

**2017 SENATE FINANCE AND TAXATION**

**SCR 4012**

# 2017 SENATE STANDING COMMITTEE MINUTES

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

Senate Concurrent Resolution 4012  
3/1/2017  
Job #: 28552

- Subcommittee  
 Conference Committee

Committee Clerk Signature



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

A concurrent resolution requesting the Legislative Management to consider studying the homestead tax credit thresholds for individuals who are permanently and totally disabled.

## Minutes:

Attachment #1

All Senators present.

**Chairman Cook:** Opened the public hearing on SCR 4012.

**Senator Meyer, District 18:** This was brought to him by a constituent with the ADAD, to do a study on the homestead tax credit and bringing it to everyone that is permanently and totally disabled to help them get the credit as well.

**(0:01:25-0:04:55) William Sherwin, North Dakota Association for the Disabled:** presented **testimony #1** in support of SCR 4012.

**Chairman Cook:** I thought this was a study for the homestead tax credit, but the key sentence is the last whereas.

**William Sherwin:** We really want to hon in and dial in on just the individuals we're looking at. We don't even know what that body of people would encompass. We believe it would be very small. When you are caring for someone who's a dependent for the entirety of their life, it is pretty financially requiring for the parents to provide for these individuals, so very few of them we believe would even qualify. There are a few individuals where it is a process to keep these people out of the system with these assets that have been saved to keep the individuals in their homes and out of the state provided services.

**Chairman Cook:** What do you see is the real purpose of this study? You see us trying to identify how many of these people there are?

**William Sherwin:** We're looking at if we can get individuals and an actual fiscal implication on the state. We have no clue. Individuals that don't qualify for the homestead credit, don't apply for it. We don't know who's out there and who would fall under this category until we

really look. We only know individuals who are a part of our organization. There are others that could qualify for this. There are two in our organization. We believe it would be very minimal and just don't know. And that is a question that in this fiscal climate we aren't willing to put a bill with a fiscal note in front of you, not being able to answer that question.

**Vice Chairman Bekkedahl:** Earlier this session we had a bill dealing with the Able Program. Are you familiar with that, the savings program for the disabled as well? Is this a companion to that?

**William Sherwin:** I'm not familiar with that.

**Chairman Cook:** Closed the hearing on SCR 4012.

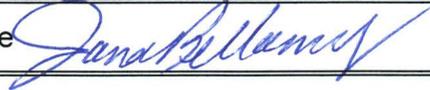
# 2017 SENATE STANDING COMMITTEE MINUTES

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

SCR 4012  
3/3/2017  
Job Number 28660

- Subcommittee  
 Conference Committee

Committee Clerk Signature



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

A concurrent resolution requesting the Legislative Management to consider studying the homestead tax credit thresholds for individuals who are permanently and totally disabled.

## Minutes:

No Attachments

All Senate members present.

**Chairman Cook:** Opened the meeting and asked what the wishes of the committee were.

**Senator Meyer:** Again with this bill I was approached by a constituent and I didn't have too much into this.

**Chairman Cook:** What would you like to do with it?

**Senator Meyer:** I would make a motion for a do pass.

**Senator Bekkedahl:** Seconded the motion.

Roll Call Vote: Yes-6 No-0 Absent-0

**Senator Meyer will carry the bill.**

**2017 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. SCR 4012**

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 Senator Meyer Seconded By Senator Bekkedahl

Senators	Yes	No	Senators	Yes	No
Chairman Cook	X		Senator Dotzenrod	X	
Vice Chair Bekkedahl	X				
Senator Laffen	X				
Senator Meyer	X				
Senator Unruh	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Meyer

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

**REPORT OF STANDING COMMITTEE**

**SCR 4012: Finance and Taxation Committee (Sen. Cook, Chairman)** recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SCR 4012 was placed on the Eleventh order on the calendar.

**2017 HOUSE FINANCE AND TAXATION**

**SCR 4012**

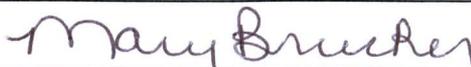
# 2017 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Fort Totten Room, State Capitol

SCR 4012  
3/13/2017  
29075

- Subcommittee  
 Conference Committee

Committee Clerk Signature



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

A concurrent resolution requesting the Legislative Management to consider studying the homestead tax credit thresholds for individuals who are permanently and totally disabled.

## Minutes:

Attachment #1

**Chairman Headland:** Opened hearing on SCR 4012.

**William Sherwin, North Dakota Association for the Disabled:** Distributed written testimony in support. See attachment #1. Ended testimony at 2:54.

