

**2019 HOUSE FINANCE AND TAXATION**

**HCR 3046**

# 2019 HOUSE STANDING COMMITTEE MINUTES

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

HCR 3046  
3/4/2019  
33109

- Subcommittee  
 Conference Committee

Committee Clerk: Mary Brucker

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

A concurrent resolution directing the Legislative Management to study the feasibility and desirability of replacing revenue generated by residential property tax with an alternative local funding source.

### Minutes:

No attachments

**Chairman Headland:** Opened hearing.

**Representative B. Koppelman:** Introduced concurrent resolution. There have been bills this session trying to keep any increase in property tax at an affordable level. At the state level there have been efforts to try to limit increases in property tax, subsidize property tax, or provide bills that would provide to help property tax. I tried to take some of these ideas that were brought up and study them.

**Chairman Headland:** Is there testimony in support? Is there opposition? Seeing none we will close the hearing on HCR 3046.

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

**Representative Kading: SECONDED**

**Representative Dockter:** I support the concept. Even though we may pass this they have about 75-80 studies and they pick about 35 to study so we still won't know if this study will be chosen or not.

**Representative B. Koppelman:** A lot of times when a study is recommended it takes away from the likelihood of whether or not Legislative Management would choose it because it can be so narrow in scope. The idea here was to broaden the scope so if they had any interest they would have the right area to do so.

House Finance and Taxation Committee  
HCR 3046  
March 4, 2019  
Page 2

ROLL CALL VOTE: 14 YES 0 NO 0 ABSENT

MOTION CARRIED

Representative B. Koppelman will carry this bill.

Date: 3-4-19  
 Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. HCR 3046**

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. Ertelt Seconded By Rep. Kading

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

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Koppelman

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

**REPORT OF STANDING COMMITTEE**

**HCR 3046: Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HCR 3046 was placed on the Eleventh order on the calendar.

**2019 SENATE FINANCE AND TAXATION**

**HCR 3046**

# 2019 SENATE STANDING COMMITTEE MINUTES

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

HCR 3046  
3/18/2019  
Job #33847

- Subcommittee  
 Conference Committee

Committee Clerk: Alicia Larsgaard
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## Explanation or reason for introduction of bill/resolution:

A concurrent resolution directing the Legislative Management to study the feasibility and desirability of replacing revenue generated by residential property tax with an alternative local funding source.

## Minutes:

Attachments: 0
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**Chairman Cook:** Called the hearing to order on HCR 3046.

**Representative Ben Koppelman, District 16, West Fargo:** Introduced the bill. This is basically a study resolution. I introduced this after contemplating the attempts we have made as a legislature to deal with what many of our constituents demand from us which is doing something about property tax. We have had a variety of different attempts. We have had income tax credits, property tax buy downs, budget caps, levies against an individual home, and caps. It is a local tax. We want our local elected officials to be mindful of the will of the people in that tax.

To be fair with local political subdivisions, those that do not have a huge sales tax base, there are limitations that are in front of them. To respond to the concerns of citizens, they can lower taxes. Often times they lower mills. I believe the biggest problem in property tax is on the residential home. For the commercial businesses, it is a pass through expense. If it a rental property, a lot of times it is valued based on your ability to get rents. Industrial property and even some farmland can be passed through.

When I get my tax bill at my home, there is no one to pass it to other than my wife and that would be me telling her to write the check. Otherwise, there is not a lot we can do. We can try to revolt against our city and throw the bums out. That is not an easy thing to do. We have local elections that are on-partisan so you do not have a pre-determined understanding of what tax policy a person has.

I am not trying to stand here and say there are no other alternatives. I believe the legislature should consider looking at other local funding sources. Some of those may come from the same pockets as those that pay the property tax. One example, is if you did away with the valuation based local residential property tax, you could consider different methods such as

taxing on something that is consistent, such as square feet in a home. Larger homes that are twice as big as smaller houses would still pay twice as much. Whatever house you bought, you can budget from the time you bought the house and say you do not believe they will get away with raising the square percentage tax more than x percent a year. When you have an increase of mills, the big thing is evaluation. It is not nearly as difficult for a local political subdivision to raise taxes. That is the game that can be played. I am not trying to accuse all political subdivisions of playing that game.

