

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2062

2001 SENATE FINANCE AND TAXATION

SB 2062

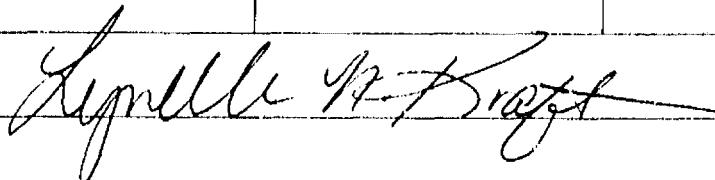
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2062

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date 1/15/01

Tape Number	Side A	Side B	Meter #
1	x		33.6-53.4
Committee Clerk Signature 			

Minutes:

Senator Urlacher: Opened the hearing on SB 2063, relating to tax lien information requirements.

Charles Krueger: State Supervisor of Assessments and Director of the Property Tax Division of the State Tax Department, testified in favor of the bill. Written testimony attached.

Senator Urlacher: Did that knock out the interest for one year?

Charles Krueger: Basically it would if this legislation is introduced.

Senator Urlacher: What are the other costs associated with it?

Charles Krueger: There might be publication costs and costs of getting the notices out.

Senator Christmann: How come you didn't put this bill in with 2059? Is there a big difference in it because of the fiscal note?

Charles Krueger: We thought there might be some features in this proposed legislation that might be controversial so we separated them.

Senator Christmann: But what we would be doing here is returning to the code as it was before.

There's not change in it from the 1999 session, correct?

Charles Krueger: That's correct.

Senator Kroeplin: Is the 12% interest the same interest that was there prior or is it increased?

Charles Krueger: It is the same.

Terry Traynor: NDACo Assistant Director, testified in support of the bill. Written testimony attached.

Senator Kroeplin: There's not interest in this for counties and cities and schools if we don't pass this?

Terry Traynor: That's correct from 1999 and on.

Senator Stenehjem: Asked Terry Traynor and Charles Krueger to clarify if taxes are due from 1998 in 1999.

Senator Nichols: Are you sure we didn't do this on purpose last time? Was this a part of a bill or was it involved in study? If we're back to the first of this year is all right that we be retroactive on these? Is that a problem?

Charles Krueger: I think what happened is that in the attempt to streamline the process and improve it, some things just got inadvertently got set aside. In my opinion, it was not their intent that delinquent property owners not pay any interest.

#### AMENDMENT ACTION:

Motion made by Senator Stenehjem, Seconded by Senator Christmann, to move the amendment later numbered 18075.0100. Vote Vote taken. All in favor, amendment adopted.

Page 3  
Senate Finance and Taxation Committee  
Bill/Resolution Number 2062  
Hearing Date 1/15/01

COMMITTEE ACTION:

Motion made by Senator Stenchjem for DO PASS AS AMENDED, Seconded by Senator Christmann. Vote was 5 yeas, 1 nay, 0 absent or not voting. Bill carrier was Senator Stenchjem.

## FISCAL NOTE

Requested by Legislative Council

01/17/2001

Bill/Resolution No.:

Amendment to: SB 2062

**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
\$179,000	\$94,000	\$411,000	\$714,000	\$374,000	\$1,644,000			

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

SB 2062 First Engrossment reinstates provisions for political subdivisions to assess interest on delinquent property taxes, beginning with taxes due in 2000.

**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.*

**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.*

Name:	Kathryn L. Strombeck	Agency:	Tax Department
Phone Number:	328-3402	Date Prepared:	01/18/2001

# FISCAL NOTE

Requested by Legislative Council

12/14/2000

Bill/Resolution No.: SB 2062

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
			\$357,000	\$187,000	\$822,000			

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

SB 2062 reinstates the provision for counties, cities and school districts to assess interest on delinquent property taxes. The interest provisions were inadvertently removed in a prior session. The amounts shown here are estimates of typical interest assessments in a one-year period. Note: The effective date of this bill may need to be amended to allow interest assessments on delinquent taxes for 1999, payable in 2000, with interest starting in 2001.

