

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2357

2005 SENATE FINANCE AND TAXATION

SB 2357

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2357

Senate Finance and Taxation Committee

Conference Committee

Hearing Date January 31, 2005

Tape Number	Side A	Side B	Meter #
#1		X	21.0 - 50.9
Committee Clerk Signature <i>Shawn Reynolds</i>			

Minutes:

SEN. URLACHER: called the committee to order and opened the hearing on SB 2357.

SEN. TAYLOR: appeared as prime sponsor of the bill stating this removes the section on \$40,000 in off farm income. The bill basically removes that section that limits folks on the exemption to off farm income of \$40,000. By eliminating that what we would just be looking at is definition of a farmer being someone who has earned more than 51% income from the farm or ranch once in the last 3 years. I think it's beneficial to the younger producers and for those that we want to keep in our rural communities.

SEN. COOK: one of the reasons to remove \$40,000 exemption, wouldn't it also be true than that we could just eliminate the farm resident exemption and accomplish the same goal?

SEN. TAYLOR: I think what the state has done is trying to recognize the fact that farmers and ranchers are contributing in many ways besides what that farmstead is and the other acres of land that they pay taxes on and what they add to the community, I think it's a fair piece of code. If we

could help the assessors verify some of these numbers I think there would be some agreement that no one is trying to slip anything by here and if there is a way to help them verify what their actual income is on the farm for that local assessor, I think that's favorable.

SEN. EVERY: do you have a lot of parks, or paved streets in your neighborhood?

SEN. TAYLOR: folks look at what your paying for and when your 16 miles of gravel from town, there is a difference between the services and they think their really being treated unfairly in some of the urban areas, then they have the option to go out and make those rural areas more viable.

WOODY BARTH: NDFU – appeared in support stating its one way to move forward and help identify that exemption and how it works, those might move us in the same direction of maintaining that home farm residence exemption and thinks those are positive avenues.

ALAN ERICKSON: ND Township Officers Assoc. appeared in support with written testimony and are in favor of taking the farm home exemption off farm income.

ARVID WINKLER: Assessor of Barnes County appeared stating limited support on the bill and asking the committee to keep in mind that there is a house bill HB 1209 which would raise that off farm income limit from \$40,000 to \$55,000. Either your gonna do this one or other one, but you are dealing with the same paragraph in the Century Code on this issue. I think this part of the Century Code I think becomes a textbook for creative accounting in the first place, because you must have off farm income of over \$40,000 in each of the three years to get kicked out and you must have farm income of 51% in one of the three years to stay in.

SEN. WARDNER: what your telling us is if you go there at noon and there's nobody home, then they should have their house taxed.

ANSWER: that residence still is where you sleep and somebody sleeps there.

DENNIS DANIEL: on behalf of himself and appeared in opposition stating he doesn't get anything more than the neighbor who has his home up for sale, this isn't equalization. Everyone needs a home, should be taxed according to value.

DAVID MUNSCH: on behalf of himself appeared in opposition stating that people running CRP land should be taxed also. Put a cap of \$50,000 or more.

JERRY HJELMSTAD: ND League of Cities appeared in opposition of any expansion of the farm residence exemption under the current form, which basically provides that the resident is exempt whether it'd be a \$50,000 home or \$500,000 home. As long as that is the case, they are opposed to any expansion of the resident exemption because an expansion just results in a shift of the other taxpayers within the county.

FRED SCHMIDT: McHenry County Assessor appeared in support with written testimony stating feels this is a step in the right direction. Many families are having a tough time making it and they will be working off the farm and this exemption would sure be a help to them.

SEN. WARDNER: would this be a help for you?

ANSWER: definitely, this would be a big help for me as an assessor to determine exemptions for individuals. It would help because so many times they are in a break even situation where they are making more off the farm than they are on the farm, and not because their not good farmers, but because commodity prices are low.

NO FURTHER TESTIMONY. Closed the hearing.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2357

Senate Finance and Taxation Committee

Conference Committee

Hearing Date February 7, 2005

Tape Number	Side A	Side B	Meter #
#1	X		30.2 - 41.0
Committee Clerk Signature <i>Sharon Penzance</i>			

Minutes:

SEN. WARDNER: gave explanation of the bill to the committee stating this would eliminate one of the income tests, so there would be just one.

SEN. EVERY: the only opposition to the entire bill was from a letter from the City of Williston, otherwise we had the farm organizations townships in favor of the bill.

SEN. COOK: there's certainly a fairness issue here, no matter what their income is, their paying property tax on their home.

SEN. URLACHER: I really think that any attempt to maintain young farmers on the farm is justifiable. We have to attempt to keep some people on the land.

SEN. EVERY: it's easy to say as a rural legislator and if you look at the sponsors on the top of the list, they are all rural legislators and in fact, it is those rural people that own the farm land out there that are paying the majority of those property taxes and with regard to the low income, if they do own a home at all, that would be true, but I think this is, if I were an urban legislator I'd

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Senate Finance and Taxation Committee

Bill/Resolution Number SB 2357

Hearing Date February 7, 2005

probably think the same way you do, however I'm not and I think as the Chairman Urlacher called the Committee to order and opened the hearing on said, anything we can do to help keep these young farmers on the farm is something that needs to be done.

