

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1107

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Valosta Rickford  
Operator's Signature

10/2/03  
Date

2003 HOUSE FINANCE AND TAXATION

HB 1107

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*Valista Rickford*  
Operator's Signature

*10/2/03*  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1107

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 15, 2003

Tape Number	Side A	Side B	Meter #
1	X		3
Committee Clerk Signature <i>Jamie Stein</i>			

Minutes:

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

**MARCY DICKERSON, SUPERVISOR OF ASSESSMENTS, STATE TAX**

**DEPARTMENT** Testified in support of the bill. See written testimony.

With no further testimony, the hearing was closed.

**COMMITTEE ACTION**

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

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

12 YES      0 NO      2 ABSENT

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

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*Yolanda Rickford*  
Operator's Signature

*10/2/03*  
Date

Date: 1-15-03  
Roll Call Vote #:

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1107

House FINANCE & TAXATION Committee

☐ Check here for Conference Committee

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

Action Taken Do Pass

Motion Made By Rep. Clark Seconded By Rep. Grosz

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

Total (Yes) 12 No 0

Absent 2

Floor Assignment Rep Headland

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

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Yalosta Rickford  
Operator's Signature

10/2/03  
Date

**REPORT OF STANDING COMMITTEE (410)**  
January 15, 2003 10:32 a.m.

Module No: HR-07-0569  
Carrier: Headland  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**  
HB 1107: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **DO PASS** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1107 was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-07-0569

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*Yalosta Rickford*  
Operator's Signature

*10/2/03*  
Date

2003 SENATE POLITICAL SUBDIVISIONS

HB 1107

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Valista Rickford  
Operator's Signature

10/2/03  
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1107

Senate Political Subdivisions Committee

☐ Conference Committee

Hearing Date March 13, 2003

Tape Number	Side A	Side B	Meter #
1		X	3380 - 4018
2	X		3060- 5680
2		X	840 - 950
Committee Clerk Signature <i>Spencer Long</i>			

Minutes:

**CHAIRMAN COOK** called the committee to order. All senators (6) present.

**CHAIRMAN COOK** opened the hearing on HB 1107 relating to the effect on property tax levy limitations of property exempt from property taxes by local discretion or charitable status.

**Marcy Dickerson**, employed by the State Tax Commissioner as State Supervisor of Assessments, testified in support of HB 1107. (See attached testimony)

**SENATOR COOK** asked when a county is going to determine its mill levy are they able to go back to the base year, which is defined as the year in which, in dollars, they had their highest income.

**Marcy Dickerson** said the base year is the highest amount of dollars that they are levied in the last three years.

No further testimony.

**CHAIRMAN COOK** closed the hearing on HB 1107.

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Senate Political Subdivisions Committee

Bill/Resolution Number HB 1107

Hearing Date March 13, 2003

Discussion:

**CHAIRMAN COOK** asked the committee what their intent was on HB 1107. He ask if they understand the bill.

**SENATOR POLOVITZ** answered no.

**SENATOR COOK** asked the intern Telisa Nemec to call Legislative Council and see if John Walstad could come down and explain it. Chapter 57-15 of the century code is being amended here. The way counties are able to determine what their mill levy is, they go to their last three years and take the highest amount of dollars that are raised during those three years and then they are guaranteed to be able to levy enough mills to raise that same amount of money in dollars. In other wards if something happened to cause all property tax valuations to go down in the county then that county would have the legal authority to raise the mill levy enough to generate the same amount of income that they were able to generate in their highest base year. The question is now, how does an exemption fit into that. When they give away an exemption in property tax can they recover the amount of money that they give away. The intent of this is to bring in property exempted by renaissance zoned protection under 40-63-05, so what it would do is it would allow the evaluation of the total amount of the land to go down and therefore allow them to raise a higher mill levy to recover the amount of taxes that they lost.

**SENATOR GARY LEE** so that property in the renaissance zone could be included in the total of the value of that particular political subdivision. Is that what this is adding, in terms of calculating its total value?

