

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1362

2001 HOUSE FINANCE AND TAXATION

HB 1362

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1362

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 30, 2001

Tape Number	Side A	Side B	Meter #
1		B	2,667
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

**REP. AL CARLSON, CHAIRMAN.** Opened the hearing and read the fiscal note.

**REP. GIL HERBEL, DIST. 16, GRAFTON,** Introduced the bill at the request of the Walsh and Pembina County Commissioners. This bill will cap ag land valuations at the 1999 level for the next two years. This will give the Legislative Council an opportunity to study the valuation from assessments of ag land for property tax purposes. There appears to be a number of inequities in the formula that determine the property assessments. Property taxes have risen dramatically and have an adverse effect on the already struggling farm economy. The testimony you will hear, will indicate why we need the changes.

**REP. DROVDAL** I have a little concern about the small town business person. Sitting on main street in a small town, your chances of failure are even greater then that of farming. When the taxes go up, that small town business person, or retired person in a small town, their taxes are

going to go up because they will have to pay for the additional county services which they will be providing, how can we justify this to those people?

**REP. HERBEL** I thought about that. If you take a look at the way in which property assessments are done on residential property, that is totally different then on the ag sector. There is a little bit more control, in terms of what you can do there, in a residential area, then what you can do in the area of ag land.

**REP. CARLSON** There is some division at NDSU, I believe, that determines the value?

**REP. HERBEL** Yes, that will be addressed by one of the commissioners.

**REP. WINRICH** Your bill also calls for a legislative council study, why do we need to cap the 1999 taxes in order to do this study? And also, is it possible that some of the information you are looking for in the study, is in the study that the Tax Commissioner indicated is coming from the printers?

**REP. HERBEL** I brought this to the legislative council, and it was their opinion that there should be a study done so that they can correct the inequities.

**REP. CARLSON** Going back to the full and true value of that parcel to year 1999, the 2000 taxes are already assessed and payable in 2001, isn't this going to be a bookkeeping nightmare?

**REP. HERBEL** We have someone here that will address that issue.

**REP. DAVE MONSON, DIST. 10,** Testified in support of the bill also at the request of his county commissioners.

**REP. DROVDAL** If this bill passes, we will restrict it to no more than the true and full value of land in 1999, that is not restricting it so that the value will go down below the 1999 level?

**REP. MONSON** It looks to me like it is a freeze.

**REP. HERBEL** Answered, that he had asked that question of the legislative council, and that is why it states to cap it, rather than freeze it. If it was froze, it would have to stay there, if it is capped, it can go down, it just can't go higher.

**SEN. HARVEY TALLACKSON, DIST. 16** Testified in support of the bill. Stated he thought it was reasonable to put a cap on it and study it during the interim.

**MAC HALCROW, FARMER AND COUNTY COMMISSIONER, PEMBINA COUNTY,**  
Testified in support of the bill. Submitted a handout relating to taxable valuation increases since 1980, and flaws in the computation. Gave reasons as to why there are problems with the computation of the evaluation. See attached handout. He stated Pembina County has the highest taxation of land in North Dakota. It has gone up forty nine percent since 1980. The taxes levied on that land, has gone up one hundred fifty two percent. Walsh County also falls in this category. Some of the land in this area has gone under fifteen floods.  
He stated he had conversations with the tax commissioner, who basically admitted, there are flaws.

**REP. CARLSON** What is the budget status in your county today, are you running a surplus, have you lowered your mill levies over the years because of the increased evaluation?

**MAC HALCROW** We ran a small surplus last year and have been decreasing mills.  
One of the things you have to understand is, there are certain things in a county which you cannot monitarilly control. For instance, state tax, you can't budget for it, you don't know what is coming. One year it will be twenty five thousand, the next year it will be two hundred thousand. In my county, we have about ninety five to one hundred mills. There are only twenty five of those mills, which the county commissioner has anything to do with.

**REP. CARLSON** You have local control over your mill levy, so do all of those taxing districts.

Those controls are not coming from here. As the valuation is going up, you have lowered the mills?

**MAC HALCROW** We cannot control the mill that goes to UND medical school and not the thirty two mill deduct. We also can't control the mills the citizens have voted in, which is a significant amount.

**REP. CARLSON** My point is, those mills are voted in locally, the mill deduct is voted on here. I have mixed feelings about this, the system might be flawed on how they value your land, but on the other hand, a bill could freeze this at a given level, but you have the authority to determine what the mills will be charged at home.

**MAC HALCROW** We don't have all of that authority, we only deal with twenty five percent of the mills.

**REP. SCHMIDT** Two sessions ago, I was on a study committee and the agricultural valuation is based by NDSU, and the culprit, we found out, is capitalization. The lower the capitalization rate goes, the higher the farm land is.

**MAC HALCROW** The other culprit is, this planted acre business, and those not planted at all.

**REP. NICHOLAS** Are they not including that land even when you get payments for it?

**MAC HALCROW** Stated no, they did not.

**REP. NICHOLAS** Gave examples of valuation of land.

**BILL GORDER, FARMER AND WALSH COUNTY COMMISSIONER,** Testified in support of the bill. See attached written testimony and handouts relating to property taxes, evaluations and levies.

**REP. DROVDAL** A part of county taxes go to services which have nothing to do with the city.

If you are from a small community like I am, you are freezing the evaluation in the rural areas, but you are not doing anything with the city taxes. The city people's taxes continue to go up, with the flawed formula we have in North Dakota, they not only pay for the city services, they also pay for the rural services which they don't get. What you are doing, in effect, is shifting those rural taxes from the rural person who is suffering, to a city person who is suffering. How can we say this is fair?

**BILL GORDER** I cannot disagree with that. Very possibly, in time to come, we will have to have a cap on residential too.

**REP. DROVDAL** If we are going to put a cap on the rural we need to put a cap on the city, but then we haven't done anything because then the mill levy will go just as if we have the appraisal go up.

**BILL GORDER** In my area, the vast amount of taxes are coming from agriculture. On my farm land, seventy percent of my tax money goes to schools. On my residence in Grafton, fifty eight percent goes to the schools. We will have to look at the overall tax structure in North Dakota.

**REP. CARLSON** What is the price of farm land in your area, is it selling for more or less per acre?

**BILL GORDER** My son just bought a quarter of land, and I told him he was foolish. I said put your money in C D's. My oldest son is forty five and he is farming family land. He paid seven hundred and eighty dollars per acre for good land along Highway 81, excellent sugar beet land. I would say land values are down in my area.

SEN. TOM TRENBEATH, PEMBINA COUNTY, Testified in support of the bill. He stated from personal experience, he sold a quarter section of my own ground in the spring of 1997, roughly comparable to what Mr. Gorder was talking about. It used to be twelve hundred dollars per acre land, and now we are talking seven hundred dollars per acre.

RICH FLANDERS, CAVALIER COUNTY COMMISSIONER, Testified in support of the bill. He questions the accuracy of the current formula to assess ag land values for taxation purposes. Ag land taxation values in Cavalier County in 1992 were one hundred ninety four dollars and fifty one cents per acre. In 2001, the recommended value is three hundred thirty five dollars and thirty two cents per acre. In nine years, the valuation has increased by seventy two percent. I can positively assure you that my farm's profits have not increased by seventy two percent. In fact, my farm income in 1992, was undoubtedly higher than the year 2000. There should be a strong correlation between ag land profits, producing potential and ag land value for taxation purposes. The current formula does not assess farm land's profits or loss potential. In Cavalier County, our tax base is seventy five to eighty percent ag property. When primary and secondary education budgets need additional funding, ag land property owners really get hit hard. This bill is a reasonable request. Personally, I feel an increase in North Dakota's state income tax, would be the most equitable way to do that. Property tax has no correlation to income whatsoever. I don't necessarily feel we should scrap the present system, but we need to overhaul it.

