

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

4010

2001 SENATE FINANCE AND TAXATION

SCR 4010

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 4010

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date 1/22/01

Tape Number	Side A	Side B	Meter #
1		x	38.2-end
2	x		0-9.2
Committee Clerk Signature <i>Lynelle M. Kraft</i>			

Minutes:

Senator Urlacher: Opened the hearing on SCR 4010, directing the legislative Council to study the feasibility and desirability of establishing classifications for roads and unproductive land for property tax purposes.

Senator Thane: Introduced the bill, in support.

Mike Donahue: ND Wildlife Federation & United Sportsmen of ND, United Sportsman is neutral and Wildlife Federation supports it.

Larry Osborn: Supervisor of Tax & Property for Richland County, testified in support. Meter number 42.1-45.2.

Senator Urlacher: So there could be a wildlife classification?

Larry Osborn: Yes.

Senator Kroeplin: Do you have to report more than the cropland acres? Do you have to include the roads?

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Senate Finance and Taxation Committee

Bill/Resolution Number 4010

Hearing Date 1/22/01

Larry Osborn: Yes.

Senator Kroeplin: By making this change, it would decrease your valuation in Richland County by 5 1/2 %?

Larry Osborn: Yes.

Senator Wardner: That's because the landowner is paying a percentage on the road?

Larry Osborn: Right.

Senator Christmann: Do the landowners realize that the hunters will want to hunt the road ditches?

Larry Osborn: If it is a problem, it's already there.

Senator Urlacher: They still maintain ownership up to the middle of the road?

Larry Osborn: Yes.

Senator Nichols: With regard to the roads and the ditches, this is being taxed as non cropland?

Larry Osborn: Correct.

Senator Nichols: So what it would do is reduce the amount of land you would be showing as non cropland?

Larry Osborn: Right.

Senator Nichols: Would the township assessor have to decide the value? Would there be different categories or would it all fit together?

Larry Osborn: Possibly.

Wade Williams: ND Assoc. of Counties, testified in support. This caused a lot of discussion so we decided to put it in as a study resolution, instead of a bill.

Senator Urlacher: Closed the hearing.

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Senate Finance and Taxation Committee

Bill/Resolution Number 4010

Hearing Date 1/22/01

COMMITTEE ACTION:

Motion made by Senator Wardner for a DO PASS, Seconded by Senator Stenehjem.

Vote was 6 yeas, 0 nays, 0 absent or not voting. Bill carrier was Senator Wardner.

Date: 1/22/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 4010

Senate Finance and Taxation Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Wardner Seconded By Stenehjem

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

Total (Yes) 6 No 0

Absent 0

Floor Assignment Wardner

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

REPORT OF STANDING COMMITTEE (410)
January 22, 2001 11:37 a.m.

Module No: SR-10-1370
Carrier: Wardner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4010: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SCR 4010 was placed on the Eleventh order on the calendar.

2001 HOUSE FINANCE AND TAXATION

SCR 4010

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR SCR 4010

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date March 20, 2001

Tape Number	Side A	Side B	Meter #
1	X		2,586
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

SEN. THANE, DIST. 25, Introduced the resolution. Stated this is a long standing problem which exists. This is a problem whether or not roads should be included.

LARRY OSBORN, SUPERVISOR OF TAX & PROPERTY, OF RICHLAND COUNTY,

Testified in support of the resolution. See written testimony.

REP. KELSH Asked, what is wasteland?

LARRY OSBORN It could be one acre with an old grainery setting on it, and not usable for anything else, it could be a coulee, which is not being pastured, maybe has buckbrush or something. It doesn't get used widely in Richland County.

REP. RENNER Asked him to repeat the discrepancy in acres with the roads,

LARRY OSBORN If the Warranty Deed reads 160 acres more or less, we assume it to be 160 acres, that is what we will have on the assessed report. There may have been 4 acres of roads on that quarter. If you figure 33 feet on two sides on a half mile, that is 4 rods. Auditors like to

have the assessment book match what is in the Register of Deeds Office. Therefore, we need to have an avenue to take roads out. One of the easiest ways to do that is when we turn in our acres to NDSU, would be to have a category for those 19,000 roads, you could then take that and give it zero value.

REP. WINRICH Are we talking about town roads here, or private roads on private land?

LARRY OSBORN We are talking mainly about township roads. It could be a state road, if they did not buy the land and just took an easement on it.

REP. CARLSON Aren't most township roads, owned by the landowner?

LARRY OSBORN Yes, also pointed out, some roads have not officially been abandoned, but nobody uses it.

REP. DROVDAL Where are we going with this, in my case, I have the highway on one side, which is already taken out of my easement, I have a county road going through it, and a section line road, a couple of gravel pits, which are no good for anything, a waterway which doesn't do anything, are we going to start nitpicking through all of this stuff. Is this opening a door down the line, and pretty soon, we have a very complicated assessment system?