SEN. BERICER: made a **MOTION FOR DO PASS**, seconded by Sen. Every.

ROLL CALL VOTE: 3-3-0 **MOTION FAILS**

SEN. COOK: made a **MOTION FOR DO NOT PASS**, seconded by Sen. Wardner

ROLL CALL VOTE: 3-3-0 **MOTION FAILS**

SEN. WARDNER: made a **MOTION TO SEND SB 2357 OUT WITHOUT COMMITTEE**

RECOMMENDATION, seconded by Sen. Tollefson

VOICE VOTE: 6-0-0 Sen. Wardner will carry the bill.

FISCAL NOTE STATEMENT

Senate Bill or Resolution No. 2357

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, or school districts. However, no state agency has primary responsibility for compiling and maintaining the information necessary for the proper preparation of a fiscal note regarding this bill or resolution. Pursuant to Joint Rule 502, this statement meets the fiscal note requirement.

John Walstad
Code Revisor

Date: 2-7-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 8357

Senate Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Bercier Seconded By Every

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Bercier	✓	
Sen. Wardner		✓	Sen. Every	✓	
Sen. Cook		✓			
Sen. Tollefson		✓			

Total (Yes) 3 No 3

Absent _____

Floor Assignment _____

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

Date: 2-7-05
 Roll Call Vote #: 2

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2357

Senate Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Cook Seconded By Wardner

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher		✓	Sen. Bercier		✓
Sen. Wardner	✓		Sen. Every		✓
Sen. Cook	✓				
Sen. Tollefson	✓				

Total (Yes) 3 No 3

Absent _____

Floor Assignment _____

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

Date: 2-7-05
 Roll Call Vote #: 3

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2357

Senate Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Without Committee Recommendation

Motion Made By Wardner Seconded By Tollefson

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Bercier	✓	
Sen. Wardner	✓		Sen. Every	✓	
Sen. Cook	✓				
Sen. Tollefson	✓				

voice vote

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)
February 7, 2005 12:41 p.m.

Module No: SR-24-1974
Carrier: Wardner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2357: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends BE PLACED ON THE CALENDAR WITHOUT RECOMMENDATION (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2357 was placed on the Eleventh order on the calendar.

2005 TESTIMONY

SB 2357

ND Township Officer Ass

Alan Erickson

The Township Officers Ass is in favor of taking the Farm Home Exemption off if the spouse makes more than 40 thousand dollars. In the rural counties such as mine, the farmers who own the land are paying 80% of the property taxes already. In some townships they are paying over 95% of all the property tax. Why should a working spouse be penalized.

We recommend a DO PASS on SB2357



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CITY OF *Williston* NORTH DAKOTA

January 31, 2005

Senate Finance and Taxation Committee
State Capitol
Bismarck ND 58505

RE: SB 2357

Dear Committee Members:

The Board of City Commissioners of the City of Williston is in opposition to SB 2357 which would expand the exemptions for residences occupied by individuals engaged in farming. Exemptions always result in fewer taxpayers shouldering the tax burden. This expansion of exemptions would merely shift a greater share of the state and county taxes to city residents, who do not have the advantage of an occupation-related exemption.

We urge a "DO NOT PASS" recommendation for this bill.

Sincerely,

E. Ward Koeser
President
Board of City Commissioners
City of Williston

EWK:sks

DEAR COMMITTEE

I AM HERE TO TESTIFY ON THIS PROPOSAL
TO RAISE THE EXEMPTION FOR TAXING PURPOSES.
I AM ASSESSOR IN McHENRY COUNTY FOR OLIVE
& BJOANSON TOWNSHIPS

I BELIEVE THIS IS A STEP IN THE RIGHT
DIRECTION. THE PROBLEM IS BOTH DEEP & INSURMOUNTABLE
IN THE FACT THAT IN MANY, IF NOT MOST CASES
THE OFF-FARM JOBS-INCOME ARE AN EFFORT TO
TO SUPPORT A LESS THAN ~~FARMING~~ PROFITABLE FARMING INCOME.
TO TURN AROUND AND TAX THE FARM RESIDENCE CAN
PROVE COUNTER PRODUCTIVE TO THE FARMING ENTERPRISE.

AS A 25 YEAR ON THE JOB ASSESSOR I HAVE
DEALT WITH THIS PROBLEM REGULARLY

I WOULD PROPOSE AN ADDITION TO THIS
BILL, TO WIT: ~~IF~~ AN EXEMPTION COULD BE
CLAIMED IF A FARM UNIT HAD 25% OF THEIR
INCOME FROM FARMING + THE INDIVIDUALS PUT IN
25% OF THEIR TIME IN FARMING ACTIVITY.

THIS WOULD MAKE IT MUCH EASIER FOR A TAXING
AUTHORITY TO SEPARATE THOSE IN FARMING FROM
THOSE MERELY LIVING ON A FARM

THANK YOU MEMBERS OF THE COMMITTEE
AND I ASK FOR INDULGENCE ON SB 2357

X Fred Schmidt

Olive-Bjoanson Township Assessor

RMSO ND 58778