ARVID WINKLER, CUBA TOWNSHIP ASSESSOR, Submitted written testimony. See attached copy.



**DOROTHY ROBINSON, PEMBINA COUNTY AUDITOR**, Testified in support of the bill.

She submitted a handout relating to the comparison of sales ratio. This is on ag land from 1995 to 1999. This is an indicator to you of how we feel the current formula has flaws in it. She showed how the different counties in the area with the same kind of ag land, had different evaluations. She submitted a handout which was a worksheet for tax years beginning with 1999. See attached copy.

**REP. CARLSON** Asked what a mill would have raised in her county in 1999.

**DOROTHY ROBINSON** \$26,670, today it would be \$27,223.28. When you have set mills, such as one mill for the state medical center, and residents of Pembina County have set X amount of mills for ambulance or a library, those feed that increase. That increase is passed on to taxpayers. That is what happens when we are at our max. We get the same amount of dollars, but our mill levy comes down. It is a false statement to say, if you increase your value you will get more dollars. If you are over the max, that happens. In that infamous red book from the tax department, I believe there are only four or five counties which are not over the maximum.

**REP. WINRICH** Would you explain what the sales ratio is?

**DOROTHY ROBINSON** The sales ratio is, the ratio of what it sold for compared to what it is assessed at.

**REP. JOYCE KINGSBURY, DIST. 16**, Testified in support of the bill. Agreed with what everyone else said.

**BRIAN KRAMER, NORTH DAKOTA FARM BUREAU**, Testified in opposition of the bill.

This bill comes from a frustration of property taxes. We are certainly supportive of lowering property taxes but we can't support a whole modification of property evaluation forms. There

are two aspects to the amount of money that is raised by property taxes. One is the evaluation formula and the other is the mills applied to those. Budgets of the various political subdivisions raise those taxes. It isn't the property evaluation. The property evaluation merely determines the number of mills required to meet those expenses. When evaluations increase, the corresponding lowering of the mills should occur. When local property taxes are increasing, then local budgets must be scrutinized. If there is a need for increased mills, take it to the vote of the people. The formula works to determine the productive value of the property, it doesn't set the taxes. Capping the evaluation, will not necessarily cap the property taxes, that is where we have our concern.

**REP. HERBEL** You are saying then, that the formula, the way it is now, is working well?

**BRIAN KRAMER** I feel it works as well as it possibly can. There are a lot of problems with property taxes and property evaluations in the whole gammit. I think we have a system that works as well as any in the country. We talked to many other states regarding property taxes, and we talked about our evaluation formula and they are envious.

**REP. DROYDAL TO REP. HERBEL** Is the language in here "true and full value" correct?

**REP. HERBEL** When I talked to John Walstad, and told him what we are looking at, this is the language he came up with.

With no further testimony, the hearing was closed.

**COMMITTEE ACTION 2-06-01, TAPE #2, side A, Meter #1350**

**REP. RENNER** Made a motion to amend the bill by eliminating Section 1 and Section 3, and have a legislative council study this issue.

**REP. DROVDAL** Second the motion.

**REP. HERBEL** Did not agree with the amendments because of what it will do to the evaluation of the property in his area. He felt a cap should be put on.

**REP. BRANDENBURG** suggested that possibly the inundated lands should be included.

After a lengthy discussion, committee members felt they would like to discuss this with John Walstad of the Legislative Council in regard to drafting a study regarding this issue.

Motion to adopt the amendments was withdrawn.

Page 10  
House Finance and Taxation Committee  
Bill/Resolution Number HB 1362  
Hearing Date January 30, 2001

**COMMITTEE ACTION** 2-7-01, Tape #1, Side B, Meter # 4505

**REP. CLARK** Made a motion for a **DO NOT PASS**

**REP. GROSZ** Second the motion. **MOTION CARRIED**

**10 YES      5 NO      0 ABSENT**

**REP. CLARK** Was given the floor assignment.

## FISCAL NOTE

Requested by Legislative Council  
01/22/2001

Bill/Resolution No.: HB 1362

Amendment to:

**1A. 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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

HB 1362, if enacted, will limit the value of agricultural property to 1999 levels, which may result in a reduction of the taxable value of agricultural land. While HB 1362 could decrease the value of taxable property of counties, cities, and school districts, it does not mandate a decrease in property taxes. Any change in revenues will be the result of decisions as to the level at which local government services will be funded, and not as a result of the passage of HB 1362. This bill alone causes no fiscal effect to the counties, cities, or school districts. There will be an indeterminable decrease in the property tax revenue for the one-mill state medical center levy.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain 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.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Tax Department
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	01/29/2001

Date: 2-6-01  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1362

House FINANCE & TAXATION Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Not Pass

Motion Made By Rep Clark Seconded By Rep. Grosz

Representatives	Yes	No	Representatives	Yes	No
CARLSON, AL, CHAIRMAN	✓		NICHOLAS, EUGENE		✓
DROVDAL, DAVID, V-CHAIR	✓		RENNER, DENNIS		✓
BRANDENBURG, MICHAEL	✓		RENNERFELDT, EARL	✓	
CLARK, BYRON	✓		SCHMIDT, ARLO		✓
GROSZ, MICHAEL	✓		WIKENHEISER, RAY	✓	
HERBEL, GIL		✓	WINRICH, LONNY	✓	
KELSH, SCOT	✓				
KROEBER, JOE	✓				
LLOYD, EDWARD		✓			

Total (Yes) 10 No 5

Absent \_\_\_\_\_

Floor Assignment Rep. Clark

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

REPORT OF STANDING COMMITTEE (410)  
February 7, 2001 4:31 p.m.

Module No: HR-22-2646  
Carrier: Clark  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

HB 1362: Finance and Taxation Committee (Rep. Carlson, Chairman) recommends **DO NOT PASS** (10 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). HB 1362 was placed on the Eleventh order on the calendar.



