

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/14/2019**

Bill/Resolution No.: HB 1512

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>			\$55,200,000			
<b>Appropriations</b>			\$55,200,000			

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1512 expands the homestead 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.*

Section 1 of HB 1512 expands income brackets and the amount of taxable valuation an applicant is allowed to have subject to the property tax credit in each income bracket. The amount of the expansion of taxable valuation for existing applicants varies, and is as much as 500%, for incomes between \$38,000 and \$42,000. Under the provisions of the bill, applicants in all existing income brackets will be allowed expanded taxable valuation subject to the property tax credit.

Additionally, Section 1 of HB 1512 removes the income ceiling over which current law would restrict an applicant from receiving any tax credit, in effect, allowing all homeowners 65 and older to receive a homestead property tax credit if their assets are below the maximum allowed.

Census statistics for North Dakota were utilized for this analysis which provided the number of persons over 65, (107,196) and the rate of home ownership (63%). The value of the homes and other assets owned by potential applicants is unknown and partially dependent upon their location (rural v. urban).

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.*

If enacted, HB 1512 is expected to increase state general fund expenditures for the homestead property tax credit program between \$48.2 million and \$62.2 million during the 2019-21 biennium. The midpoint of this range is -\$55.2 million, as shown in 1A. above. The size of the range is indicative of the uncertainties in number of persons who will actually apply for this credit in this biennium, and the taxable valuation of their homesteads.

- 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, HB 1512 will require an increase in appropriations for the office of tax commissioner to fund increased homestead credit payments to counties.

**Name:** Kathryn Strombeck

**Agency:** Office of Tax Commissioner

**Telephone:** 701.328-3402

**Date Prepared:** 02/04/2019

**2019 HOUSE FINANCE AND TAXATION**

**HB 1512**

# 2019 HOUSE STANDING COMMITTEE MINUTES

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

HB 1512  
2/4/2019  
32084

- Subcommittee  
 Conference Committee

Committee Clerk: Mary Brucker

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

A bill relating to the homestead tax credit.

### Minutes:

Attachments 1-2

**Chairman Headland:** Opened hearing on HB 1512.

**Representative Guggisberg:** Introduced bill. Distributed written testimony and proposed amendment, see attachments 1-2. The amendments reflect the fiscal note. We start with a \$150,000 maximum home value then the percentages take it down to the minimum. The reason for the size of the fiscal note is because there isn't a top cap on there anymore. Everyone homeowner over the age of 65 and permanently disabled would get at least \$1,688 if they had \$150,000 home.

**Chairman Headland:** You mentioned only if you're permanently disabled but it looks like the fiscal note includes everybody.

**Representative Guggisberg:** It's for those over the age of 65 years.

**Chairman Headland:** Does your amendment address that?

**Representative Guggisberg:** The amendment changes the dollar value. The bill gives you more of a credit with the more money you make so it isn't as fair as the current system. The current categories use about \$125,000 home and this one would move it up to \$150,000 home. It's still for those age 65 and older who are permanently disabled.

**Chairman Headland:** Is there further testimony in support? Is there any opposition? Are there any questions of the tax department?

**Representative Steiner:** Can you explain how we calculate how many people this would impact? Does the state know who these people are? It's 100% for the permanently disabled people or is it for all people over the age of 65 plus the permanently disabled who could be less than 65 years old?

**Linda Leadbetter, State Supervisor of Assessments for the Office of the State Tax Commissioner:** The fiscal note is based on our assumptions of the program as it currently exists. We have the information of those that are filing now as being permanently and totally disabled. We also use information from the county tax programs as far as valuations of homes and using AARP in identifying the number of homes out there with the census data as far as the ages fitting into those brackets. The estimation is made with a \$150,000 home with an idea of how many of those homes would meet that maximum value then we apply the percentage of that moving forward. There are always moving pieces to this because assessments are ever changing and the mill levy isn't under our jurisdiction, those are determined annually at the local level.

