2023 HOUSE FINANCE AND TAXATION

HB 1126

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1126
1/9/2023

A bill relating to assessment and estimated tax increase notices to property owners.

Chairman Headland opened the hearing at 9:30am.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVille, and Representative Ista. No members absent.

Discussion Topics:

- Property tax threshold for notices
- Trigger of property tax notices

Representative Bellew introduced bill.

Donnell Preskey, North Dakota Association of Counties, testified in opposition.

Don Flaherty, Tax Director for Dickey County, testified remotely in opposition (#12536).

No further testimony.

Chairman Headland closed the hearing at 9:44am.

Additional written testimony:

Tami Lazur, City Assessor for the City of Grand Forks, testimony in opposition #12549.

Meeting adjourned at 9:44am.

Mary Brucker, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1126
1/10/2023

A bill relating to assessment and estimated tax increase notices to property owners.

Chairman Headland opened the meeting at 10:02AM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Finley-DeVille, and Representative Ista.
Members absent: Representative Toman.

Discussion Topics

- Tax notices
- Committee Work

Representative Grueneich moved a Do Not Pass.

Representative Hagert seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	Y
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	AB

Motion carried 13-0-1.

Representative Motschenbacher is the bill carrier.

Meeting adjourned at 10:08AM.

Mary Brucker, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1126: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO NOT PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1126 was placed on the Eleventh order on the calendar.

TESTIMONY

HB 1126

OFFICE OF TAX EQUALIZATION
P. O. Box 393
Ellendale ND 58436
Phone: (701) 349-8319
E-mail: dflaherty@nd.gov

January 7, 2023

2023 House Finance and Taxation Committee
Honorable Representative Craig Headland, Chairman
North Dakota State Capitol

Dear Representative Headland and Members of the House Finance and Taxation Committee:

My name is Don Flaherty and I am the Director of Tax Equalization for Dickey County. I am writing you today to speak in opposition of HB 1126. I believe that the proposed changes to NDCC § 57-02-53 of the content of the notice of increase for property assessments will cause greater confusion and misunderstanding to taxpayers as to their fiscal responsibilities as well as promote wasteful use of government resources to meet the proposed requirements. Providing an estimate of taxes as a part of the assessment increase notice based on the previous year's mill rate will lead to an increase of frustration because taxpayer will be getting conflicting information from multiple parties as to what their property tax liability will be in November. I agree that providing information to the taxpayer is essential, but if the information provided is misleading, it will result in greater frustration that will ultimately lead to apathy by the taxpayer as to the property tax process.

I believe this change in being proposed due to the belief that once a taxpayer receives their property tax estimate with the list of budget hearings in August, they no longer have an opportunity to seek a change of value on their property for that year. This is simply not true. A property owner has two opportunities to seek a change of value for the property tax year, once during the equalization process and once during the abatement process, which can be up to two years after the value has been set. Inserting a hypothetical tax bill in the notice of assessment increase will not enhance this process in a way that is of benefit to the taxpayer.

Approximately 13 years ago, the legislature removed the $3,000 increase component from the notice of assessment increase trigger. This was a mistake that the legislature corrected in their next session. By removing the 10% requirement in this bill, the legislature will be making a similar mistake. The $3,000/10% trigger works extremely well, there is no benefit to altering it and the doing so will only increase wasteful spending at a time when fiscal responsibility is paramount.

Therefore, I would encourage you to vote against of HB 1126 as these proposed adjustments are not in the best interest of property tax payers in North Dakota.

Respectfully Submitted,

Donald W. Flaherty
Dickey County Director of Tax Equalization

255 N. 4th St.
PO Box 5200
Grand Forks, ND 58206-5200

CITY OF GRAND FORKS NORTH DAKOTA

City of Grand Forks
(701) 746-4636

TESTIMONY ON HOUSE BILL NO. 1126

House Finance & Taxation Committee

January 6, 2023

Tami Lazur, City Assessor, City of Grand Forks, ND

Chairman Headland and members of the House Finance & Taxation Committee, my name is Tami Lazur and I am the City Assessor for the City of Grand Forks. I want to thank you for the opportunity to provide testimony and express opposition for HB 1126.

This bill has two components. First, it removes the criteria of 10% increase from the preceding year as a requirement to a notice of increase being sent to property owner and secondly, adds to notice of increase an Estimated Tax Statement based on the preceding year's mill levy.

Let me address the first component of this bill, the removal of the 10% requirement. With the removal of the 10% requirement, it leaves the only requirement of an increase in value of $3,000 to trigger a notice to the property owner. In the past, a bill was passed with only the 10% requirement, and that was found to have issues. NDCC 57-02-53 was later amended to include the $3,000 requirement. I believe that the two requirements of $3,000 and 10% accomplishes the intent of keeping property owners informed with reasonable logic and efficiency as to their market value.

Secondly, requiring the Notice of Increase to include an Estimated Tax Statement has the potential to confuse many property owners. Currently all property owners receive an Estimated Tax Statement in August which provides ALL property owners the assessed valuation for the current tax year. It is not unusual for a property owner to attempt to pay their tax bill in August when the Estimated Tax Statement is sent as an informational mailing. I believe that by adding a tax liability estimate to the notice of increase will only add to the confusion for property owners.

This bill does not benefit property owners in a meaningful manner.

The City of Grand Forks asks for a DO NOT PASS for HB 1126.