

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

40009

2005 SENATE FINANCE AND TAXATION

SCR 4009

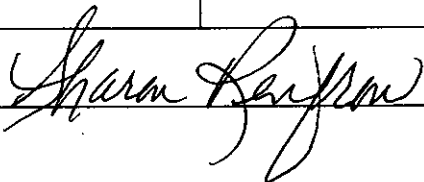
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 4009

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 26, 2005

Tape Number	Side A	Side B	Meter #
1	X		0.5-19.5
2	X		23.0-26.0
Committee Clerk Signature 			

Minutes:

Chairman Urlacher called the hearing to order. All Senators were present.

Senator Wardner introduced the resolution to the committee. One of the concerns is that the last session the Dickinson Public Schools were at 177 mills instead of 185. Stark County, the City of Dickinson, and the school district worked together to keep the mills down. The school district was penalized because they were at 177. If school districts work with other political subdivisions to keep property taxes down they should not be penalized.

Greg Sund, City administrator for Dickinson supports the resolution with proposed amendments. See written testimony.

Senator Bercier- In the city of Rolla, there is interest to have a children's library, the only problem is people outside the city would have to pay to use those services. Is there such a thing as a county library, separate from a city library.

Greg- We have made agreements with three counties to provide library services outside the city of Dickinson. Counties can make an agreement with a city library on the issue of services, it often depends on funding.

Senator Cook- So, Stark County used to have a county library that later became combined with the city of Dickinson?

Greg- To the best of my knowledge, there was never a county library.

Senator Cook- the county has the authority to levy library taxes, does that help support the city library?

Greg- For an county, a library is allowed up to 4 mills, in Stark County it is 2 mills. Some people are pushing it for 10 mills for larger cities.

Senator Cook- How can we work incentives into this for greater cooperation among entities?

Greg- I believe the opportunity is already out there, local entities just need to cooperate.

Senator Wardner- Can you tell us about political subdivisions met on tax levies, could you give us some background on that?

Greg- The reason we approached the state, is the school district usually taxes the maximum amount. We wanted to limit the initial effect of the re-appraisal. The re-appraisal should not be a cause for increasing taxes, it should be based upon need.

Senator Bercier- Do you receive any state funding?

Greg- The library does not receive state funding.

Senator Wardner- People are very sensitive to property tax increases, if the county mill levy was increased, your comments on the issue?

Greg- I believe that the services a library provides to a county aren't that much different than one they provide to the city. I would be in favor of more equalization, where everyone would pay their fair share.

Chairman Urlacher- Would you find resistance from a county that is a great distance from the library?

Greg- The agreement with Slope County is the provision of bookmobile services.

Chairman Urlacher- The levy would be uniform across the counties?

Greg- I think the arrangements should be worked out at a local level.

Senator Tollefson- In Ward County, we have several libraries. A few years ago, there was a plan to combine all the libraries, which caused a lot of problems. However, combining the services would be more efficient with a lower cost, with a possible reduction in mill levies.

Greg- I agree with you. That issue needs to be studied.

Senator Cook- I introduced a resolution in the 2001 session to consolidate library services, the bill did not go anywhere.

Greg- This resolution does not deal with consolidation, just the penalization local governments face when they try to become more efficient.

Nancy Sand of the ND Education Association, appeared in support of the resolution. There are a couple house bills that deal with property taxes, HB 1513 and HB 1521. HB 1512 proposes sweeping changes in the way education is funded from local to state.

Sandy Clark, representing the North Dakota Farm Bureau, appeared in support of the resolution. Any time there is a study to reduce property taxes, Farm Bureau supports it.

No one appeared in opposition to the resolution.

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Senate Industry, Business and Labor Committee

Bill/Resolution Number SCR 4009

Hearing Date January 26, 2005

Chairman Urlacher closed the hearing on SCR 4009.

Chairman Urlacher opened the committee meeting on SCR 4009.

Senator Wardner moves that the word of "libraries" is asserted following the word "school districts." (See amendment) Seconded by Senator Every. The amendment passed with a voice vote unanimously, 6-0-0.

Senator Every moved a Do Pass as Amended for SCR 4009, seconded by Senator Bercier.

The resolution as amended passes unanimously, 6-0-0. Senator Every is the carrier of the bill..

The meeting was declared closed by Chairman Urlacher.

Date: 1-26-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB SCR 4009

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Adopt "Libraries"

Motion Made By Wardner Seconded By every

[illegible]

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 1-26-05
Roll Call Vote #: 2

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB SR4009

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DP as amended

Motion Made By Every Seconded By Bercier

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

Total (Yes) 6 No 0

Absent 0

Floor Assignment Every

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

REPORT OF STANDING COMMITTEE

SCR 4009: 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). SCR 4009 was placed on the Sixth order on the calendar.

Page 1, line 1, after "district" insert "and library"

Page 1, line 2, after "district" insert "and library"

Page 1, line 4, after "districts" insert "and libraries"

Page 1, line 6, after "districts" insert "and libraries"

Page 1, line 9, after "district" insert "and library"

Page 1, line 10, after "districts" insert "and libraries"

Page 1, line 12, after "districts" insert "and libraries"

Page 1, line 17, after "district" insert "and library"

Renumber accordingly

2005 HOUSE FINANCE AND TAXATION

SCR 4009

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SCR 4009**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **March 2, 2005**

Tape Number	Side A	Side B	Meter #
1	X		8.8
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

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

SEN. RICH WARDNER, DIST. 37, DICKINSON Introduced the resolution. Introduced three resolutions SCR 4009, SCR 4010 and SCR 4011. SCR 4009, is that a method can be found to provide an incentive to reduce school districts and library property tax levies.

