

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1446

2005 HOUSE FINANCE AND TAXATION

HB 1446

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1446**

House Finance and Taxation Committee

Conference Committee

Hearing Date **JANUARY 25, 2005**

Tape Number	Side A	Side B	Meter #
		x	16.5
Committee Clerk Signature <i>Jane Stein</i>			

Minutes:

**REP. WES BELTER, CHAIRMAN** Called the committee hearing to order.

**REP. KENTON ONSTAD, DIST. 4, PARSHALL** Introduced the bill. Constituents in my area, and across the state, are saying lets get some of that money back. This bill does just that. The state has twenty million dollars which they could give back to those particular entities. Property tax has probably had the largest increase, not in taxes themselves, but in evaluation. It is a lot higher than income tax or sales tax. Townships and schools have a cap of what can be held back, the question is, have we gone overboard a little at the state level. Go back two years and look at where we are at now, whatever the base is on, let's turn that back to our residents of the state. This bill is for residents only.

**REP. HEADLAND** You are going to give back five percent of all the property taxes paid on ag and residential land, is twenty million dollars going to cover that?

**REP. ONSTAD** According to the tax department.

**REP. OWENS** You said something about if you own agricultural land and you don't live here, you would not get the property tax?

**REP. ONSTAD** that's correct, this is for residents of the state only.

**REP. OWENS** The way I am reading this, it says owners of agricultural property, that paid property tax, so would that not include anybody that paid property tax?

**REP. ONSTAD** Related to Line 10, each individual who is a resident of North Dakota and who paid property tax.

**REP. WRANGHAM** You were talking about mill levy, I understood the Association of Counties, that the valuations have skyrocketed, you have a charter or breakdown or any information on that.

**REP. ONSTAD** You are correct in saying in the last year, they may have dropped in some counties. Gave an example of where he owns property and what it has increased to.

**REP. KELSH** We just heard a bill previous to this one, relating to residential property owners, I will ask if there are any rebates?

**REP. ONSTAD** No it does not.

**REP. ARLO SCHMIDT** Testified in support of the bill. I signed on to this bill, because the most complaints I hear in my district, is property tax. I would like to see this bill pass, then all of the people who get their property tax slips right before Christmas, could receive the rebate. Remember the last two sessions ago, when we change the ag formula, I talked to the formula people in Fargo, Dr. Eckre, he said if that formula wouldn't have been changed, agricultural land would have increased eighteen percent. That is why you see some of the valuation. Rebates aren't new, rebate to me is an admission of guilt.

**REP. WEILER** We potentially have the issue of the single family property owners receiving two checks, agricultural people receiving one check, would you be opposed to amending one or both to fix it so that we can fix that issue?

**REP. SCHMIDT** They are paying both on the home and the agricultural land, maybe they don't have to have two checks, the county auditor can make one check.

**REP. WEILER** If we pass the previous bill, then single family residents, somebody will get a check for one hundred fifty dollars, if we pass this bill, that same family resident, will get another check for maybe one hundred fifty and the agricultural person will get a check for one hundred fifty. There is a little inequity, if we pass them both. The single family person will get three hundred and the agricultural owner will only get one hundred fifty, maybe we should equal that out a little.

**REP. SCHMIDT** Stated we could amend the previous bill.

**REP. DROVDAL** How do we deal with the delinquent deals?

**REP. SCHMIDT** It would be a way to collect some of those taxes, I don't think we should send a payment to people who are delinquent.

**REP. CONRAD** In my district, people are most concerned about the tuition costs at the university, are you suggesting that they should come in and get a rebate, is this the way we will address these things?

**REP. SCHMIDT** Keep in mind, when this bill was drafted, we had a surplus.

**NANCY SAND, NORTH DAKOTA EDUCATION ASSOCIATION** Testified in opposition of the bill. We have the same concerns with this bill about the other requests you are hearing from other agencies, and some of the other bills you will be considering, as you talk about and

discuss the taxation of North Dakota. I wouldn't expect that you would pass both of these bill. If you are considering the rebate, amend one of the other of the bills. If the legislature grants some of the appropriation requests that are before them, I don't know what that amount will be, but if those requests are granted and either one or both of these bills are passed, I have concerns for the financial wellbeing, of the additional requests coming in from the other agencies.