LARRY OSBORN I think you will find there are a number of counties doing it exactly that way today. Gave an example in his township of how they did their assessment.

REP. RENNER The ASC records aren't always accurate, are they?

LARRY OSBORN NO

REP. RENNER Referred to a quarter he owns, the Atlas says there are 157 acres there, but the road takes out some, I pay taxes on 157, and they are calling it 157 acres of cropland, there are three waterways on it, I think it comes from however the farmers certified over the years.

LARRY OSBORN We have run across that same situation. If the acres are short, the farmer makes sure to get those corrected, because payments are involved, but if the acres are long, they have a tendency to ignore that. In those cases then, we know it is 160 acres, we take out the 4 acres of roads anyway.

REP. CARLSON Asked if this was in a bill form or just came as the resolution.

LARRY OSBORN It came as a resolution originally, I wanted it as a bill.

REP. CARLSON Are there any county roads that are owned by the landowner, or were most county roads purchased?

LARRY OSBORN It goes both ways. I have had townships who have come in to the Register of Deeds Office and looked up the actual road going through their township, because in one mile it was purchased, and the next mile is an easement, it will vary.

REP. CARLSON I was familiar with townships being that way, but I thought all county roads were purchased.

TERRY TRAYNOR, ASSOCIATION OF COUNTIES, Testified in support of the resolution. This issue did come before the county commissioners association with the idea of coming forward with a bill, but we felt it was better to study it because it is being handled somewhat differently across the state. As we move into the complexity of this, we have a better ability to keep track of these parcels. Related to a situation in Morton County where the county owned outside of 33 feet, about 75 feet, but the landowner still owned from the 33 foot mark to the center line, it is something we need to take a look at.

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House Finance and Taxation Committee

Bill/Resolution Number SCR 4010

Hearing Date March 20, 2001

ARVID WINKLER, FARMER AND TOWNSHIP ASSESSOR IN BARNES COUNTY.

Testified in support of the bill. Submitted written testimony and a data sheet relating to agricultural land. See attached copies.

REP. CARLSON If you were looking at the resolution, what changes would you make to it?

ARVID WINKLER I just don't like the idea of a pilot study. The issue is enough, we ought to do something without so much study. Granted, it got to be a study this time, but in two years, couldn't we have some drafted legislation.

REP. CARLSON How about anything else in there, you talked about shelterbelts that you could remove.

ARVID WINKLER It gets to be a bit of a housekeeping thing. Like was alluded to, we use to argue about thousand dollar items, then we did a soil survey and argued about hundred dollar items, then you get to ten dollar items, then you nickle and dime, somebody is always going to be arguing and crying over some issue, and the issue just changes the more sophisticated you get in these sort of things.

REP. CARLSON You do agree with the fact that this should be a study?

ARVID WINKLER Yes, it comes to, do you need to pass this resolution to get something done.

REP. HERBEL I would like to see the formula changed, and I don't know if this will affect it or not.

REP. LLOYD We have to remember that woodlands and certain sized shelterbelts also fall under the forestry issue, where you actually only pay fifty cents per acre for taxes.

LARRY OSBORN Commented again regarding the woodlands. He stated he had the forestry service come in to work on the farm maps, and the system they are using in Richland County, with the different categories, we have our woodlands taxed at about thirty eight cents per acre, which is below the exemptions. Also, regarding shelterbelts, when I met with the township officers to discuss some of the values in these different areas, they are in agreement with Arvid, saying it has more value with a grove of trees. What we did, we tied it to whatever the pastureland value was. In our case, we are at one hundred ten dollars an acre, the other unproductive land is at thirty percent of that, or thirty three dollars. I was asked on the Senate side, where inundated land fit in all of this, and I steered away from that, because I think it is another issue.

REP. DROYDAL In the resolution it states that there are two types of land, cropland and non cropland, and now inundated land, Rep. Lloyd mentioned woodlands, and that is taxed at yet another value, and you mentioned something about exemptions

LARRY OSBORN You won't have marsh or waterways, yet, what is the difference between woodland and a marsh, why is one a lower value, how are we supposed to enter the marsh.

REP. HERBEL By doing a pilot study in one corner of the state, will that be representative of what situation could arise throughout the whole state?

LARRY OSBORN In talking to the tax directors around the state, there is some concern on the western side, because if we start putting everything in unproductive land, there would be no end to some of those as to how much would go in there. This really is a determining factor by the county commissioners, it has a built in discretion, because if you don't want to turn in those

acres, you don't have to. He also pointed out that Richland County has pastureland and grasslands. There is about one hundred thousand acres of pasture.

REP. CARLSON Stated, that if there was one issue that kept coming back to our tax committee, this session, it had to do with the valuation of agricultural land. I don't know if this is the right solution or if Rep. Herbel's is. Somebody better take a good hard look at establishing those values.