**Chairman Headland:** Is there anything else? Seeing none we will close the hearing on HB 1512.

**Representative Dockter: MADE A MOTION FOR A DO NOT PASS.** This committee already passed out a do pass recommendation for a study on homestead credit.

**Representative Steiner: SECONDED**

**Chairman Headland:** Discussion?

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

**Representative Dockter will carry this bill.**

**2019 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1512**

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. Steiner

Representatives	Yes	No	Representatives	Yes	No
Chairman Headland	✓		Representative Eidson		✓
Vice Chairman Grueneich	✓		Representative Mitskog		✓
Representative Blum	✓				
Representative Dockter	✓				
Representative Ertelt	✓	✓			
Representative Fisher	✓				
Representative Hatlestad	✓				
Representative Kading	✓				
Representative Koppelman	✓				
Representative Steiner	✓				
Representative Toman		✓			
Representative Trottier	✓				

Total (Yes) 10 No 4

Absent 0

Floor Assignment Rep. Dockter

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

**REPORT OF STANDING COMMITTEE**

**HB 1512: Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **DO NOT PASS** (10 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). HB 1512 was placed on the Eleventh order on the calendar.

**2019 TESTIMONY**

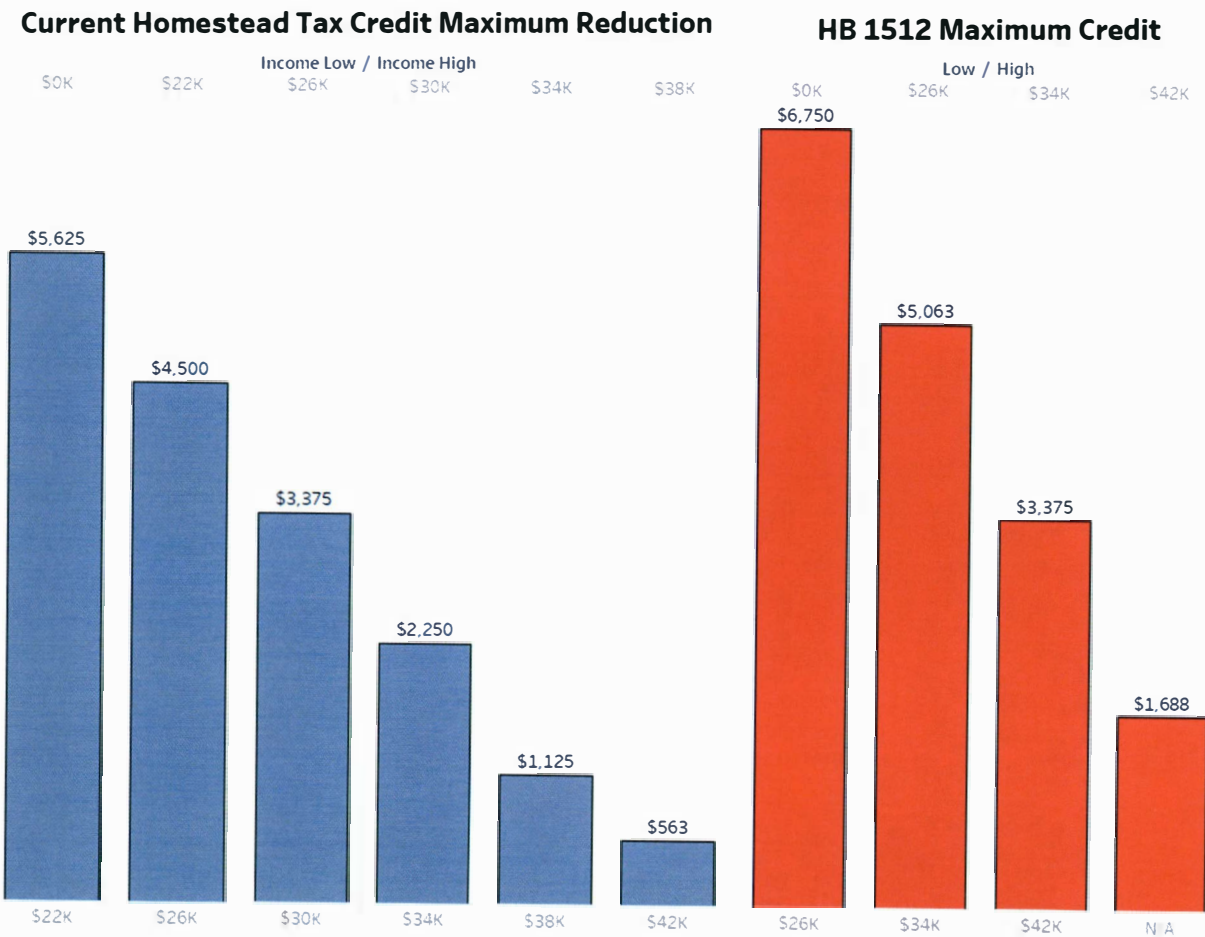
**HB 1512**



#1  
HB 1512  
2-4-19

Chairman Headland and members of the Tax and Finance Committee,

For the record, my name is Ron Guggisberg and I represent Fargo's District 11. I am here to introduce House Bill 1512. HB 1512 expands the Homestead Tax Credit and increases maximum value allowed.



Increasing the Homestead Tax Credit will help those most affected by increases in property taxes. Seniors have built this state, often working thirty or more years before they can enjoy retirement. This is one way, we as a legislature can help them ensure they can afford to stay in their home as their property value and taxes increase.

19.0617.02001  
Title.

Prepared by the Legislative Council staff for  
Representative Guggisberg  
January 25, 2019

#2  
HB 1512  
2-4-19

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1512

Page 1, line 11, replace "five" with "seven"

