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Yolanda Rickford  
Operator's Signature

10/16/03  
Date

2003 HOUSE FINANCE AND TAXATION

HCR 3073

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10/6/03  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3073

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date February 26, 2003

Tape Number	Side A	Side B	Meter #
1		X	3.5
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

**REP. DROVDAL, VICE-CHAIR** Called the hearing to order.

**REP. ELIOT GLASSHEIM, DIST. 18, GRAND FORKS** Introduced the resolution which would study the tax exemptions and what they are intended to do. He stated he viewed himself as a part of the board of directors of the state. We have given tax exemptions and preferences, and as a member of the board of directors, I would like to know if what we are doing, is effective. Are we getting a return on our investment, are we accomplishing the goals which originally put the tax preferences in code. We have created an awful lot of exemptions, especially in the income tax, corporate and personal income tax sections of 57-38. He read all of the exemptions which are now in code. I am neither for nor against all of these exemptions, I want to know if they are working or if we should expand them, etc. He stated, as far as he can tell, there is no estimate as to how much these incentives cost the state, how much are we losing, and so on.

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House Finance and Taxation Committee

Bill/Resolution Number HCR 3073

Hearing Date February 26, 2003

**REP. DROVDAL** Does this study also include incentive packages by political subdivisions?

**REP. GLASSHEIM** It does include that, my primary interest is the state. Maybe it would be up to the committee to emphasize that.

**REP. DROVDAL** What do you see is the bar we would use, is it additional tax revenue, coming into the subdivisions and the state, or is it jobs that were created in North Dakota?

**REP. GLASSHEIM** I think you want a number of those, you would want jobs created. If we are spending a million dollars in creating a payroll of fifty million, that sounds good to me. If we are spending a million dollars and creating a payroll of a million dollars, maybe not so good. I imagine you would want to look at property invested by the companies, or buildings created, if they are paying property taxes of significant amounts.

**REP. GROSZ** Related to Grand Forks charging two percent on food items for city sales tax, and then one and three quarters on everything else, there are some tax preferences given, do you know any cities or subdivisions giving this same type of ideas, giving the information to themselves?

**REP. GLASSHEIM** I don't see localities taxing people, adding to the sales tax, being a tax preference, per se. Some cities use that money to have development funds and to give out tax preferences, is that what you are referring to?

**REP. GROSZ** Stated, he may have misunderstood some of the intent of the bill.

**REP. GLASSHEIM** Stated he talked about tax incentives when he went to the Legislative Council, and this is how the resolution came out. What we are looking at here, are tax exemptions and tax credits to companies for doing certain actions.

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House Finance and Taxation Committee

Bill/Resolution Number HCR 3073

Hearing Date February 26, 2003

**REP. DROVDAL** He understood Rep. Grosz was asking if any cities were collecting data on how effective their incentives were?

**REP. GLASSHEIM** Stated he did not know, but did feel cities should do that. In Grand Forks we have a growth fund, out of our sales tax, we give about a million dollars a year to economic development. We do get a report on each year on the jobs created, I don't know if we get the whole payroll information. I don't think we are as vigorous as we should be.

**REP. WINRICH** Gave a point of information, saying, he didn't know any such studies in North Dakota. In Minnesota, where they have a law similar to some of the legislation he introduced, relating to reporting of these kinds of incentives. They do report on local incentives, including such things as property tax exemptions, tax in from finance districts, those reports are available through the whole state of Minnesota.

**REP. OLE AARSVOLD, FARMER IN TRAIL COUNTY.** Testified in support of the resolution. He was a former township officer, and said the township officers are concerned about the limited capacity they have to fund infrastructure, should a development come in to the township. The school districts are required to go to the voting public for fifty to sixty percent of their property tax total budget. As a consequence, they have concerns about the exemptions and other incentives which are given to other property paying folks in that subdivision. We wonder how much of their total tax bill is a consequence of those exemptions. I don't know that we know that. I hope we can find that out some way or the other.

With no further testimony, the hearing was closed.

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3073

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date March 3, 2003

Tape Number	Side A	Side B	Meter #
1	x		25.7 Recorder did not work
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

COMMITTEE ACTION

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

**REP. WEILER** Second the motion. **MOTION CARRIED BY VOICE VOTE AND WAS PLACED ON THE CONSENT CALENDAR.**

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*Sal Costa Rickford*  
Operator's Signature

*10/6/03*  
Date

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

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. **HCR 3073**

House FINANCE & TAXATION Committee

☐ Check here for Conference Committee

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

Action Taken

**Do**

**Pass on Consent Calendar**

Motion Made By

**Rep. Winrich**

Seconded By

**Rep. Weiler**

Representatives	Yes	No	Representatives	Yes	No
BELTER, CHAIRMAN					
DROVDAL, VICE-CHAIR					
CLARK					
FROELICH			<b>Voice Vote</b>		
GROSZ					
HEADLAND			<b>Carried</b>		
IVERSON					
KELSH					
KLEIN					
NICHOLAS					
SCHMIDT					
WEILER					
WIKENHEISER					
WINRICH					