**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.*

**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.*

Name:	Kathryn L. Strombeck	Agency:	Tax Dept.
Phone Number:	328-3402	Date Prepared:	01/12/2001



18075.0100  
Title.

Prepared by the Office of State Tax  
Commissioner  
January 15, 2001

PROPOSED AMENDMENTS TO SENATE BILL NO. 2062

Page 1, line 16, replace "taxable years beginning" with "taxes which become due"

Page 1, line 17, replace "2000" with "1999"

Renumber accordingly

Date: 1/15/01  
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2062

Senate Finance and Taxation Committee

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

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

Action Taken Move Amendment (Voice Vote)

Motion Made By Stenehjem Seconded By Christmann

Senators	Yes	No	Senators	Yes	No
Senator Urlacher-Chairman					
Senator Wardner-Vice Chairman					
Senator Christmann					
Senator Stenehjem					
Senator Kroeplin					
Senator Nichols					

Total (Yes) 0 No 0

Absent 0

Floor Assignment \_\_\_\_\_

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

Date: 1/15/01  
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2067

Senate Finance and Taxation Committee

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

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

Action Taken So Pass

Motion Made By Stenehjem Seconded By Christmann

Senators	Yes	No	Senators	Yes	No
Senator Urlacher-Chairman	✓				
Senator Wardner-Vice Chairman	✓				
Senator Christmann	✓				
Senator Stenehjem	✓				
Senator Kroeplin	✓				
Senator Nichols		✓			

Total (Yes) 5 No 1

Absent 0

Floor Assignment Stenehjem

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

**REPORT OF STANDING COMMITTEE**

**SB 2062: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2062 was placed on the Sixth order on the calendar.**

Page 1, line 16, replace "taxable years beginning" with "taxes that become due"

Page 1, line 17, replace "2000" with "1999"

Renumber accordingly

2001 HOUSE FINANCE AND TAXATION

SB 2062

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2062

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date March 7, 2001

Tape Number	Side A	Side B	Meter #
1		X	1,117
Committee Clerk Signature <i>Ganice Stein</i>			

Minutes:

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

**CHUCK KRUEGER, STATE SUPERVISOR OF ASSESSMENTS, DIRECTOR OF  
PROPERTY TAX DIVISION IN THE OFFICE OF THE STATE TAX COMMISSIONER**

Testified in support of the bill. See attached written testimony.

**REP. CARLSON** What did the Senate do with their amendments?

**CHUCK KRUEGER** The Senate amendments have to do with determining the effective date of this legislation. It goes back to assess interest on 1999 taxes.

**REP. WINRICH** If 1999 taxes were paid in 2000, they only become delinquent in 2001.

**REP. CARLSON** We are going back to the first day of 2000? He obviously hasn't paid the taxes yet, so the interest would apply.

**CHUCK KRUEGER** The interest would apply for those taxes that are paid after January 1, 2001.

**REP. LLOYD** Is twelve percent the standard interest rate that is charged or is that an escalation of what has been charged in the past?

**CHUCK KRUEGER** The interest rate of twelve percent was in the old statute of what was repealed, so we reinstated it here.

**MIKE MONTPLAISER, AUDITOR OF CASS COUNTY,** Testified in support of the bill. He stated he was involved in the bill two years ago which repealed some of these things. One of the things he wanted to point out, is two years ago seven sections of the Century Code were repealed and three entire chapters, so it really streamlined the tax process. In answer to the question about the effective date, this is for the 1999 taxes, the taxes which became due and owing January 1, 2000. In the first year that the taxes are levied, there is a penalty provision which applies for the first year. It is a three percent penalty. This provision kicks in January 1, 2001, on the 1999 taxes, which then adds one percent per month. It is consistent with the other provisions in the Century Code. We didn't realize it at the time we repealed it. The section we overlooked or missed, was a problem after January 1, of the year following the tax return. A simple interest at the rate of twelve percent per annum upon the principal of the unpaid taxes on personal property must be charged.

With no further testimony, the hearing was closed.