LARRY OSBORN You are right, there are a number of issues including capitalization rates. With no further testimony, the hearing was closed.

COMMITTEE ACTION

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

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

Committee members discussed the resolution after the motion was made. Rep. Herbel felt the whole state would not be represented in the pilot study. Rep. Lloyd felt there should be some amendments added. Rep. Schmidt felt we need to do something to get it started. Rep. Drovdal felt residential property taxes should also be included in this study.

The do not pass motion carried with **8 yes 7 no 0 absent**

REP. RENNER Was given the floor assignment.

Date: 3-20-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SCR 4010

House FINANCE & TAXATION Committee

☐ Subcommittee on _____

or

☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Rep. Herbel Seconded By Rep. Renner

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) 8 No 7

Absent 0

Floor Assignment Rep. Renner

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

REPORT OF STANDING COMMITTEE (410)
March 20, 2001 11:05 a.m.

Module No: HR-48-6116
Carrier: Renner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4010: Finance and Taxation Committee (Rep. Carlson, Chairman) recommends DO NOT PASS (8 YEAS, 7 NAYS, 0 ABSENT AND NOT VOTING). SCR 4010 was placed on the Fourteenth order on the calendar.

2001 TESTIMONY

SCR 4010

March 20, 2001

Re: SCR 4010.

Mr. Chairman, Members of the Committee:

For the record, I am Larry Osborn, Supervisor of Tax & Property, Richland County.

Each fall the tax director of each county turns in acres to be used in the North Dakota State University (NDSU) formula. The total acres turned in will equal the number of acres for agricultural land on the county abstract for that year.

The problem arises because the agland formula has only two categories. One for cropland and one for non-cropland. Each category is valued by the income approach--cropland using crop values, and non-cropland using pasture value. The abstract of total acres include woodlands, waterways, waste, shelter belts, marsh and road acres.

The question is; Why should unproductive acres be valued like pastureland? It would be better to have a separate classification and value for these categories.

In NDCC 57-02-10, Highway easement lands exempt from taxation. Since we have to report all abstract acres to NDSU it makes sense to have a separate category for roads at zero value.

A pilot study was conducted last summer by Dwight Eckre of NDSU for Richland County. It shows a 5 percent decrease in value.

This bill, SCR40-10, generates fairness for farmers. I believe the productive value is the correct way to value agricultural lands for taxation. Then, let us at least use acres that reflect the correct value for agricultural land.

Thank you,

Larry Osborn

My name is Arvid Winkler. I am a farmer and township assessor in Barnes County. I have been the Cuba Township assessor since 1977. I have a bachelor's degree in civil engineering from NDSU.

BARNES COUNTY

Quarter Desc.

Range

CODE	CLASS - Non-crop
800	Roads
801	Marsh/NC inundated acres
802	Waste/Thickets
803	Waterways
804	Shelterbelts/Tree Claims
805	Farm site
NC	Pasture, hayland, etc.

((Classes cannot be modified))

**Columns 1, 2
Inundated =**

8) Eight Ball heard about some recently passed legislation while spending some time at the Food Shack Cafe with his friends while discussing their water problems which have not really changed in recent years. At the completion of the conversation, Eight Ball raced over to his local assessor demanding an explanation of this new legislation which would hopefully provide a solution to an old problem.

An explitives deleted description of the legislative assembly and the local assessor ensued after Eight Ball learned that the eight acres of inundation which had been recognized as inundated for the past two years on that parcel he recently purchased from his mother-in-law would no longer be recognized as inundated as a result of the ten acre minimum rule.

It did not seem to matter that the legislative assembly would possibly be studying some new category of classification, labeled unproductive, into which the eight acre area might be hand'ed at some future date.

Things got even worse when Eight Ball was informed he would now need to file an annual written application for those twelve acres of water on the home place which have provided a source of water for the horses and other livestock for decades. Eight Ball repeatedly reminded the assessor that he had provided some writtten material to the assessor two years ago on an area that both thought to be obviously inundated in the first place.

Making the best of a bad situation, the local assessor suggested that Eight Ball call his local legislative delegation in the big city to give them a piece of his mind before they left town to get back to a normal life. After all no guidelines had yet been received by the local assessor on how to administer this new legislation which had been of an emergency nature in the first place.

As the local assessor watched Eight Ball drive off into the morning sun towards the nearest telephone, a certain relief set in for the assessor who could now get back to his own normal life. Relief was short lived however. It suddenly dawned on the assessor what had been troubling him about that bothersome amendment from the Senate side for the recently passed legislation. Eight Ball's inundated acres had been valued at \$10.86 per acre last year as suggested by the NDSU standards. This year the suggested value is \$10.93 per acre. Even with a written application would Eight Ball's problem still be classified as inundated as the value of the potentially inundated land does not exceed ten percent of the average agricultural value of noncropland for the county (\$10.93)? It seemed like a good time to seek counseling and further guidance in Bismarck.