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Valista Rickford
Operator's Signature

10/2/03
Date

2003 HOUSE FINANCE AND TAXATION

HB 1106

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Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1106

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 14, 2003

Tape Number	Side A	Side B	Meter #
1	X		39.3
Committee Clerk Signature <i>Janie Stein</i>			

Minutes:

REP. WESLEY BELTER, CHAIRMAN Called the hearing to order.

MARCY DICKERSON, SUPERVISOR OF ASSESSMENTS, STATE TAX

DEPARTMENT She stated this bill is a housekeeping bill, which takes care of things left out in the last session. See written testimony.

REP. CLARK Asked whether organizations would pay more taxes under this bill or less.

MARCY DICKERSON Stated this would not change anyone's taxes.

REP. FROELICH Why do we have to send a notice to the worker's compensation bureau..

MARCY DICKERSON When an evaluation is placed on the property, the worker's compensation bureau, or in the case of the game & fish department, national guard, or anybody, they are to be notified of that evaluation, in case they want to protest.

REP. FROELICH Is this subject to all property now, or just nonprofit?

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Yolanda Rickford
Operator's Signature

10/2/03
Date

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House Finance and Taxation Committee

Bill/Resolution Number HB 1106

Hearing Date January 14, 2003

MARCY DICKERSON This only applies to the nonprofits and to worker's compensation in this bill. She added, that for other property, the law does require, that if any property has increased over a certain limit, the assessor has to send a notice to the property owner. In this case, the entire evaluation has to be reported to the worker's compensation bureau or the nonprofit organization. For the other taxpayer's, the only thing that needs to be provided, is notice of an increase over the previous year.

REP. DROVDAL Asked what it would do to lands, if we said they were no longer agricultural

MARCY DICKERSON That could be accomplished, but it would take legislative action. There is no provision for that.

REP. DROVDAL What would be the effect, if we did enact a measure like that?

MARCY DICKERSON I would assume that in most cases, the purchase price would be something above the agricultural value, which would increase the evaluation, and likewise, increase the taxes on that property.

WADE WILLIAMS, REPRESENTING THE NORTH DAKOTA ASSOCIATION OF COUNTIES Testified in support of the bill. See written testimony.

REP. WINRICH Related to Marcy Dickerson's testimony, regarding subdivision e of subsection 2, of existing law, requires that a nonprofit organization must make payments in lieu of property taxes, it seems like all this does is prescribe the manner it is going to be reported, it doesn't add any new additional requirements to make those payments.

WADE WILLIAMS Stated, it was his understanding, this would be a payment in lieu of taxes.

MARCY DICKERSON Clarified the question, stating the payment in lieu of taxes are already required. This bill does not change any requirements regarding the actual payment of the taxes.

Page 3

House Finance and Taxation Committee

Bill/Resolution Number HB 1106

Hearing Date January 14, 2003

It just cleans up the fact, that you have to assess them in order to pay those taxes.

REP. DROVDAL TO MARCY DICKERSON Related to Section 1 of the bill, they say nonprofit organizations will be taxed or in lieu of taxes, I thought in the last election, we took away their exemptions for nonprofit organizations.

MARCY DICKERSON Actually, it was just a little frosting on the cake. As I understand it, nonprofits, such as the nature conservancy, were voluntarily paying taxes. That constitutional amendment, as I understand it, was intended to make sure that, in case, some organization similiar to that, decided to claim a tax exemption, the constitutional amendment would make it impossible for them to say, we are exempt. The amendment says, they can't be exempt unless the legislature decides to exempt them. At the same time this conversation was going on, the legislature did enact the language that inspired them to make in lieu payments, which they were already making tax payments, but the legislature changed it to making in lieu payments.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 1-14-03 Tape #2, Side A, Meter #31.6

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

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

13 YES

0 NO

1 ABSENT

REP. IVERSON Was given the floor assignment.

Date: 1-14-03
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1106

House FINANCE & TAXATION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Do Pass

Motion Made By

Rep. Drovdal

Seconded By

Rep. Winrich

Representatives	Yes	No	Representatives	Yes	No
BELTER, CHAIRMAN	✓				
DROVDAL, VICE-CHAIR	✓				
CLARK	✓				
FROELICH	✓				
GROSZ	✓				
HEADLAND	✓				
IVERSON	✓				
KELSH	✓				
KLEIN	✓				
NICHOLAS	A				
SCHMIDT	✓				
WEILER	✓				
WIKENHEISER	✓				
WINRICH	✓				

Total (Yes)

13

No

0

Absent

1

Floor Assignment

Rep. Iverson

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

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Valosta Rickford

Date

10/2/03

REPORT OF STANDING COMMITTEE (410)
January 14, 2003 3:48 p.m.