Page 1, line 11, after "hundred" insert "fifty"

Page 1, line 19, after "~~seventy five~~" insert "sixty-three"

Page 2, line 7, replace "five" with "three"

Page 2, line 7, after "hundred" insert "seventy-five"

Page 2, line 11, replace "two" with "one"

Page 2, line 11, after "thousand" insert "six hundred eighty-eight"

Renumber accordingly



Real Possibilities in

# North Dakota

House Bill 1512 – Support  
House Finance and Tax Committee  
February 3, 2019  
Mike Chaussee – AARP ND  
[mchaussee@aarp.org](mailto:mchaussee@aarp.org) or 701-390-0161

Chairman Headland and members of the House Finance and Tax Committee,

It is a priority for AARP North Dakota to support legislation and ideas that help older North Dakotans remain living in their homes and communities for as long as possible. Our surveys, and the surveys of others, show over and over again that people prefer to age in place.

We want to thank you and previous legislatures for the continued support of the Homestead Property Tax Credit. It's an important tax break provided to older North Dakotans who are the most financially vulnerable.

Property taxes are some of the most burdensome taxes for many low-income and older homeowners. Many of our older citizens have lived in their homes for a long time. As their property values have increased, so have their property taxes. But many do not have the income to afford the yearly increases in their property taxes while also meeting their basic needs for food, medicine and utilities.

AARP policy supports efforts for property tax relief provided in an equitable manner to low- and moderate-income homeowners and renters. Circuit breaker programs offer property tax credits or homestead exemptions that decrease as income increases, resulting in a more progressive tax system. Therefore, lower-income households receive greater tax relief than higher-income households.

About 33 states and the District of Columbia offer circuit breaker programs. Most of these provide tax relief to both homeowners and renters. Most of them are targeted to older homeowners and renters or provide more generous benefits to older homeowners and renters. Most circuit breaker programs are state-financed.

Thank you,

Mike Chaussee – AARP North Dakota