2001 TESTIMONY

HB 1362

*Mrs. Haderow*  
*HP 1302*

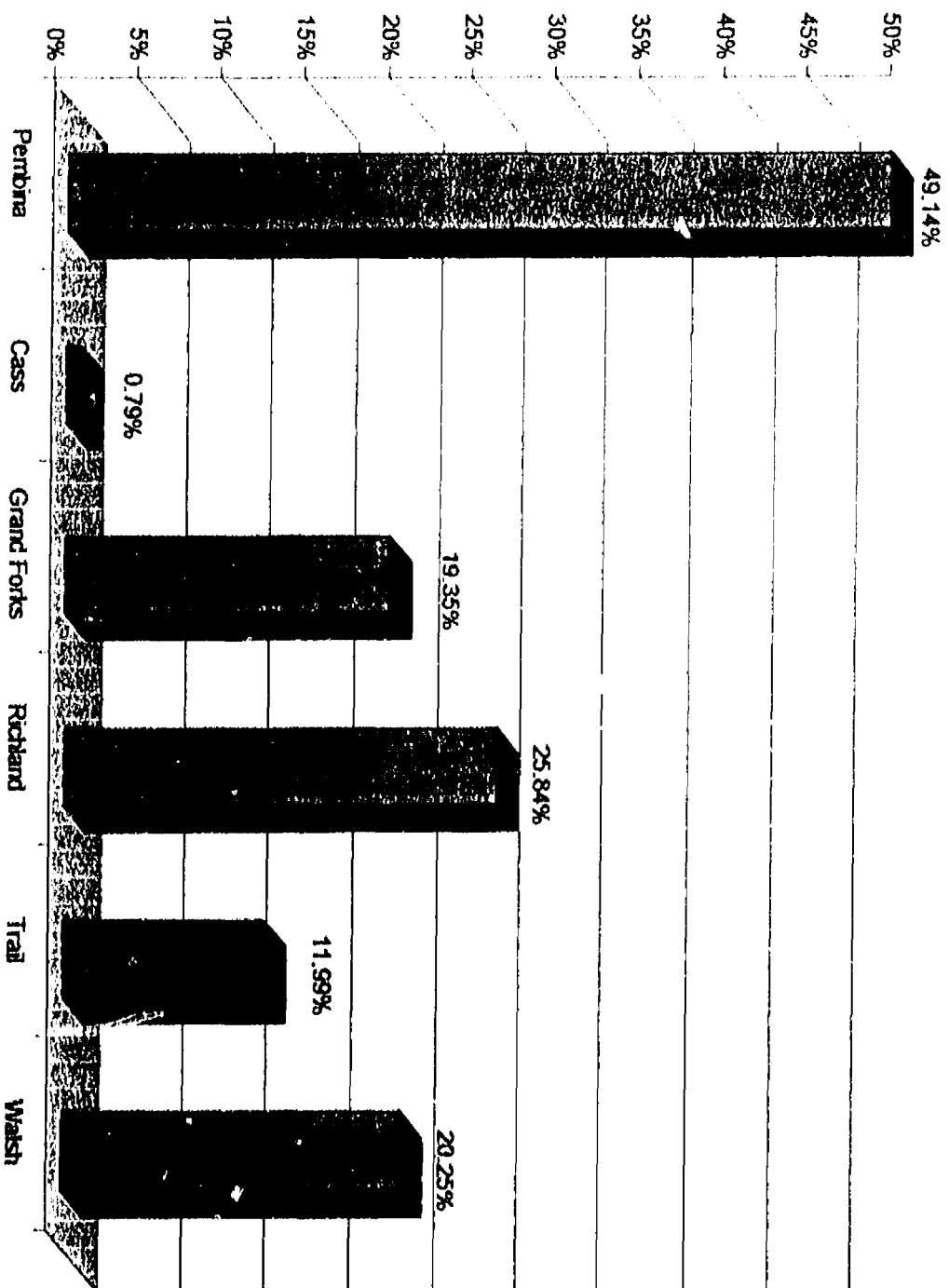
**Pembina County**

**"First in the State"**

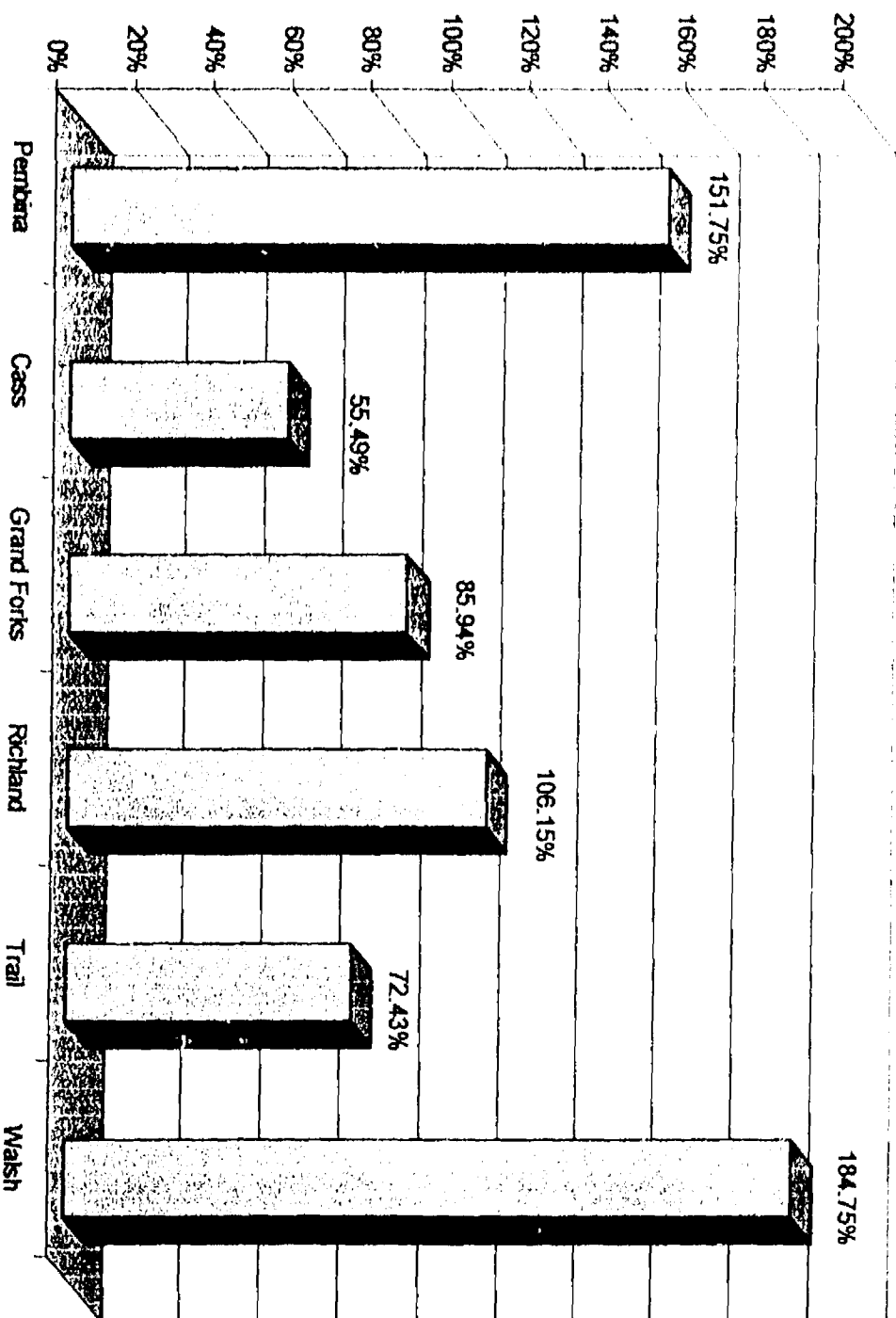
## Facts

- Pembina County has the highest valued Ag-Land in North Dakota
- Ag-Land valuations have increased over 49% since 1980
- Taxes levied on Ag-Land have risen 152% since 1980
- Comparison of other counties Ag-Land valuations and the taxes levied on that land
- Everyone knows about the falling Ag prices, huge amount of forced auction sales, disease in the cereal grains, weather related disasters, etc.

# Taxable Valuation Increase since 1980



# Taxes Levied Increase since 1980



## Computation for Ag-Land Valuations

- The formula used for computing Ag-Land valuations is flawed. This formula is basically completed by taking the acres planted into each crop multiplied by the average yield in the county multiplied times a regional price, times capitalization (average lending rates at the Ag banks in North Dakota).
- This regional price arrangement is arrived at by adding the prices of all North Dakota reporting elevators and then dividing by the total number of those elevators.
- Potatos and sugar beets are even more complex

## Flaws in Computation

- Figures arrived at are gross figures and not net
- Planted acres only are used
  - Non-planted acres treated as non-existent
  - Non-harvested acres not accounted for (1993, 1994, 2000)
  - Computation does not take into account BTU days, plant days, etc.
- Regional price of ND unfair to many, not only the NE part of the state. Each farmer in Pembina County knows it costs 25 cents per bushel to ship grains to Fargo. Railway line charges are different, markets are different, shipments are different, etc.
- Another concern is why does the State care whether the county raises valuations. Only one mill goes to the State (UND Medical School) while the rest remains in the County.