GREG SUND, DICKINSON CITY ADMINISTRATOR Testified in support of the bill.

See written testimony.

REP. DROVDAL I have always thought that they did the budget and found out what dollars they needed, then put a mill levy in to get those amounts of dollars, not find out what the maximum mill levy is, then put the budget in. Maybe a study does need to be put in.

GREG SUND The problem is that the state aid is tied in part to the taxing effort. If they adjust the amount they are taxing different from what they had in prior years, it affects state aid.

REP. CONRAD Is this because valuations change, so if you go with a dollar amount, it would actually be fewer mills?

GREG SUND Yes, that is exactly what happens. The mill levy is made up of two components, one being the value of the property and the other being the amount taxed. It can float all over the place.

REP. CONRAD This is a big difference between towns, Minot, Bismarck, Dickinson and Valley City.

REP. DROVDAL Stated that the local auditor in McKenzie County stated that they come up with the dollars they need in the county part, then they work out the formula to get the mills they have to apply to get those dollars. That is the way I always thought it was supposed to be.

With no further testimony, the committee hearing was closed.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SCR 4009**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **March 7, 2005**

Tape Number	Side A	Side B	Meter #
1		X	41
Committee Clerk Signature			

Minutes:

COMMITTEE ACTION

REP. OWENS Made a motion for a **do pass and place it on the consent calendar**

REP. NICHOLAS Second the motion. **MOTION CARRIED BY VOICE VOTE**

REP. OWENS Was given the floor assignment.

Date: **3-7-05**
Roll Call Vote #: **1**

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. **SCR 4009**

House FINANCE & TAXATION

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Motion Made By

Seconded By

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					
KELSH, SCOT					
NICHOLAS, EUGENE					
OWENS, MARK					
SCHMIDT, ARLO					
WEILER, DAVE					
WRANGHAM, DWIGHT					

Total (Yes)

14

No

0

Absent

Floor Assignment

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

REPORT OF STANDING COMMITTEE (410)
March 7, 2005 3:03 p.m.

Module No: HR-41-4308
Carrier: Owens
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4009, as engrossed: 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). Engrossed SCR 4009 was placed on the
Tenth order on the calendar.

2005 TESTIMONY

SCR 4009

**TESTIMONY
BY GREG SUND
IN SUPPORT OF
SCR 4009**

Chairman Urlacher and members of the committee, for the record my name is Greg Sund. I am the Dickinson City Administrator. I am testifying in support of Senate Concurrent Resolution 4009.

Please note that my intention in requesting this resolution was that it should apply to school district and library funding. For this reason, I ask the committee to approve an amendment to the resolution to insert the words "and library(ies)" following each occurrence of the words "school district(s)."

It is apparent to me that state law creates an incentive for school districts and libraries to levy their maximum allowable levy each year. This incentive is caused by the fact that if the annual levy for either of these entities is reduced from the prior year, they will also experience a reduction in state aid. In addition, they may be further punished by not being able to increase their levies in future years.

As a city official, I am more familiar with the affect on libraries, than on school districts. However I learned about what happens to school districts a couple years ago, when Dickinson's mayor and I met with school district officials and asked that they not take advantage of the increased mills made available by a reappraisal of all commercial property in Dickinson. We made this request in order to limit the affect of the reappraisal in the first year after approval. The Dickinson Public School District agreed with our request and that year set their mill levy according to their need. This resulted in reduced state aid for the school district. In the following the year, they returned their levy to the maximum amount because they believed state law gave them no alternative.

By design, I believe property tax should be a revenue of last resort. This means a local government should build their expenditure budget, and compare proposed expenditures to all non-property tax revenues. Then they should make adjustments to proposed expenditures as necessary to make expenditures match anticipated revenues. At this point, if anticipated non-property tax revenues are not sufficient to cover expenditures, property taxes dollars are inserted in the budget to cover the shortfall. Contrary to this process, school districts and libraries are encouraged to identify the maximum amount of property taxes available to them and then build a budget based on that taxing ability. This process is backwards and promotes inefficiency.

I hope, through study that it is possible to make changes in state aid to school districts and libraries to make it possible for them to consider property taxes a revenue source of last resort rather than a revenue source of first resort.

I encourage the committee to recommend a do pass on SCR 4009 with my proposed amendments.

**TESTIMONY
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IN SUPPORT OF
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By design, I believe property tax should be revenue of last resort. This means a local government should build their expenditure budgets in their property tax supported funds and compare proposed expenditures to all non-property tax revenues. Then they should make adjustments to proposed expenditures as necessary to make expenditures match anticipated revenues. At this point, if anticipated non-property tax revenues are not sufficient to cover expenditures, property taxes dollars are inserted in the budget to cover the shortfall. My opinion of how to budget was confirmed by a representative of the State Tax Department in the fall of 2004 during a session held as part of the North Dakota League of Cities Conference.

Contrary to this process, school districts and libraries are encouraged to identify the maximum amount of property taxes available to them and then build a budget based on that taxing ability. This process is backwards and promotes inefficiency.

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I encourage the committee to recommend a do pass on SCR 4009.