**SENATOR COOK** explained -- we have the total evaluation of the taxing district times the mill levy equals the total dollars raised and they are guaranteed that these total dollars that they could



Page 3  
Senate Political Subdivisions Committee  
Bill/Resolution Number HB 1107  
Hearing Date March 13, 2003

raise is going to equal what they raised in the base year which is the highest amount of dollars in the last three years. So if for example this total valuation went down then the mill levy would go up to raise this same amount of dollars. In the renaissance zones they create some property tax exemptions which causes this to go down which would cause the mill levy to go up. This is what they are trying to accomplish with the bill, to allow this total evaluation to go down rather than for that evaluation to be counted in here, they are exempting it. Then the mill levy will go up to recover the cost that they are going to lose from the exemption that is no longer going to be taxed.

John Walstad said another way of saying that is without subtracting the value of the renaissance zone exemption from the total value they are going to collect the same amount of taxes they did last year

Further discussion Tape 2, Side A, Meter # 4090 - 5125.

**SENATOR JUDY LEE** moved a DO PASS on HB 1107

**SENATOR CHRISTENSON** seconded the motion.

Roll call Vote: Yes 6 No 0 Absent 0

Carrier: **SENATOR COOK**

**SENATOR JUDY LEE** moved to reconsider the actions on which we passed HB 1107

**SENATOR CHRISTENSON** seconded the motion

VOICE VOTE: All in favor No opposition

**SENATOR COOK** Mr Walstad, would you put together amendments that would do what we need to do on HB 1107.

Page 4  
Senate Political Subdivisions Committee  
Bill/Resolution Number HB 1107  
Hearing Date March 13, 2003

John Walstad said he would.

SENATOR JUDY LEE moved to approve the amendments on HB 1107.

SENATOR GARY LEE seconded the motion.

Roll call vote: Yes 6 No 0 Absent 0

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*Yalosta Rickford*  
Operator's Signature

*10/2/03*  
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1107

Senate Political Subdivisions Committee

☐ Conference Committee

Hearing Date March 14, 2003 (Action)

Tape Number	Side A	Side B	Meter #
1		X	4408 - 4675
Committee Clerk Signature <i>Shirley Borg</i>			

Minutes:

**CHAIRMAN COOK** called the committee to order. All members (6) present.

**CHAIRMAN COOK** reminded the committee that we passed the bill out and then reconsidered the bill and put amendments on it and passed the amendments on March 13, 2003. He asked for a motion on the bill as amended.

**SENATOR JUDY LEE** moved a **DO PASS AS AMENDED** on HB 1107

**SENATOR CHRISTENSON** seconded the motion.

Roll call vote: Yes 6 No 0 Absent 0

Carrier: **SENATOR COOK**

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1107

Senate Political Subdivisions Committee

☐ Conference Committee

Hearing Date March 20, 2003

Tape Number	Side A	Side B	Meter #
2	X		90 - 218
4	X		1577 - 5785
Committee Clerk Signature <i>Shirley Borg</i>			

Minutes:

**CHAIRMAN COOK** called the committee to order.

**CHAIRMAN COOK** reminded the committee this bill is with property tax. John Walstad came down to explain it at the hearing but after this bill was passed it did the exact opposite of what he thought it did. There was a meeting with Mr Walstad and Marjorie Dickerson from the tax department. Chairman cook said that the committee needs to reconsider their action.

**SENATOR SYVERSON** moved for a reconsideration on HB 1107

**SENATOR CHRISTENSON** seconded the motion.

**VOICE VOTE: ALL IN FAVOR**

**SENATOR COOK** asked John Walstad to explain this bill over again from the beginning.

**SENATOR JOHN WALSTAD** said the information he gave the last time we met was almost one hundred percent wrong. Chairman Cook, Senator Wardner and I sat down with Marjorie Dickerson and ran through how the worksheets are calculated. The only time charitable property

Page 2  
Senate Political Subdivisions Committee  
Bill/Resolution Number HB 1107  
Hearing Date March 20, 2003

value is deducted from levy authority is if that charitable property has ceased to exist. It doesn't happen very often, so it is very seldom going to be subtracted out of taxing authority and what Marcy said the reason for the treatment of these properties as they are actually treated is that at the time this adjustment was made in the law, the committee's concern was that when an exemption is granted by local government, local government is still going to need enhanced tax authority to provide services for that property. So how it works is when local government grants an exemption under current law 40-57.1 for a new business, a brand new building is going to be built, the governing body says they will give them a five year exemption on that building and what happens to the levy authority for that subdivision is there is an amount added to how much they can levy based on the mill rate times what would be the value of that property. Since that property is not taxable that extra tax gets spread through all the other tax payers in the district.