Module No: HR-06-0555
Carrier: Iverson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1106: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO
PASS (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1106 was placed on
the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-06-0555

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10/2/03
Date

2003 SENATE FINANCE AND TAXATION

HB 1106

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10/2/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1106

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date March 10, 2003

Tape Number	Side A	Side B	Meter #
1	X		3342-5000

Committee Clerk Signature

Minutes:

Senator Urlacher opened the hearing on HB1106. All committee members are present. This bill relates to valuation of certain farmland or ranch land acquired by certain nonprofit organizations and valuation of property of the workers compensation bureau.

Marcy Dickerson, Supervisor of Assessments, State Tax Department (mtr #3444) - Testified in support of HB1106. This is a housekeeping bill. Reviewed each section of the bill. Also proposed an amendment to clarify the language. Written testimony and the proposed amendment are attached. Encourages adoption of the amendment and a do pass.

Senator Syverson (mtr #4094) - Question on the number of exemptions sent out for property tax exemptions for the handicapped and the elderly.

Ms. Dickerson (mtr #4160) - Do not have a breakdown by age of property owner. Counties may have that information.

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Yalosta Rickford

Date

10/2/03

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Senate Finance and Taxation Committee

Bill/Resolution Number H31106

Hearing Date March 10, 2003

Senator Tollefson (mtr #4264) - Question on section one of the bill regarding non profits paying
"in lieu of taxes"

Ms. Dickerson (mtr #4338) - Feels it is because agencies subject to "in lieu of taxes" are
government agencies and are taxed differently, but the amount comes out the same.

Senator Tollefson (mtr #4450) - Considers "in lieu of taxes" as not having to pay taxes. In the
bill they "must" pay.

Ms. Dickerson (mtr #4492) - That is correct, they must pay.

Senator Urlacher (mtr #4579) - We are not changing the procedure of taxation, we are just stating
the reporting requirements.

Ms. Dickerson (mtr #4594) - That is correct, the taxation and in lieu payments are not changed
by this bill.

Senator Urlacher (mtr #4633) - Given no further testimony, closed the hearing on HB1106.

Senator Wardner moved to adopt the proposed amendment. Second by Senator Nichols.

Voice vote 6 yea, 0 nay. The bill is amended.

Senator Wardner moved a Do Pass as Amended. Second by Senator Nichols.

Roll call vote 6 yea, 0 nay, 0 absent. Carrier is Senator Nichols.

38189.0101
Title.0200

Adopted by the Finance and Taxation
Committee

March 10, 2003

Je3
3-16-03

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1106

Page 1, line 4, after "reenact" insert "subsection 3 of section 57-02-08.1 and"

Page 1, line 5, after the first "to" insert "homestead tax credit forms,"

Page 1, line 6, after "owners" insert a comma

Page 1, after line 16, insert:

"SECTION 2. AMENDMENT. Subsection 3 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

3. All forms necessary to effectuate this section must be prescribed and designed, and made available by the tax commissioner ~~who shall distribute annually an adequate supply of them to each county director of tax equalization.~~ The county directors of tax equalization shall make these forms available upon request."

Renumber accordingly

Page No. 1

38189.0101

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Yolanda Rickford
Operator's Signature

10/2/03
Date

Date: 3-14-03
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB1106

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do pass as amended

Motion Made By Sen. Wooding Seconded By Sen. Nichols

Senators	Yes	No	Senators	Yes	No
Senator Urlacher - Chairman	/		Senator Nichols	/	
Senator Wardner - Vice Chairman	/		Senator Seymour	/	
Senator Syverson	/				
Senator Tollefson	/				

Total (Yes) 6 No 0

Absent _____

Floor Assignment Sen. Nichols

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

Yolanda Rickford
Operator's Signature

10/2/03
Date

REPORT OF STANDING COMMITTEE (410)
March 10, 2003 4:07 p.m.

Module No: SR-42-4401
Carrier: Nichols
Insert LC: 38189.0101 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1106: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1106 was placed on the Sixth order on the calendar.