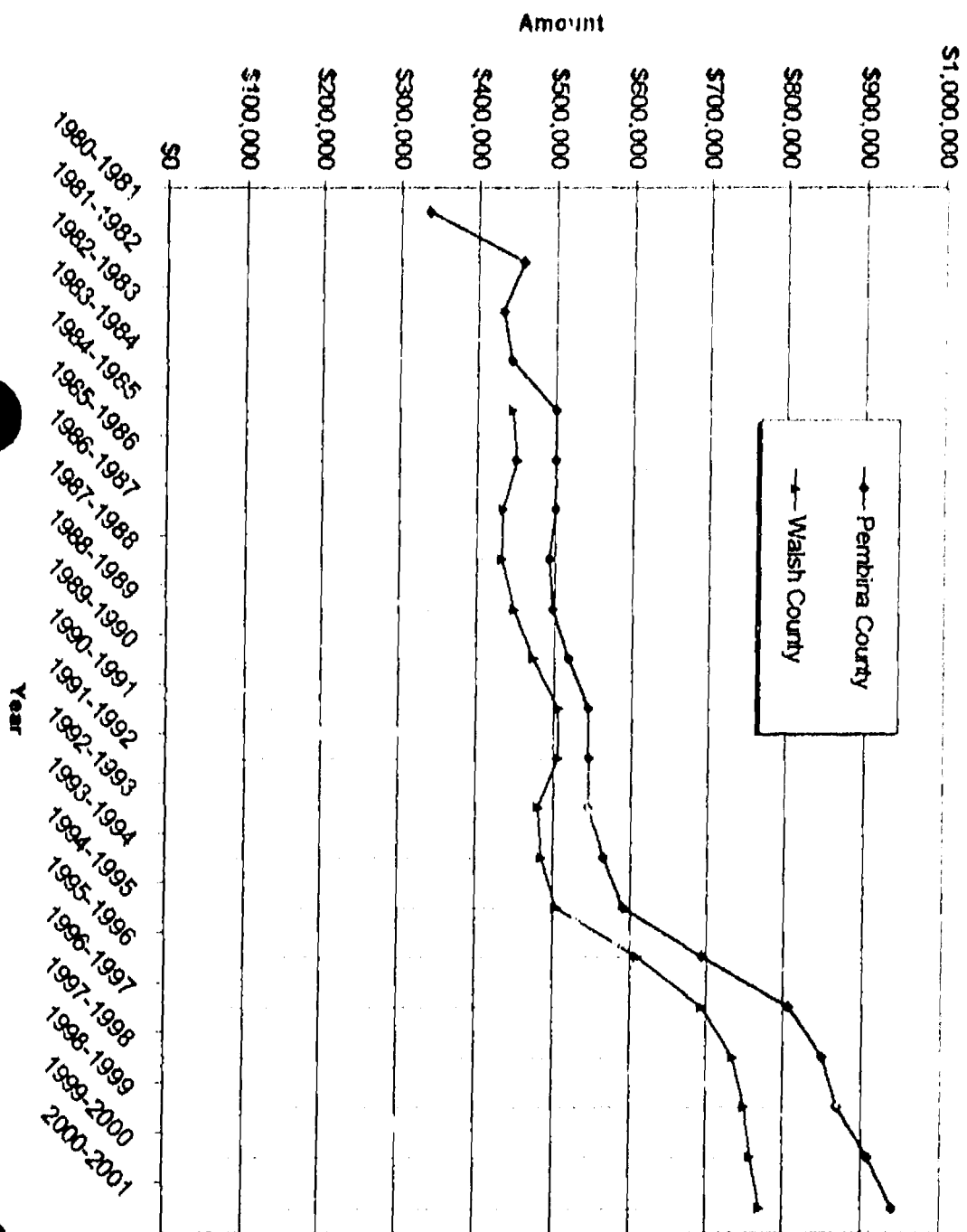
## **Flaws in Computation**

### **(continued)**

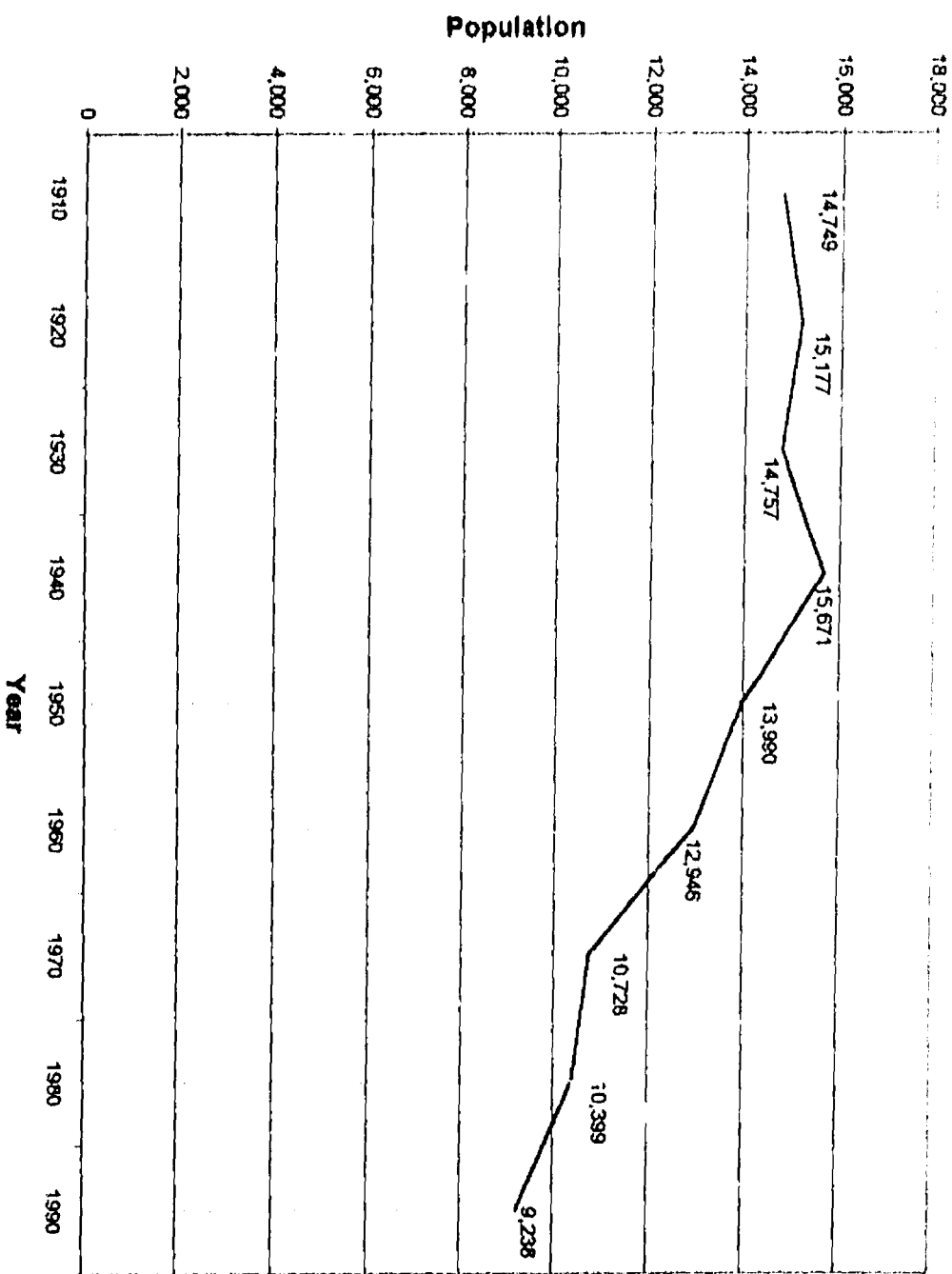
- Can you imagine the human cry if sales and income tax had risen 152% or 185%. Why are we doing this?
- Our farmers need protection. We have seen enough bankruptcies and forced liquidations. Please help us to stop this inequity and restore fairness to North Dakota Agriculture in Pembina County.