Page 3  
House Finance and Taxation Committee  
Bill/Resolution Number SB 2062  
Hearing Date March 7, 2001

**COMMITTEE ACTION 3-7-01, TAPE #1, SIDE B, METER #3395**

**REP. CARLSON** Reviewed what the bill does.

**REP. CLARK** Made a motion for a **DO PASS**.

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

**12 YES 0 NO 3 ABSENT**

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



Date: 3-7-01  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2062

House FINANCE & TAXATION Committee

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

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

Action Taken Do Pass

Motion Made By Rep. Clark Seconded By Rep. Winrich

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) 12 No 0

Absent 3

Floor Assignment Rep. Wikenheiser

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

**REPORT OF STANDING COMMITTEE (410)**  
March 7, 2001 1:16 p.m.

Module No: HR-39-5010  
Carrier: Wikenheiser  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

SB 2062, as engrossed: Finance and Taxation Committee (Rep. Carlson, Chairman)  
recommends **DO PASS** (12 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING).  
Engrossed SB 2062 was placed on the Fourteenth order on the calendar.

2001 TESTIMONY

SB 2062

**Testimony Before the Senate Finance and Taxation Committee**

**January 15, 2001**

**Senate Bill 2062**

**Charles Krueger, State Supervisor of Assessments**

Chairman Urlacher, Committee Members: My name is Charles Krueger. I am the State Supervisor of Assessments and the Director of the Property Tax Division of the Office of State Tax Commissioner. I am here to explain Senate Bill 2062 and to propose an amendment to Section 2.

This is a simple bill. Senate Bill 2062 reinstates the provision for assessing simple interest at the rate of 12 percent per annum on delinquent property taxes. The interest provision was inadvertently repealed by 1999 legislation in the passage of Senate Bill 2334, which repealed N.D.C.C. Chapter 57-26, which contained the interest rate provision. (See 1999 Session Laws Chapter 503, Section 47.)

Section 2 of the bill provides for an effective date, if the proposed legislation is adopted. The proposed amendment makes this Act effective for taxes which become due after December 31, 1999.

This concludes my testimony. I will try to address any questions the committee may have about this bill.

**TESTIMONY TO THE  
SENATE FINANCE & TAXATION COMMITTEE**

**Prepared January 15, 2001 by the  
North Dakota Association of Counties  
Terry Traynor, NDACo Assistant Director**

**Concerning Senate Bill No. 2062**

Thank you Chairman Urlacher and members of the Committee for the opportunity to present a few very brief remarks concerning our Association's support for Senate Bill 2062.

You will recall that last session we asked for passage of a bill that replaced the incredibly complex and expensive system that we were using to address delinquent taxes, with a very straightforward and streamlined process. A process that preserved the notice requirements and landowner protections of the previous system, and also retained the current five-year period before any landowner can lose their property for non-payment.

The Committee may also remember that we managed to repeal almost two full chapters of century code through this rewrite. Unfortunately, we repealed one section too many - one very important section. Senate Bill 2062 restores the important part of that section, providing the interest rate on delinquent taxes. This is the interest rate in effect for all currently delinquent taxes, but without passage of SB2062, local government will receive no interest on any delinquent taxes for this fiscal year.

While this interest requirement does generate some revenue, its purpose is to encourage prompt payment of property taxes. Without the incentive we would have significant revenue shortfalls for schools, counties, cities, parks, townships and others.

County government would greatly appreciate your support and a Do Pass recommendation for Senate Bill 2062.

**Testimony Before the House Finance and Taxation Committee**

**March 7, 2001**

**Senate Bill 2062**

**Charles Krueger, State Supervisor of Assessments**

Chairman Carlson, Committee Members: My name is Charles Krueger. I am the State Supervisor of Assessments and the Director of the Property Tax Division of the Office of State Tax Commissioner. I am here to explain Senate Bill 2062 and ask for your support.

This is a simple bill. Senate Bill 2062 reinstates the provision for assessing simple interest at the rate of 12 percent per annum on delinquent property taxes. The interest provision was inadvertently repealed by 1999 legislation in the passage of Senate Bill 2334, which repealed N.D.C.C. Chapter 57-26, which contained the interest rate provision. (See 1999 Session Laws Chapter 503, Section 47.)

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