Page 1, line 4, after "reenact" insert "subsection 3 of section 57-02-08.1 and"

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Renumber accordingly

2003 TESTIMONY

HB 1106

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Operator's Signature

10/2/03
Date

FINANCE AND TAXATION COMMITTEE

January 14, 2003

Testimony of Marcy Dickerson, State Supervisor of Assessments

HOUSE BILL NO. 1106

Mr. Chairman, Members of the Committee, for the record my name is Marcy Dickerson and I am employed by the State Tax Commissioner as State Supervisor of Assessments. My testimony concerns House Bill 1106.

SECTION 1.

Subdivision e of subsection 2 of section 10-06.1-10 requires that a nonprofit organization must make payments in lieu of property taxes, calculated in the same manner as if the property was subject to full assessment and levy of property taxes, on property acquired for the purpose of conserving natural areas and habitats for biota. This new subdivision provides for assessment of that property according to statute, and requires the county auditor to give written notice of the valuation placed on the property to the nonprofit organization and the tax commissioner. Similar provisions are found in other statutes relating to payments in lieu of property taxes.

SECTION 2.

The words "assessed valuation" replace the word "assessment". This amendment is for clarification only. The exception from the requirement to mail a notice applies to assessed valuation, which is mentioned earlier in the sentence, and is interpreted that way. However, the word "assessment" can be interpreted to refer to true and full value, assessed valuation, or taxable valuation. This amendment will prevent any confusion.

HB 1106
Testimony of Marcy Dickerson
January 14, 2003
Page 2

SECTION 3.

The purpose of this amendment is to remove obsolete language from section 57-14-07 and harmonize this section with chapter 57-28. The deleted language referring to publication of the tax sale list was made obsolete by repeal of chapter 57-27 and amendments to chapter 57-28 enacted by the 1999 Legislature. November first is set as the date that determines whether taxes on escaped real property are entered on the most recent delinquent real property tax list or the current real property tax list, because there no longer is a date of publication of the tax sale list.

SECTION 4.

Section 65-02-31 provides that the workers compensation bureau shall make payments in lieu of property taxes on its building and associated real property in the manner and according to the conditions and procedures that would apply if the building and property were privately owned. This new section provides for assessment of that property according to statute, and requires the county auditor to give written notice of the valuation placed on the property to the workers compensation bureau and the tax commissioner. Similar provisions are found in other statutes relating to payments in lieu of property taxes.

This concludes my prepared testimony. I will be happy to try to answer any questions you may have.

Yolanda Rickford
Operator's Signature

10/2/03
Date

**TESTIMONY TO THE
HOUSE FINANCE & TAXATION COMMITTEE
Prepared January 14, 2003 by the
North Dakota Association of Counties
Wade Williams, NDACo Government Relations**

Concerning House Bill 1106

Chairman Belter and members of the committee, I am here on behalf of North Dakota's counties to express our support for House Bill 1106. We believe it provides equity to those school districts; counties, fire districts and townships that are and will be affected by these purchases.

The question is: Should organizations who purchase land for conservation purposes be required to make full property tax payments? I do not believe that the framers of our constitution when they exempted charitable organizations had any idea that exemption would include charitable organizations that purchase land for conservation uses. To my knowledge all of the groups who have purchased land to date have agreed to pay the property taxes but are not required to do so. Our concern is if they should decide not to pay in the future without this bill there is little recourse for the taxing districts.

Political subdivisions provide services for the benefit of those owning, leasing and living on all land in the state. Currently, taxes or "payments-in-lieu" of taxes, are paid on land owned or leased by the State Game and Fish Department; the North Dakota National Guard; land acquired by the State Land Board after January 1, 1980; as well as, Federal Grasslands; Fish and Wildlife Land; and other Federal property. If there is no requirement to pay the full amount of tax, local government could possibly and most likely will be providing services such as plowing and maintaining of the roads, fire protection and weed control, just to name a few, with the cost of these services being paid by neighboring landowners with increased property taxes on their land.

Mr. Chairman and members of the committee, this bill would allow for full payment of property taxes and could possibly provide future property tax relief. I urge a "DO PASS" on House Bill 1106. I would be happy to answer questions if you have any.

SENATE FINANCE AND TAXATION COMMITTEE
March 10, 2003

Testimony of Marcy Dickerson, State Supervisor of Assessments

HOUSE BILL NO. 1106

Mr. Chairman, Members of the Committee, for the record my name is Marcy Dickerson and I am employed by the State Tax Commissioner as State Supervisor of Assessments. My testimony concerns House Bill 1106. This is just a housekeeping bill.