# Mill Deduct Loss



# Pembina County Population



HOUSE BILL 1362

Unpaid Taxes:      Walsh County  
1996 -      93,237.81  
1997 -      181,080.99  
1998 -      247,055.83  
1999 - 1,291,748.73 = total 4 years

Total taxes levied these 4 years:      \$33,900,000  
3.4% of taxes not paid

1/29/2001

State Trends: pages 74, 76, 77 of the Red Book from State Tax Department.

There is no question in my mind that we need a cap on agricultural land. The people in my area are struggling. Your "yes" vote on this bill contains a cap for two years and a study to work the formula, which determines land values.

Your consideration is much appreciated.

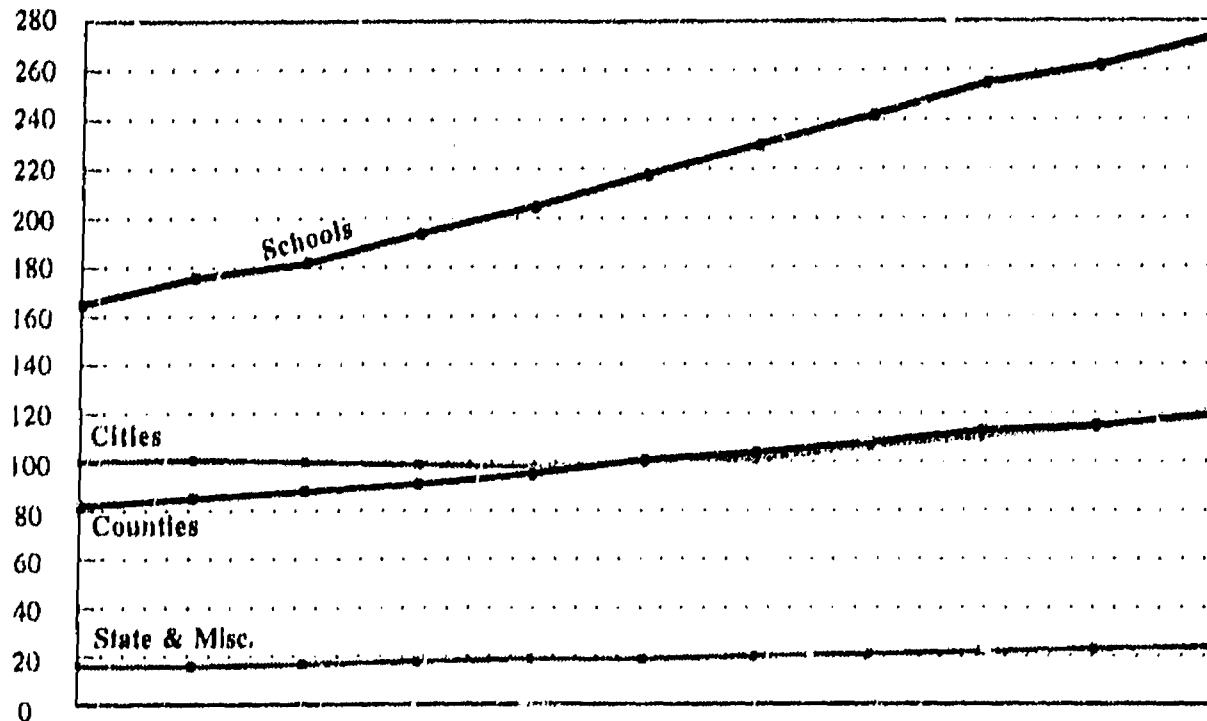
Thanks,

Bill Gorder  
Walsh County Commissioner

# General and Special Property Taxes by Taxing Districts

Payable in 1990 - 2000

Millions of Dollars



Year Payable	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Schools	165	176	182	194	205	218	230	242	255	262	274
Cities	100	101	100	99	98	100	101	106	110	114	121
Counties	82	85	88	91	95	101	104	108	113	115	119
State & Misc.	16	16	17	18	19	19	20	21	22	23	24

SOURCE: North Dakota Office of State Tax Commissioner, Property Tax Division, "Property Valuations and Property Taxes Levied in North Dakota."

## Percent of Property Taxes by Taxing District

Levied in 1999 - Payable in 2000

GRAND TOTAL - \$536,713,609

2.0% - Townships \$10,515,763  
2.1% - Miscellaneous Districts<sup>(1)</sup> \$11,241,763



<sup>(1)</sup> Garrison Diversion Conservancy District, rural fire protection districts, hospital district, soil conservation districts, rural ambulance districts, recreation service districts, Southwest Water Authority and all special assessments for rural districts.

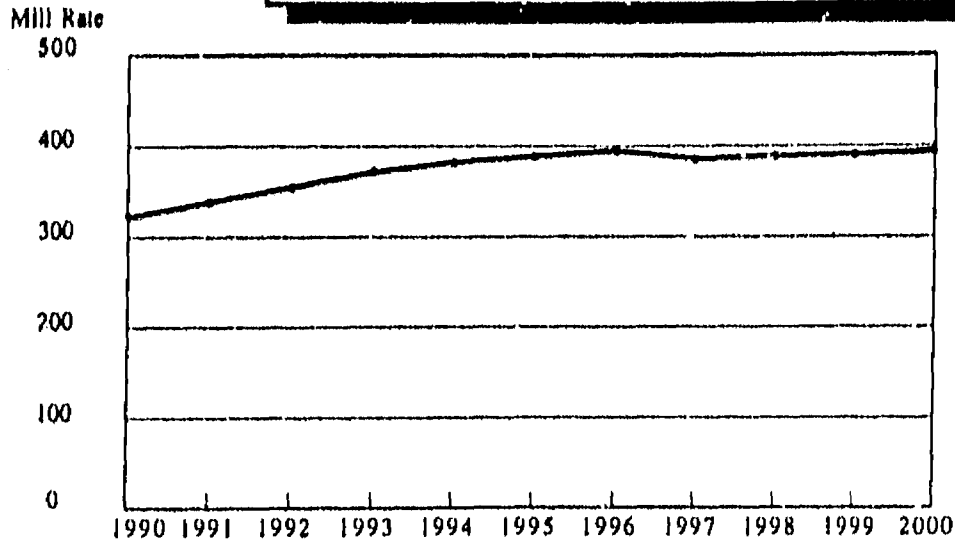
<sup>(2)</sup> Including city park districts, special assessments, and tax increments.

<sup>(3)</sup> Including county park districts, county library, county airport, water management districts, vector control, unorganized townships and board of county parks.

<sup>(4)</sup> Constitutional one mill levy for medical center at the University of North Dakota.

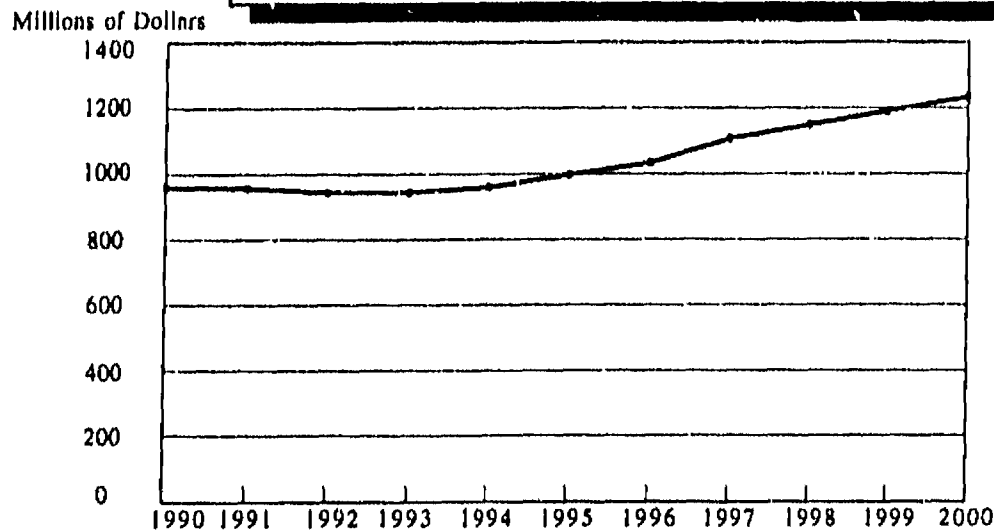
SOURCE: North Dakota Office of State Tax Commissioner, Property Tax Division, "1999 Property Valuations and Property Taxes Levied in North Dakota."