**SENATOR COOK** if we pass this bill.

**John Walstad** if this bill doesn't pass its still going to work that way. It is current law for the 40-57.1 properties, the ones that are there on page 2, line 5, that is the new business exemption, that is in current law and what is being added here is renaissance zone. The reason the tax department suggested the bill is the tax department thought now renaissance zone property and new business exemption should be treated the same way but the underlying policy in this whole thing is when an exemption is granted, tax increase authority has also provided by the operation of existing law and taxes for that new property gets picked up by other taxpayers.

**SENATOR COOK** 40-57.1 is the new business exemption.

**John Walstad** the exemption there is five years and ten years if it is ag processing,

**SENATOR COOK** 57-02.2

Page 3

Senate Political Subdivisions Committee

Bill/Resolution Number HB 1107

Hearing Date March 20, 2003

John Walstad just any kind of building improvements. If you build on to your home the governing body can grant an exemption for that addition to your home and if that is granted, the value of that property could be something your neighbor could pick up. You pay on the taxable part of your property and everybody else pays also for the part that is exempt.

**SENATOR COOK** said what we thought we were doing, we did the exact opposite.

Continued Discussion Tape 4, Side A Meter # 2019 - 3700

**SENATOR JUDY LEE** made a motion to reconsider the action on which we amended HB 1107.

Voice Vote: All members (6) agree

**SENATOR JUDY LEE** moved a DO PASS on HB 1107

**SENATOR CHRISTENSON** seconded the motion

Further discussion Tape 4, Side A, Meter # 4269 - 5650

Roll call vote: Yes 2 No 4 Absent 0

Motion Failed

**SENATOR POLOVITZ** moved DO NOT PASS

**SENATOR SYVERSON** seconded the motion

Roll call vote Yes 4 No 2

Carrier: **SENATOR COOK**

38186.0101  
Title.0200

Prepared by the Legislative Council staff for  
Senate Political Subdivisions  
March 14, 2003

JO3  
3-14-03

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1107

Page 2, line 3, after "means" insert "property for which the option to make payments in lieu of taxes has been granted under chapter 40-57.1 and"

Renumber accordingly

Page No. 1

38186.0101

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Yolanda Rickford  
Operator's Signature

10/2/03  
Date

Date: 3/13/03  
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1107

Senate Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number ~~HB 1107~~ 38186.0101

Action Taken Do Pass

Motion Made By Sen. J. Lee Seconded By Sen. Christensen

Senators	Yes	No	Senators	Yes	No
Senator Dwight Cook, Chairman	✓				
Senator John O. Syverson, V C	✓				
Senator Gary A. Lee	✓				
Senator Judy Lee	✓				
Senator Linda Christenson	✓				
Senator Michael Polovitz	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Sen Cook.

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

Reconsidered on 3-13-03

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Yolanda Rickford  
Operator's Signature

10/2/03  
Date



Date: 5/13/03  
Roll Call Vote #: 2

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1107

Senate Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number ~~HB 1107~~ 38186.0101

Action Taken Move to adopt amendment

Motion Made By Sen J. Lee Seconded By Sen G. Lee

Senators	Yes	No	Senators	Yes	No
Senator Dwight Cook, Chairman	✓				
Senator John O. Syverson, V C	✓				
Senator Gary A. Lee	✓				
Senator Judy Lee	✓				
Senator Linda Christenson	✓				
Senator Michael Polovitz	✓				

Total (Yes) 6 No 0

Absent 0

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

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

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. 481107

Senate Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 38186.0101

Action Taken Do Pass 25 Amended

Motion Made By Senator Judy Lee Seconded By Senator Christenson

Senators	Yes	No	Senators	Yes	No
Senator Dwight Cook, Chairman	X				
Senator John O. Syverson, V C	X				
Senator Gary A. Lee	X				
Senator Judy Lee	X				
Senator Linda Christenson	X				
Senator Michael Polovitz	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Cook

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

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Yolanda Rickford  
Operator's Signature

10/2/03  
Date

**REPORT OF STANDING COMMITTEE (410)**  
March 17, 2003 9:00 a.m.

Module No: SR-47-4866  
Carrier: Cook  
Insert LC: 38186.0101 Title: .0200

**REPORT OF STANDING COMMITTEE**  
HB 1107: Political Subdivisions Committee (Sen. Cook, Chairman) recommends  
**AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS**  
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1107 was placed on the Sixth  
order on the calendar.

