**

**MOTION FAILED**

**Representative Grueneich: MADE A MOTION FOR A DO PASS**

**Representative Hogan: SECONDED**

**Chairman Headland: Is there any discussion?**

**ROLL CALL VOTE: 8 YES 5 NO 1 ABSENT**

**MOTION CARRIED**

**Representative Grueneich will carry this bill.**

Date: 3-13-17  
Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2304

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. Koppelman Seconded By Rep. Olson

Representatives	Yes	No	Representatives	Yes	No
Chairman Headland		✓	Representative Hogan		✓
Vice Chairman Dockter	✓	✓	Representative Mitskog	A	
Representative Ertelt	✓				
Representative Grueneich		✓			
Representative Hatlestad		✓			
Representative Howe		✓			
Representative Koppelman	✓				
Representative Olson	✓				
Representative Schobinger	✓				
Representative Steiner		✓			
Representative Toman	✓				
Representative Trottier		✓			

Total (Yes) 5 No 8

Absent 1

Floor Assignment \_\_\_\_\_

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

**FAILED**

Date: 3-13-17  
 Roll Call Vote #: 2

2017 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2304

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. Grueneich Seconded By Rep. Hogan

Representatives	Yes	No	Representatives	Yes	No
Chairman Headland	✓		Representative Hogan	✓	
Vice Chairman Dockter	✓		Representative Mitskog	A	
Representative Ertelt		✓			
Representative Grueneich	✓				
Representative Hatlestad	✓				
Representative Howe	✓				
Representative Koppelman		✓			
Representative Olson		✓			
Representative Schobinger	✓	✓			
Representative Steiner	✓	✓			
Representative Toman		✓			
Representative Trottier	✓				

Total (Yes) 8 No 5

Absent 1

Floor Assignment Rep. Grueneich

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

**REPORT OF STANDING COMMITTEE**

**SB 2304: Finance and Taxation Committee (Rep. Headland, Chairman) recommends DO PASS** (8 YEAS, 5 NAYS, 1 ABSENT AND NOT VOTING). SB 2304 was placed on the Fourteenth order on the calendar.

2017 TESTIMONY

SB 2304

2-1-17

SB 2304

Testimony #1

pg 1

February 1, 2017  
Senate Finance and Taxation  
SB 2304  
Sen. Cook, Chair

For the record, I am Blake Crosby, Executive Director of the North Dakota League of Cities, representing the 357 incorporated cities across the state. Approximately 77% of the population of North Dakota lives in those cities.

I am here in support of SB 2304. There seems to be this urban legend that cities exist only to take more and more property tax dollars from tax payers. Here is a prime example, from a city, that shows that cities have great respect for the taxpayer and look for ways to address their tax concerns.

Very simply, this bill allows but does not mandate, that special assessments for sidewalks can be payable over a period of 20 years instead of 10. Sidewalk construction materials and techniques now project a useful life of 20 years for sidewalks so this time period matches that useful life. The last time this particular statute was amended, which set the cap at two percentage points above the net annual interest rate, was in 1981.

Running the numbers, an 80 foot lot at \$80 per lineal foot creates an assessment cost of \$6,400. Assuming a 10 year amortization at 5% annual interest would calculate to about \$828. A 20 year amortization calculates to about \$513. The difference is a reduced payment of \$26/month or \$315 dollars/year. \$315 dollars in the tax payer's pocket every year.

I respectfully ask for a DO-PASS on SB 2304.

THANK YOU FOR YOUR TIME AND CONSIDERATION. I will try to answer any questions.



# 1  
SB 2304  
3-13-17

March 13, 2017  
House Finance and Taxation  
SB 2304  
Rep. Headland, Chair

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I am here in support of SB 2304. There seems to be this urban legend that cities exist only to take more and more property tax dollars from tax payers. Here is a prime example, from a city, that shows that cities have great respect for the taxpayer and look for ways to address their tax concerns.

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