### Statewide Average Mill Rates - For Taxes Payable In 1990-2000



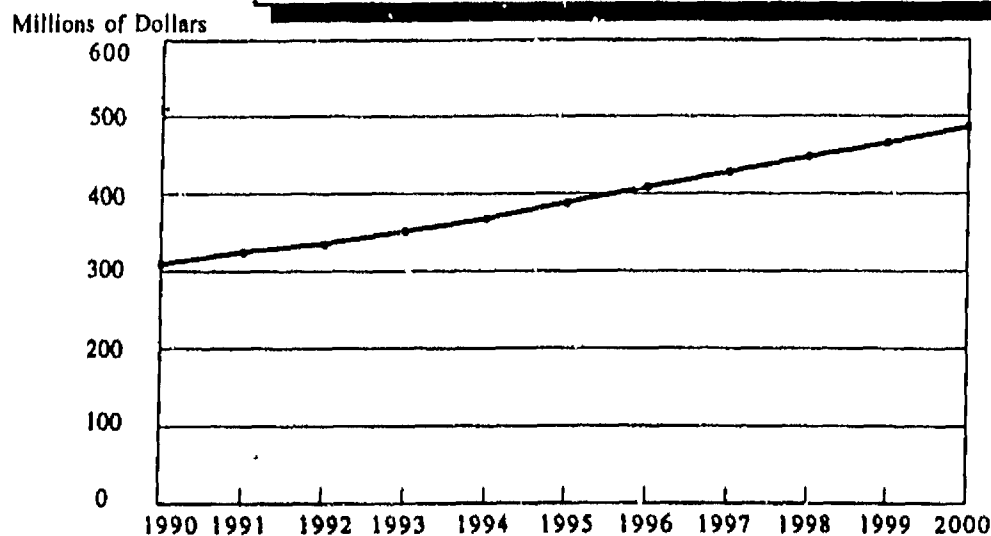
Year Payable	Average Mill Rate
1990	322.72
1991	339.45
1992	355.45
1993	372.54
1994	382.84
1995	389.14
1996	394.73
1997	386.04
1998	389.32
1999	390.74
2000	394.10

### Statewide Property Taxable Valuations - For Taxes Payable In 1990-2000



Year Payable	Taxable Value
1990	959,683,146
1991	957,661,303
1992	943,865,654
1993	944,768,282
1994	960,176,210
1995	997,007,697
1996	1,034,523,718
1997	1,107,855,644
1998	1,149,636,119
1999	1,190,563,319
2000	1,233,682,014

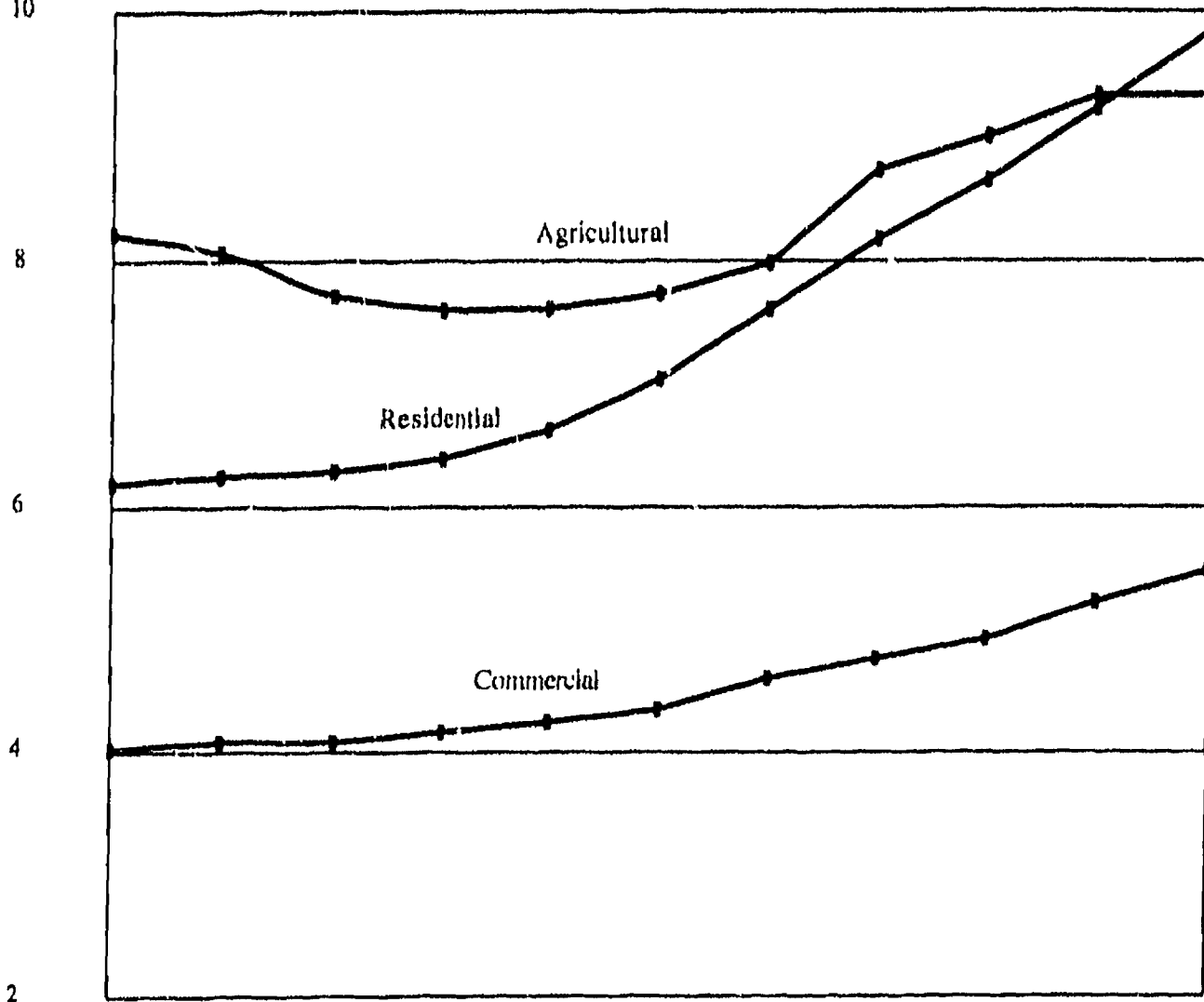
### Ad Valorem Property Taxes Levied - For Taxes Payable In 1990-2000



Year Payable	Taxes
1990	309,709,406
1991	325,074,648
1992	335,500,901
1993	351,968,176
1994	367,598,089
1995	387,979,413
1996	408,353,215
1997	427,677,147
1998	447,582,274
1999	465,203,396
2000	486,194,264

## True and Full Value by Classification For Taxes Payable in 1990 - 2000

Billions of Dollars  
10



Year Payable	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Agricultural	8.217	8.070	7.712	7.600	7.612	7.731	7.983	8.729	8.998	9.324	9.329
Residential	6.187	6.251	6.289	6.389	6.625	7.041	7.610	8.175	8.645	9.223	9.840
Commercial	4.025	4.083	4.082	4.163	4.246	4.349	4.602	4.768	4.928	5.225	5.483

### Explanation of Terms and Trends

**True and full value.** For residential and commercial property "true and full value" is the local assessor's estimate of the market value of the property. For agricultural property, true and full value is based on agricultural production and is typically less than its market value or selling price.