SECTION 1.

Subdivision e of subsection 2 of section 10-06.1-10 requires that a nonprofit organization must make payments in lieu of property taxes, calculated in the same manner as if the property was subject to full assessment and levy of property taxes, on property acquired for the purpose of conserving natural areas and habitats for biota. This new subdivision provides for assessment of that property according to statute, and requires the county auditor to give written notice of the valuation placed on the property to the nonprofit organization and the tax commissioner. Similar provisions are found in other statutes relating to payments in lieu of property taxes.

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HB 1106
Testimony of Marcy Dickerson
March 10, 2003
Page 2

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The proposed amendment to House Bill No. 1106 prepared by the Office of State Tax Commissioner repeals the requirement in section 57-02-08.1(3) that the tax commissioner distribute annually to each county director of tax equalization a supply of "all forms necessary to effectuate this section," those forms being the *Property Tax Credit Application for Senior Citizens and Disabled Persons*, the *County Auditor's Certificate of Qualifying Senior Citizens and Permanently Disabled Persons*, and a *Recap* sheet.. The amendment retains the requirement that the tax commissioner prescribe and design the forms and make them available.

HB 1106
Testimony of Marcy Dickerson
March 10, 2003
Page 3

Tax directors, city assessors, and applicants already have instant access to the *Property Tax Credit Application for Senior Citizens and Disabled Persons* because it is on our website. A number of people have told us they really like having the form available on the web. It may be filled in electronically or printed out and completed manually. The *County Auditor's Certificate of Qualifying Senior Citizens and Permanently Disabled Persons* and *Recap* sheet will soon be on the website also. Several larger cities and counties use their own computer-generated forms instead of the forms provided by the tax commissioner.

Enactment of this amendment will eliminate significant postage expense associated with mailing more than 5,500 forms. The electronic forms available on the tax commissioner's website are convenient and easy to access, and represent an upgrade of service to applicants and county and city officials.

There are other statutes that require forms to be prescribed but not distributed, including § 11-18-02.2. Statements of full consideration to be filed with state board of equalization or recorder – Procedure – Secrecy of information – Penalty., subsection 4 of which requires the state board of equalization to prescribe the necessary forms for the statements and reports used in carrying out the purposes of the section; § 57-01-02(5), referring to powers and duties of the Tax Commissioner, which says, "May require township, city, county, and other public officers to report information as to the assessment and collection of property and other taxes, receipts from licenses and other sources, the expenditure of public funds for all purposes, and such other information as may be needful in the administration of the tax laws, in such form and upon such blanks as the tax commissioner may prescribe"; § 57-12-09. Written notice of increased assessment to real estate owner., which states, "The tax commissioner shall prescribe suitable

Yalosta Rickford
Operator's Signature

10/2/03
Date

HB 1106
Testimony of Marcy Dickerson
March 10, 2003
Page 4

forms for this notice and such notice must also show ..."; and § 57-55-06. Tax permits -- Form.

"The tax permit must be of a size and design specified by the state tax commissioner."

We originally offered this as an amendment to HB 1054, which dealt with section 57-02-08.1, and which failed in the House for reasons other than this amendment. This amendment had not been added to the bill that failed. I encourage you to adopt this amendment and give a Do Pass recommendation to HB 1106.

This concludes my prepared testimony. I will be happy to try to answer any questions you may have.

Yolanda Rickford
Operator's Signature

10/2/03
Date

38189.01TX
Title.

Prepared by the Office of State Tax
Commissioner
February 13, 2003

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1106

Page 1, line 4, after "reenact" Insert "subsection 3 of section 57-02-08.1 and"

Page 1, line 5, after the first "to" Insert "homestead tax credit forms,"

Page 1, after line 16, insert:

"SECTION 2. AMENDMENT. Subsection 3 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

3. All forms necessary to effectuate this section must be prescribed, and designed, and made available by the tax commissioner ~~who shall distribute annually an adequate supply of them to each county director of tax equalization.~~ The county directors of tax equalization shall make these forms available upon request."

Page 1, line 17, replace "2" with "3"

Page 2, line 11, replace "3" with "4"

Page 2, line 29, replace "4" with "5"

Renumber accordingly