**REP. IVERSON** Do you really think that fifteen million dollars will bankrupt the state?

**NANCY SAND** I believe our concern is with all of the requests, I don't know which of those will be granted, if any of them. Fifteen million dollars may not, but when you have a lot of other budget requests before you, this has to be taken into consideration.

**SARA HEWSON, STATE TAX DEPARTMENT** Testified in a neutral position. See attached written testimony.

**REP. BELTER** Asked if she could supply properties owned by out of state owners.

**SARA HEWSON** Stated she would look into that.

**REP. BELTER** Where people own a lot of property, instead of sending each individual abstract, it might be possible that the register of deeds could just may up some type of official form which would list properties owned by a given individual.

**SARA HEWSON** I would recommend the Treasurer's Office could handle that,

**REP. WEILER** Would the issues brought forth in the previous bill, be the same in this bill?

**SARA HEWSON** With this bill, center is a percentage of compiled taxes paid by the individual, we would not need to compile a total list of all the taxes paid.

With no further testimony, the committee hearing was closed.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1446**

House Finance and Taxation Committee

Conference Committee

Hearing Date **February 1, 2005**

Tape Number	Side A	Side B	Meter #
1		X	7.2
Committee Clerk Signature			

Minutes:

**COMMITTEE ACTION**

**REP. BRANDENBURG** Made a motion for a **do not pass**.

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

**9 YES      4 NO      1 ABSENT**

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

Date: 2-1-05  
 Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. HB 1446

House FINANCE & TAXATION Committee

Check here for Conference Committee

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

Action Taken Do Not Pass

Motion Made By Rep. Brandenburg Seconded By Rep. Nicholas

Representatives	Yes	No	Representatives	Yes	No
BELTER, WES, CHAIRMAN	✓				
DROVDAL, DAVID, V-CHAIR	✓				
BRANDENBURG, MICHAEL	✓				
CONRAD, KARI	✓				
FROELICH, ROD		✓			
GRANDE, BETTE	✓				
HEADLAND, CRAIG	✓				
IVERSON, RONALD	A				
KELSH, SCOT	✓				
NICHOLAS, EUGENE	✓				
OWENS, MARK		✓			
SCHMIDT, ARLO		✓			
WEILER, DAVE		✓			
WRANGHAM, DWIGHT	✓				

Total (Yes) 9 No 4

Absent 1

Floor Assignment Rep. Wrangham

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



**REPORT OF STANDING COMMITTEE (410)**  
February 1, 2005 11:52 a.m.

**Module No: HR-21-1528**  
**Carrier: Wrangham**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1446: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO NOT PASS (9 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). HB 1446 was placed on the Eleventh order on the calendar.**

**2005 TESTIMONY**

HB 1446

**HOUSE FINANCE AND TAXATION COMMITTEE**

January 25, 2005

Testimony of Sara Hewson, Property Tax Specialist

HOUSE BILL 1446

Mr. Chairman, Members of the Committee, for the record my name is Sara Hewson and I am employed as Property Tax Specialist by the Office of State Tax Commissioner. My testimony concerns House Bill 1446.

House Bill 1446 would provide a rebate to owners of agricultural or residential property. This rebate would equal 5% of the tax paid on property in these classifications for the taxable year 2004, which became payable January 1, 2005. The requirement of ownership would disqualify any individual who paid taxes pursuant to N.D.C.C. § 57-02-26.

The issue of residency must also be addressed. Did the applicant have to be a resident in North Dakota on the assessment date, any time during 2004, when the tax became due, or at the time of payment for the tax?

Also, I ask for clarity that the rebate is based on the amount paid on the tax levied, and not on the penalty and interest accrued for late payment.

Finally, the Office of State Tax Commissioner is charged with auditing assessment and taxation information from all counties, as well as auditing and requesting payments for Homestead Credit, and Renter Refunds. Instead of each eligible individual having to make an application which would then have to be verified, each county could submit an abstract either monthly or quarterly which would contain all pertinent information. This may prompt tax payers to pay timely if their rebate would be available soon thereafter.

This concludes my prepared testimony. I will be glad to try to answer any questions.