**Effective Rates.** An annual sales ratio study measures how close "true and full values" are to actual selling prices for property. The results may be used to calculate an effective tax rate for each classification. The effective rate is the total tax divided by the total indicated selling price (see table on page 78).

**Trends.** During the first three years of the past 11 years, mill rates were increasing while total taxable valuations were declining slightly (see preceding page). More recently, the statewide average mill rate is tending to level off while values are increasing. The table above shows how the total true and full value for each classification has begun to increase at an accelerating pace. Current economic conditions point towards further increases in true and full values. Agriculture values tend to go up when production and commodity prices are increasing. Other property values tend to go up when employment is high. Another factor is that total values of residential and commercial property include a slightly rising number of properties. The number of acres classified as agricultural land is down very slightly.

Charts in this section show statewide data. Please note that values and taxes for individual properties will depend on local economic conditions and other factors. The table above includes values for taxes payable in 2000.

County Of Pembina

## Maximum Levy Worksheet - For Tax Years Beginning With 1999

Taxing District \_\_\_\_\_ County \_\_\_\_\_ Fund General Tax Year 2000

1. Taxes levied in the last three years (Final levy from Maximum Levy Worksheets):  
a. last year \$ 640,000.00, b. two years ago \$ 620,000.00, c. three years ago \$ 600,000.00
2. Base year taxes levied (item 1a, 1b, or 1c, whichever is greatest) ..... \$ 640,000.00
3. Temporary increased or excess levies in effect for the base year but now expired ..... \$ -----
4. Base year taxes excluding expired levies (line 2 minus line 3) ..... \$ 640,000.00
5. Base year taxable value of taxable and exempt property ..... \$ 26,450,000.
6. Calculated mill rate for taxes levied in the base year (line 4 divided by line 5) ..... 24.20
7. Taxable value of taxable and exempt property which was in the taxing district in the base year and is not in the current year ..... \$ 2500
8. Adjustment for property no longer in the taxing district (line 6 times line 7) ..... \$ (60.50)
9. Taxable value of taxable and exempt property which was not in the taxing district in the base year ..... \$ 1000
10. Adjustment for property added to the taxing district since the base year (line 6 times line 9) ... \$ 24.20
11. Adjusted base year levy (line 4 minus line 8 plus line 10) ..... \$ 639,963.70
12. Current year taxable value ..... \$ 27,200,000.
13. New, increased, or excess levies in mills authorized by the legislature or the electors ..... ----
14. New, increased or excess levies (line 12 times line 13) ..... \$ ----
15. Base year levy plus increased levies (line 11 plus line 14) ..... \$ 639,963.70
16. Maximum mills otherwise provided by law including increased or excess levies approved by the voters ..... 23.00
17. Maximum levy otherwise provided by law (line 12 times line 16) ..... \$ 625,600.00
18. Allowable total maximum levy (line 15 or line 17, whichever is greater) ..... \$ 639,963.70
19. Levy certified by the taxing district for the current year ..... \$ 650,000.00
20. Final levy (line 18 or line 19, whichever is less) ..... \$ 639,963.70
21. Final mill rate (line 20 divided by line 12) ..... 23.53 mills

Use the taxable value for the year selected for line 2

**Instructions For Maximum Levy Worksheet**  
**For Tax Years Beginning With 1999**

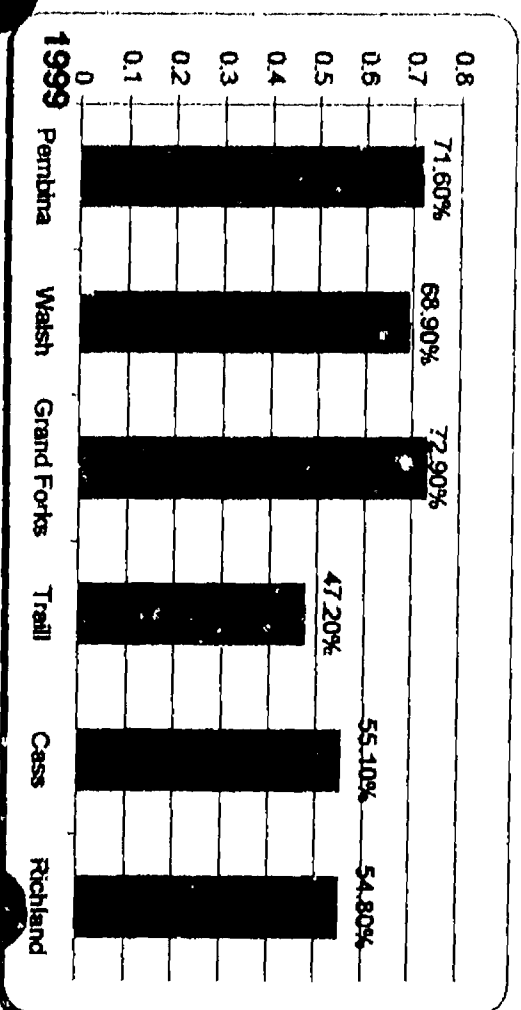
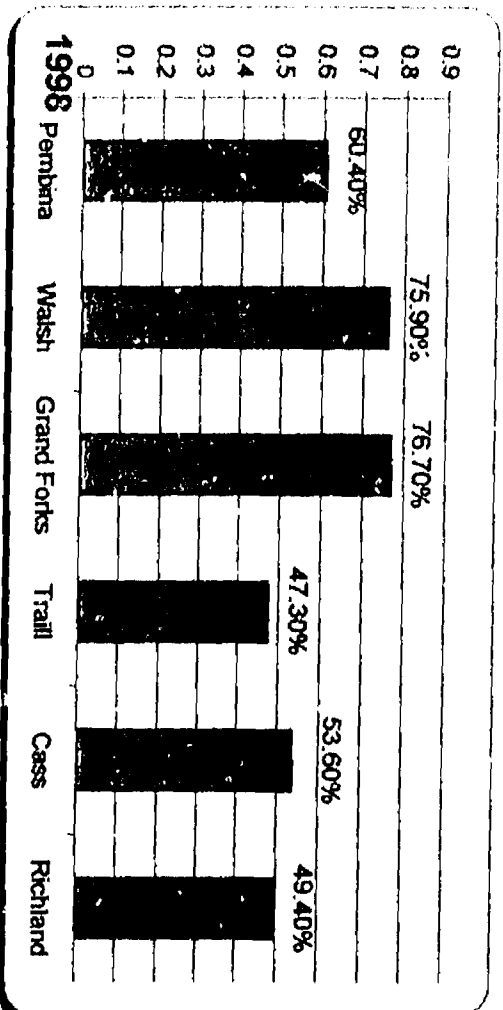
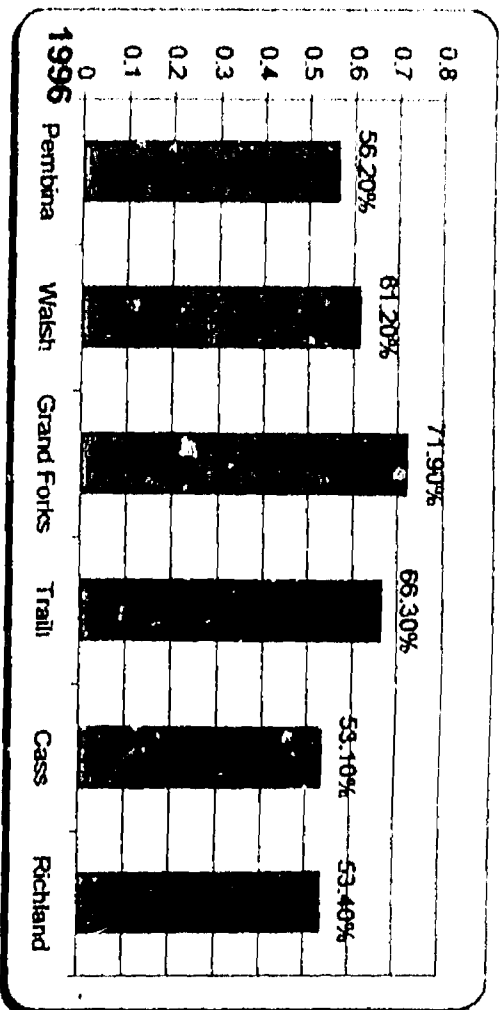
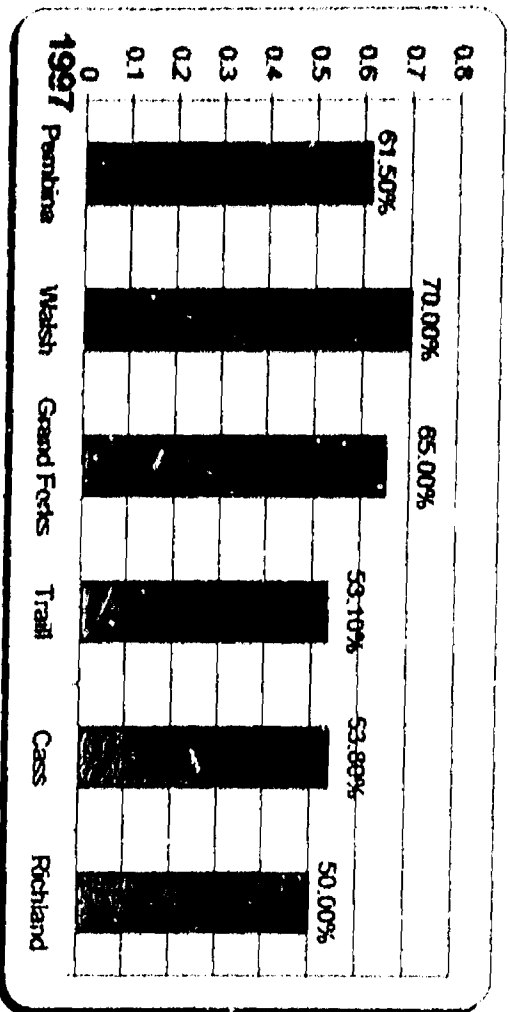
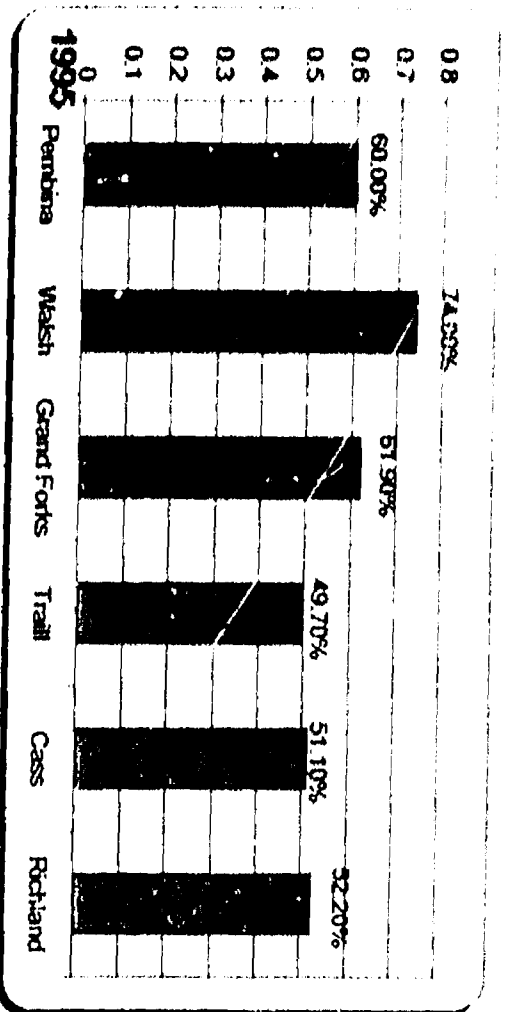
This worksheet can be used to calculate the maximum dollars that can be levied for a given fund in a given taxing district. One worksheet should be completed for the general fund of each taxing district and for each special fund of each taxing district.