Total (Yes) **14** No **0**

Absent **0**

Floor Assignment

**Rep. Belter**

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

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**La Costa Rickford**  
Operator's Signature

**10/16/03**  
Date

**REPORT OF STANDING COMMITTEE (410)**  
March 3, 2003 1:08 p.m.

Module No: HR-37-3736  
Carrier: Belter  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**HCR 3073: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HCR 3073 was placed on the Tenth order on the calendar.**

(2) DESK, (3) COMM

Page No. 1

HR-37-3736

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Operator's Signature

*Richard Costa*

Date

*10/16/03*



2003 SENATE FINANCE AND TAXATION

HCR 3073

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Operator's Signature

*Yolanda Rickford*

Date

*10/16/03*

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR3073

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date March 17, 2003

Tape Number	Side A	Side B	Meter #
1	X		2400-4300

Committee Clerk Signature *Mary Kay Vukobratovic*

Minutes:

Senator Urlacher opened the hearing on HCR3073. All committee members are present. This resolution studies the effectiveness and appropriateness of tax preferences provided by state law and discretionary action of political subdivisions.

Representative Eliot Glassheim (mtr #2430) - Testified in support of HCR3073. Supports the study of appropriateness of tax preferences provided for by state law. Talked about the number of tax exemptions and tax credits that have been put on the books in the past and have little or no activity now. There are a variety of tax incentives on the books for the purpose of generating economic activity and not sure if working at this time, that is the purpose of this study. Interested in knowing what approaches are successful and what are not. Hope the study answers the questions: Are we getting our moneys worth? What are other states doing? Are we getting new business investment? What is the return on our investment?

Senator Seymour (mtr #2875) - Why are there no Senators as sponsors on this bill?

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*Yolanda Richardson*  
Operator's Signature

*10/16/03*  
Date

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Senate Finance and Taxation Committee

Bill/Resolution Number HCR3073

Hearing Date March 17, 2003

Representative Glassheim (mtr #2887) - Deadline issues, didn't really have time before the deadline.

Senator Nichols (mtr #2928) - With regard to some statutes/law that are not being used, is it your idea to try to remove from code?

Representative Glassheim (mtr #2975) - Study would find out why a statute is not being used. If they are not salvageable, maybe they should be taken off the books. If we hear testimony that they would be used if changed, perhaps that is what would come out of it.

Senator Urlacher (mtr #3062) - Some are long term and some are short term?

Representative Glassheim (mtr #3086) - Some were amended in 2001. By mid interim would have more information. About half are from the 80's and 90's. They are either being used or are not.

Representative Ole Aarsvold (mtr #3159) - Testified in support of HCR3073. Is a growing concern in the state on how we deal with tax incentives. Gave several examples of tax exemptions and the fact that others have to pick up the tax. Townships concerned because exemptions can effect their dollars. Schools are concerned because funding comes from property tax and some else in the district must pick up the tab when we grant exemptions. If we could demonstrate to the public that exemptions work, that would help.

Ken Yantes, Township Officers Association (mtr #3517) - Testified in support of HCR3073.

Talked about a previous bill that was introduced and the result of the bill. Supports HCR3073.

Senator Urlacher (mtr #3710) - Does the Tax Department have any figures on what percentage of property is exempt overall?

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Senate Finance and Taxation Committee

Bill/Resolution Number HCR3073

Hearing Date March 17, 2003

Marcy Dickerson, State Supervisor of Assessments, State Tax Department (nitr #3755) - Do have figures on the exempt property that are required to be valued by the county directors and the assessors. That does not include certain exempt property like all the exempt farm residences, all the charitable exemptions, all the educational exemptions. Those are not among the types of properties that are required to be valued. Our information may not be sufficient to show what you are trying to see. Can give you what we do have.

Senator Wardner (mtr #3835) - Feels that the properties that are valued are the ones interested in for this study resolution.

Ms. Dickerson (mtr #3876) - Do have information on those. Those valuations are included in the mill levy calculation. Taxes are shifted to tax paying properties as opposed to the tax exempt properties.

Senator Wardner (mtr #3985) - That information would be for the committee to study the issue.

Senator Urlacher (mtr #4049) - Given no further testimony, closed the hearing on HCR3073.

Senator Wardner moved a Do Pass. Second by Senator Tollefson.

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

Date: 3.17.03  
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HCR 3073

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

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

Action Taken DO PASS

Motion Made By Sen. L. Wardner Seconded By Sen. Tollefson

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. L. Wardner

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10/6/03  
Date

**REPORT OF STANDING COMMITTEE (410)**  
March 17, 2003 11:31 a.m.

Module No: SR-47-4894  
Carrier: Wardner  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**HCR 3073: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HCR 3073 was placed on the Fourteenth order on the calendar.**

(2) DESK, (3) COMM

Page No. 1

SR-47-4894

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10/16/03  
Date