**Chairman Headland:** Do you have any idea what a cost is for a legislative study?

**William Sherwin:** I do not know what it costs for a legislative study.

**Chairman Headland:** There is a significant cost for a committee to do a study. We're going to do it for two people?

**William Sherwin:** These people are absolutely deserving. That is one of the questions we have is the fiscal impact. Individuals that are not part of our organization that would qualify for this could be out there. We don't know how many exist or where they exist. We would like to be able to answer those questions in the future.

**Representative Hogan:** Have you had any contact with the county auditors who have been disqualified from using the homestead tax credit based on their assets?

**William Sherwin:** We talked with the Tax Department and when they look at these they don't know of any because the two individuals we know of their homes would disqualify them from the program. There are plenty of individuals we don't know about that are out there who could apply but simply don't because they don't think they qualify.

**Representative B. Koppelman:** If you're going to exclude the homestead in that, \$500,000 in assets is a pretty large number for somebody who is completely on disability or other government benefits. Would you not have to consider a much lower threshold then if your

assets less homestead is x? Then they could add a half million assets because you're excluding the homestead. What are your thoughts on that?

**William Sherwin:** There are three tests to this; the income test is if an individual has an income of over \$42,000 then it would automatically disqualify them. To be fully exempt under this you have to make less than \$22,000 per year. When we're looking at the \$500,000 these assets are what these people are living off of.

**Representative B. Koppelman:** The number \$500,000 is in there to encompass the home and a modest amount of assets. If you take the home off altogether you should probably separate that.

**Representative Schobinger:** Earlier today we passed a bill that's going to allow the Bank of North Dakota to purchase REMI software that can analyze these types of things. Do you think that if we have that software in place and it will give us a quick answer to that question, we still need this study?

**William Sherwin:** I would happily defer that question to your chair and vice chair.

**Chairman Headland:** I think they would take a look at that if we asked them too. Is there further testimony in support? Is there any opposition to SCR 4012?

**Vice Chairman Dockter:** Linda, in my first session I worked on this to change assets. Has the number of participants increased or decreased since 2013?

**Linda Leadbetter, State Supervisor of Assessments:** The program has grown. There has been a change to income level and the parameters have changed. I don't have a specific number for you.

**Chairman Headland:** Do you have the number of disabled who qualify for the program because they are disabled?

**Linda Leadbetter:** I would have to look specifically at the ones that are age 65 or if they are receiving it because they are disabled. In the abstract level we just have the total value of the home and then the percentage. The county level may have them based on the disability. For those that aren't eligible that don't apply, we don't have records for that. I will check that out and provide that information to you.

**Representative Olson:** One of the reasons they are looking to do this is due to the costly upgrades; elevators and other assistive technology in the home. Would it be possible if we were to change the way we perform the valuation on these types of properties to exclude upgrades or modifications that are specifically for the purpose of helping disabled individuals? That way it wouldn't increase the value of that home by so much perhaps.

**Linda Leadbetter:** I would suspect that would be something that would have to be administered through statutory change that would provide an exemption for that level. We have exemptions available to individuals who are totally blind and wheelchair bound. The value of the property could probably be addressed by an exemption in statute.

**Chairman Headland:** Are there any other questions? We will close the hearing on SCR 4012.

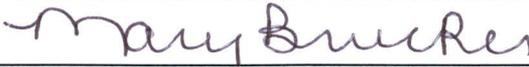
# 2017 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Fort Totten Room, State Capitol

SCR 4012  
3/13/2017  
29100

- Subcommittee  
 Conference Committee

Committee Clerk Signature



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

A concurrent resolution requesting the Legislative Management to consider studying the homestead tax credit thresholds for individuals who are permanently and totally disabled.

## Minutes:

No attachments

**Chairman Headland:** Let's take a look at SCR 4012.

**Representative Olson:** I think this is probably something Senator Meyer could pull off studying on his own with a couple other interested people. I don't think it rises to the level of a full-fledged study when you can talk to your county auditors and the State Tax Commissioner. **MADE A MOTION FOR A DO NOT PASS**

**Representative B. Koppelman:** **SECONDED**

**Chairman Headland:** I spoke with Linda Leadbetter. (no sound as his microphone was not on)

**Representative Steiner:** I think it might be a good idea. I think people should understand how many people are taking advantage of it. It is growing. I would be interested in knowing more about the homestead tax credit just because it seems like we discuss it every session. I will resist a do not pass.

