

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

4011

2005 SENATE FINANCE AND TAXATION

SCR 4011

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4011

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 26, 2005

Tape Number	Side A	Side B	Meter #
1	X		34.4- END
2	X		29.4-36.0
Committee Clerk Signature <i>Sharon Kenyon</i>			

Minutes: **Chairman Urlacher** opened the hearing on SCR 4011. All Senators were present.

Senator Wardner introduced the resolution to the committee. He sponsored the resolution for the City of Dickinson. The tax for mobile homes are collected a year ahead of time, while regular homes are taxed after the year is over.

Greg Sund, City Administrator for Dickinson, appeared in support of the resolution. See written testimony.

Senator Every- So, you are saying that we should not consider depreciation as part of the equation?

Greg- I don't have an answer for that. The issue needs to be studied further. The commercial properties in the state ends up being depreciated on someone's taxes.

Senator Every- There are mobile homes in my community that vary in value. How do we make it more equitable for some, and not others?

Greg- The issue comes through the points that the provision of services do not reduce the depreciation that is applied to that property.

Senator Cook- In a mobile home park, the owner pays taxes on the mobile home park? Is it taxed at a commercial rate?

Greg- That is correct. Yes it would be commercial.

Senator Cook- The owners of the lot have to pay a fee on the mobile homes?

Greg- Yes.

Senator Cook- Do we see a higher amount of delinquent taxes on mobile homes in comparison to residential homes?

Greg- Not sure.

Senator Tollefson- We are getting back to the issue of real and true value of homes. There would be a greater depreciation in the value of mobile homes, which needs to be figured in the equation. The depreciation would be less if it was based on market value?

Greg- That could very well be the case. Mobile homes built today are better than they were 30 years ago.

Senator Tollefson- The fact that people prepay taxes on the mobile home, is a factor in establishing the amount of taxes on the property?

Greg- Not sure.

Marcy Dickerson, state supervisor of assessments, appeared before the committee in support of the resolution. Within a year, the county can take away your mobile home if you do not pay your taxes. On the issue of depreciation, refer to the handout that Marcy distributed to the committee. See attached.

Senator Wardner- Do they file information with you, or with the Dept. Of Transportation. In turn, they file it with us.

There was no opposition to the resolution. The hearing was declared closed by Chairman Urlacher.

Chairman Urlacher opened the meeting on SCR 4011. All Senators were present.

Senator Wardner moved for a Do Pass recommendation for SCR 4011. Seconded by Senator Cook.

Senator Every- How does this not discriminate against someone of low income who lives in a mobile home? It appears that this is going after a certain type of citizen.

Senator Cook- The main issue is equalization, everyone should be paying equal when it comes to property taxes.

Senator Wardner- One of the issues that we heard from Greg Sund today was the city is cleaning the streets in the mobile park, and some people are not paying their taxes.

Senator Every- It would have been nice to have people on hand representing other cities in the state regarding this issue.

Senator Tollefson- The thing to keep in mind is mobile park owning/living is different all across the U.S.

The resolution passed with four members voted in favor, and two members opposed to the resolution. 4-2-0. Senator Wardner is the carrier of the resolution.

Chairman Urlacher closed the meeting on SCR 4011.

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

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB SEN 4011

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Wardner Seconded By Cook

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

Total (Yes) 4 No 2

Absent 0

Floor Assignment Wardner

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

REPORT OF STANDING COMMITTEE (410)
January 26, 2005 3:43 p.m.

Module No: SR-17-1137
Carrier: Wardner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4011: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SCR 4011 was placed on the Eleventh order on the calendar.

2005 HOUSE FINANCE AND TAXATION

SCR 4011

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SCR 4011**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **March 2, 2005**

Tape Number	Side A	Side B	Meter #
1	X		23
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. He stated the resolution deals with issues of mobile homes.

GREG SUND, DICKINSON CITY ADMINISTRATOR Testified in support of the resolution. See attached written testimony.

REP. KELSH Would you agree that mobile homes do depreciate in value over time, as opposed to stick built homes?

GREG SUND I would agree that the value of the structure itself, probably does. However, if you look at taxation from income tax perspective, commercial properties depreciate over time too. If we tax commercial properties based on their depreciated value, while an owner owns them, that property would start paying less and less taxes each year that the owner owns that

property. I am not sure, that depreciation should be a component of considering how mobile homes are taxed.

REP. CONRAD In your consideration of this proposal, did you take into effect, the change in mobile homes, they aren't even mobile anymore. Most of them, once they are set up, you wouldn't move them.

GREG SUND That is true in many cases, however, if they are placed on a permanent foundation, then they are taxed as real estate.

REP. CONRAD But even in courts, you wouldn't move them.

GREG SUND Not as much as they used to.

REP. WRANGHAM What we are looking for here, is the real and true value, you mentioned a commercial building, I don't think anyone owning a commercial building, would sell it for depreciated value, if you find someone who would like to, send them my way.

REP. DROVDAL You made a comment that trailer homes that are on foundations and lots, they are taxed like a home?

GREG SUND Correct.

REP. DROVDAL The permit is for those that are in a mobile home park?

GREG SUND That is right.

REP. DROVDAL Does the park owner pay the commercial tax on the real estate of that court?

GREG SUND Yes, the land itself, is generally, a very minor part.