Following are instructions for specific line numbers:

1. Enter the dollar amount of taxes actually levied for this fund shown as the Final Levy on the Maximum Levy Worksheet for each of the years shown.
2. The "base year" is the tax year with the highest amount levied in dollars in property taxes, of the three tax years immediately preceding.
3. Enter the dollar amount of any temporary increased or excess levy that was in effect for the base year but is not in effect for the current year. Start with the dollar amount of the increased or excess levy as approved by the voters and apply any percentage increases that were added as authorized by the legislature.
5. The total taxable value of and taxable and exempt\* property for the base year, including locally assessed real property and state assessed railroad and utility property. Use the same base year as line 2.
6. The calculated mill rate for the base year is the dollars of taxes levied divided by the sum of the taxable value of the property subject to tax plus the taxable value of exempt\* property.
7. Enter the taxable value of taxable and exempt\* property that was existing in the base year but is no longer existing in the taxing district in the current year. Examples of reasons why the property no longer exists in the district include the following: destruction of property, demolition, removal of structures or improvements, loss by annexation to another district. Do not include any change in value caused by reassessment, change in classification, change in value made by any board of equalization, or loss in value caused by taxable property becoming exempt.\*
9. Enter the taxable value of taxable and exempt\* property that has been added to the taxing district since the base year. Examples of property added include: new construction and property added by annexation. Do not include any change in value caused by reassessment, change in classification, change in value made by any board of equalization, or increase in value caused by exempt\* property becoming taxable.
13. Enter any increased, additional, or excess mill levy authorized by the legislature or the voters that is effective for the first time in current year.
16. Enter the maximum mill levy otherwise authorized by law for the current year, including any increased or excess mill levies approved by the voters.
19. The amount in dollars certified by the taxing district to be levied in the current year for this fund.

\*Exempt property means: property exempted from taxation as new or expanding businesses under North Dakota Century Code ch. 40-57.1; improvements to property under N.D.C.C. ch. 57-02.2; or buildings belonging to institutions of public charity (subsection 8,) new single-family residential (subsection 35) or townhouse or condominium property (subsection 36,) property used for early childhood services (subsection 37,) or pollution abatement improvements (subsection 38) under N.D.C.C. § 57-02-08.





Pembina Co. Inc.  
481362

# Sales Ratio Comparison by Year

Subject: Testimony HB 1362 Lim Ag Prop Tax

Date: Tue, 30 Jan 2001 06:55:27 -0600

From: Arvid Winkler <awinkler@valleycity.net>

To: acarls@state.nd.us

Submitted  
after the meeting

Chairman Carlson,

I will be unable to testify today regarding HB 1362. I object to section 1 and section 3 of the bill.

I have been the elected Cuba Township Assessor, in Barnes County, since 1977. I have a BS in Civil Engineering from NDSU.

In the 1999 session I did testify, on the Senate side, for a bill which introduced the Cost of Production Factor into the calculations. The choice to use 30 percent of gross revenues as going to the landlord is a political one. Perhaps a legislative council study may now find that some other number is more applicable.

Thus far the assessors have not organized as a group. But it is getting closer. It is getting tiring to deal with some biennial emergency in property taxes. You will note this is yet another bill beginning after December 31, 2000.

Property tax is different from income tax. Assessors are to assess for the 2001 year as of February 1, 2001. The books are to be prepared by the end of March for equalization meetings the second Monday in April. With these emergency measures, we end up doing our books twice. Because of time lines, some things basically end up being illegal.

It appears that some people testifying for these bills are not even aware of the current laws regarding the February first assessment date.

Thank you for your consideration in this matter. I realize that this is not three hole punched and that you may not even consider it as testimony.

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