**Chairman Headland:** We have been improving the homestead credit every session. This is the first in many we haven't taken a look at it. (no sound as his microphone was not on)

**Representative B. Koppelman:** When the concept was brought forward they weren't counting on us studying it with REMI software. I believe the interested organizations could do this study. In knowing now that we'll have REMI software, they should use that for their study and they should come up with a concept for dealing with some of the questions that would come up with a thing like this. I am supporting the do not pass.

**Representative Hogan:** I was surprised the asset level was \$500,000. My concern is that we could lower that asset level as a result of that study.

**Chairman Headland:** I believe the asset level today is \$160,000. If you can make the argument for someone disabled and keeping their homes (inaudible as microphone was not on)

**Representative Hogan:** I'm concerned about unintended consequences of this study. I think it could jeopardize the income tax credit. I'm voting no for different reasons.

**Vice Chairman Dockter:** I was on the committee. If someone is disabled and has land they could be over the threshold for assets and that's why the \$500,000 was put in there. Some people may only get \$5,000-6,000 for the rental of their land but their land is worth \$2,000-3,000 an acre.

**Representative Hogan:** If they are on Medicaid, when they die that asset goes to the state.

**Chairman Headland:** Is there anything further?

**ROLL CALL VOTE: 10 YES 4 NO 0 ABSENT**

**MOTION CARRIED FOR A DO NOT PASS**

**Representative Olson will carry this bill.**

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

**2017 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. SCR 4012**

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. Olson Seconded By Rep. Koppelman

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

Total (Yes) 10 No 4

Absent 0

Floor Assignment Rep. Olson

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

**REPORT OF STANDING COMMITTEE**

**SCR 4012: Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **DO NOT PASS** (10 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). SCR 4012 was placed on the Fourteenth order on the calendar.

**2017 TESTIMONY**

**SCR 4012**

3/1/17

SCR 4012

Attachment #1 pg 1

**Testimony on SCR 4012**  
**William Sherwin**  
**North Dakota Association for the Disabled**  
**Senate Finance and Taxation Committee**  
**March 1, 2017**

Good afternoon Chairman Cook and members of the Senate Finance and Taxation Committee, my name is William Sherwin, here today representing the North Dakota Association for the Disabled.

On behalf of our members I'd like to voice our combined support of Senate Concurrent Resolution 4012, which would study the effects on state revenues of not including the homestead in the asset valuation for the permanently and totally disabled when applying for the homestead credit under NDCC 57-02-08.1. The homestead credit includes three tests for qualifying applicants: (1) individuals sixty-five years of age or older or individuals who are permanently and totally disabled, (2) income of \$42,000 or less per year, and (3) total assets of less than \$500,000. An individual must qualify under all three of these tests to be eligible for the homestead credit. SCR 4012 would only study the third test and the effect on state tax revenues of adjusting the calculation by removing the homestead valuation for the permanently and totally disabled.

Currently, two of our members would not qualify for the homestead tax credit due to modifications of their homes. These specific modifications for our members resulted in their total assets being valued at over \$500,000. These modifications included: widened doorways, elevators, live in apartments for 24/7 care, and other adjustments to allow these individuals to stay in their homes.

For these reasons I would ask the committee in its wisdom give SCR 4012 a "Do Pass" recommendation and study the effects on state revenues of not including the homestead in the asset valuation for the permanently and totally disabled.

Thank you.

#1  
SCR 4012  
3-13-17

**Testimony on SCR 4012**  
**William Sherwin**  
**North Dakota Association for the Disabled**  
**House Finance and Taxation Committee**  
**March 13, 2017**

Good morning Chairman Headland and members of the House Finance and Taxation Committee, my name is William Sherwin, here today representing the North Dakota Association for the Disabled.

On behalf of our members I'd like to voice our combined support of Senate Concurrent Resolution 4012, which would study the effects on state revenues of not including the homestead in the asset valuation for the permanently and totally disabled when applying for the homestead credit under NDCC 57-02-08.1. The homestead credit includes three tests for qualifying applicants: (1) individuals sixty-five years of age or older or individuals who are permanently and totally disabled, (2) income of \$42,000 or less per year, and (3) total assets of less than \$500,000. An individual must qualify under all three of these tests to be eligible for the homestead credit. SCR 4012 would only study the third test and the effect on state tax revenues of adjusting the calculation by removing the homestead valuation for the permanently and totally disabled.

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For these reasons I would ask the committee in its wisdom give SCR 4012 a "Do Pass" recommendation and study the effects on state revenues of not including the homestead in the asset valuation for the permanently and totally disabled.

Thank you.