This is just a study. It is asking what other tools can we have to deal with this. I do not believe the cities have the latitude right now to revamp their own property tax system because we created the system and we set the rules. With that, I will stand for questions.

**Chairman Cook:** Are you aware of the rule that is written in the ND Constitution that requires all taxes within their class to be equalized? We have to live by that rule as we set tax policy.

**Representative Koppelman:** I am aware. I also know that there are some debates on what equalization is. If you have a different funding mechanism for local taxes and essentially that mechanism is at 0 mills, your ad valorem is equal.

**Chairman Cook:** The political subdivisions are getting no money?

**Representative Koppelman:** Well no. The rest of the story is what is the other funding source. Right now, most cities have a water bill. They already have the authority to do that. We have discussed the concept of allowing them to do that for roads. Imagine if they had that ability to have a portion of that bill be based on some methodology that is equal.

Right now, you have the same mills applying against your value regardless of what that value is. In this case, you would have the same dollar amount applied on everyone's square foot equally. There are different ways you can get to equal. I have not vetted it against the Constitution specifically to see what the concern would be. I do not think we know that until we study it and ask what the other methods to consider would be and then what is the constitutionality of each of those.

**Chairman Cook:** I would argue that a lot of the ways we try to follow equalization is a result of a court decision. We could go through that over and over again if we changed it. I understand what you are trying to do.

**Representative Koppelman:** That is going to be true of everything we do in an ad valorem system. If I was in the study committee, I would suggest to do something that is an alternative to an ad valorem system so that we are in the different playground than that.

**Chairman Cook:** Any further testimony on the resolution? Hearing none, we will close the hearing on HCR 3046.

# 2019 SENATE STANDING COMMITTEE MINUTES

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

HCR 3046  
3/19/2019  
Job #33948

- Subcommittee  
 Conference Committee

Committee Clerk: Alicia Larsgaard
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## **Explanation or reason for introduction of bill/resolution:**

A concurrent resolution directing the Legislative Management to study the feasibility and desirability of replacing revenue generated by residential property tax with an alternative local funding source.

## **Minutes:**

Attachments: 0
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**Chairman Cook:** Called the committee to order on HCR 3046.

**Senator Patten:** Moved a Do Not Pass on HCR 3046.

**Senator Meyer:** Seconded.

**Chairman Cook:** Any Discussion?

**Senator Dotzenrod:** This is not a study, is it?

**Chairman Cook:** Yes. It is.

**Senator Dotzenrod:** If we were to pass this, it seems like it would be the version of the amended bill that we just talked about earlier. That bill, when we got it, had a proposal that we are not too sure if we want to do or not. There was talk about some amending in there. If that is the case, I think we are going to have two vehicles here that will be about the same.

**Senator Kannianen:** The language in here is interesting. One talks about an increasing appetite of local government for property tax revenue. I know it is a similar type of study to the previous one. I do not know if the language in here is appropriate or respectful.

**A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent**

**Motion Carried.**

**Senator Dotzenrod will carry the bill.**

**2019 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 3046**

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 Patten Seconded By Meyer

Senators	Yes	No	Senators	Yes	No
Chairman Cook	✓		Senator Dotzenrod	✓	
Vice Chairman Kannianen	✓				
Senator Meyer	✓				
Senator Patten	✓				
Senator Unruh	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Dotzenrod

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

**REPORT OF STANDING COMMITTEE**

**HCR 3046: Finance and Taxation Committee (Sen. Cook, Chairman)** recommends **DO NOT PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HCR 3046 was placed on the Fourteenth order on the calendar.