Page 2, line 3, after "means" insert "property for which the option to make payments in lieu of  
taxes has been granted under chapter 40-57.1 and"

Renumber accordingly

Date: 3-20-03  
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1107

Senate Political Subdivisions Committee

☐ Check here for Conference Committee

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

Action Taken Do Pass

Motion Made By Senator Judy Lee Seconded By Senator Christenson

Senators	Yes	No	Senators	Yes	No
Senator Dwight Cook, Chairman		X			
Senator John O. Syverson, V C		X			
Senator Gary A. Lee	X				
Senator Judy Lee		X			
Senator Linda Christenson	X				
Senator Michael Polovitz		X			

Total (Yes) 2 No 4

Absent \_\_\_\_\_

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

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

Motion Failed

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Yalosta Rickford  
Operator's Signature

10/2/03  
Date

Date: 3-20-03  
Roll Call Vote #: 2

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1107

Senate Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Not Pass

Motion Made By Senator Polovitz Seconded By Senator Syverson

Senators	Yes	No	Senators	Yes	No
Senator Dwight Cook, Chairman	X				
Senator John O. Syverson, V C	X				
Senator Gary A. Lee		X			
Senator Judy Lee		X			
Senator Linda Christenson	X				
Senator Michael Polovitz	X				

Total (Yes) 4 No 2

Absent

Floor Assignment Senator Cook

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

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Yalosta Rickford  
Operator's Signature

10/2/03  
Date

**REPORT OF STANDING COMMITTEE (410)**  
March 21, 2003 2:08 p.m.

Module No: SR-51-5474  
Carrier: Cook  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**  
**HB 1107: Political Subdivisions Committee (Sen. Cook, Chairman) recommends DO NOT**  
**PASS (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1107 was placed on the**  
**Fourteenth order on the calendar.**

(2) DESK, (3) COMM

Page No. 1

SR-51-5474

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*Yalosta Rickford*  
Operator's Signature

*10/2/03*  
Date

2003 TESTIMONY

HB 1107

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Yolanda Rickford  
Operator's Signature

10/2/03  
Date

**FINANCE AND TAXATION COMMITTEE**

January 15, 2003

Testimony of Marcy Dickerson, State Supervisor of Assessments

**HOUSE BILL NO. 1107**

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 1107.

The Tax Commissioner introduced this bill because we, and a number of local officials, think the proposed language was inadvertently overlooked when property tax exemptions for property located in a renaissance zone were enacted.

Subdivision d of subsection 2 of section 57-15-01.1 lists the types of exempt property that are to be included in "property exempt by local discretion or charitable status" for the purpose of calculating mill rates. Under existing law, "property exempt by local discretion or charitable status" means property exempted from taxation as new or expanding businesses under chapter 40-57.1; improvements to property under chapter 57-02.2; or buildings belonging to institutions of public charity, new single-family residential or townhouse or condominium property, property used for early childhood services, or pollution abatement improvements under section 57-02-08. We believe property exempted from taxation as a renaissance zone project under section 40-63-05 is similar to other exempt property listed above. Including this property for determining the calculated mill rate provides for revenue to support services required by exempted renaissance zone property.

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



**SENATE POLITICAL SUBDIVISIONS COMMITTEE**

March 13, 2003

Testimony of Marcy Dickerson, State Supervisor of Assessments

**HOUSE BILL NO. 1107**

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 1107.

The Tax Commissioner introduced this bill because we, and a number of local officials, think the proposed language was inadvertently overlooked when property tax exemptions for property located in a renaissance zone were enacted.

Subdivision d of subsection 2 of section 57-15-01.1 lists the types of exempt property that are to be included in "property exempt by local discretion or charitable status" for the purpose of calculating mill rates. Under existing law, "property exempt by local discretion or charitable status" means property exempted from taxation as new or expanding businesses under chapter 40-57.1; improvements to property under chapter 57-02.2; or buildings belonging to institutions of public charity, new single-family residential or townhouse or condominium property, property used for early childhood services, or pollution abatement improvements under section 57-02-08. We believe property exempted from taxation as a renaissance zone project under section 40-63-05 is similar to other exempt property listed above. Including this property for determining the calculated mill rate provides for revenue to support services required by exempted renaissance zone property.

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