REP. HEADLAND What constitutes a foundation?

GREG SUND There are many different standards to foundations. There are wood foundations, I am not totally familiar with the building codes, but there are many different types of applications. That doesn't change the building itself.

MARCY DICKERSON, STATE TAX DEPARTMENT Appeared to answer questions.

REP. DROVDAL How do you determine the difference between a permit and real estate tax on a trailer home?

MARCY DICKERSON There are basically two qualifications. One, the land on which the mobile home is located, must be owned by the same person who owns the mobile home. The other is, it must be permanently attached. They do look at having some type of foundation or something rather permanent under the mobile home. It is not defined anywhere, and there is probably a certain amount of discretion used to determine whether something is permanently attached or not. Generally, if it is on a piece of land, with same ownership, and it looks like it is set on something permanent, most of the assessors do assess this as real property.

REP. HEADLAND If a trailer was anchored and then skirted around, that would be a permanent foundation?

MARCY DICKERSON It could be, I am not saying I would consider it that, but with the great variety of definitions we have seen, it could be. Basically, it shouldn't make any difference in the valuation of the mobile home, because whether it is assessed as real estate or a mobile home, it is supposedly assessed at market value. If mobile homes are depreciating in a court, there will be similar depreciation on one that is set on land somewhere. If you are looking at market value, you have to look at what a willing buyer and a willing seller will exchange for money.

Depreciation on a double wide is less then a single wide.

REP. WEILER If you have a mobile home park with 400 lots, that are divided out equally, the person that owns a particular mobile home in that lot, also owns the lot, he is paying a property tax on that?

MARCY DICKERSON He does not pay a tax on the land. The land is taxed to the mobile home court. The mobile home owner leases or rents that land from the person who owns the court. Some of the courts allow garages to be built. The mobile home court owner pays the tax on the garage.

REP. DROVDAL We know some mobile homes have a permit and some have property tax, are they, in your opinion, paying about the same for the permit as for property tax?

MARCY DICKERSON They should be if they are being properly assessed. It depends on the location. If you have a mobile home on Lake Metigoshe or on the Garrison, it might be a crummy mobile home, but the location will make it be assessed higher.

REP. DROVDAL When I look at a permit, we look at a set fee of fifty dollars or something, but you are telling us, it is based on the value of the home.

With no further testimony, the hearing was closed.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SCR 4011**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **March 7, 2005**

Tape Number	Side A	Side B	Meter #
1		X	44.9
Committee Clerk Signature			

Minutes:

COMMITTEE ACTION

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

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

REP. CONRAD Was given the floor assignment.

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

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SCR 4011

House FINANCE & TAXATION

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Do Pass on Consent Calendar

Motion Made By

Rep. Conrad

Seconded By

Rep. Schmidt

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					

*unanimous
voice vote*

Total (Yes)

14

No

0

Absent

0

Floor Assignment

Rep. Conrad

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

REPORT OF STANDING COMMITTEE (410)
March 7, 2005 3:12 p.m.

Module No: HR-41-4312
Carrier: Conrad
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4011: 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). SCR 4011 was placed on the Tenth order on the calendar.

2005 TESTIMONY

SCR 4011

**TESTIMONY
BY GREG SUND
IN SUPPORT OF
SCR 4011**

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 4011.

I believe there is a question of whether owners of mobile homes pay their fair share of local government support through license fees when compared to the taxes paid by property owners. For this reason, I ask the committee to consider supporting a study of how mobile homes are taxed in support of local government.

I visited with the Stark County Tax Director about the licensing of mobile homes and learned that they determine value based on State recommendations. To this calculation, a depreciation factor is applied because there is an assumption that mobile homes, like vehicles reduce in value over time to a salvage amount. While this may be true to some extent, the use of a depreciation factor makes that household pay less and less for taxes each year compared to stick built homes that may pay higher taxes.

I ask committee members to consider that the government services that are supported in part through mobile home license fees rely heavier on real property than may need be if mobile home owners do not pay their fair share.

I ask the committee to consider a "do pass" on SCR 4011 and study the way mobile homes are taxed in North Dakota to insure they pay their fair, equitable share of government services.



RICK CLAYBROUGH
COMMISSIONER

STATE OF NORTH DAKOTA

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<http://www.ndtaxdepartment.gov>

Memorandum

TO: County Directors of Tax Equalization
County Auditors
Class I City Assessors

FROM: Marcy Dickerson, State Supervisor of Assessments

SUBJECT: 2005 Mobile Home Schedule, Page M-1, Property Taxation Manual

DATE: December 7, 2004

Below is the suggested schedule of values and depreciation to be used in the assessment of mobile homes for 2005. Generally, double wides are higher in price because of the need for heavier structural bracing. Also listed are the statutory levels of assessment for your use in calculating the taxable valuation for 2005.

<u>Type of Mobile Home</u>	<u>Average Cost Per Square Foot</u>	
	<u>Single Wide (8' To 18')</u>	<u>Double Wide (Over 18')</u>
High Quality	\$40.57 *	\$44.32 *
Above Average	37.96	40.02
Average	35.36	35.71
Below Average	32.75	33.00

*Some very high quality mobile homes may exceed \$40.57 or \$44.32 per sq. ft.

Percent Good Factors For Computing Depreciated Value - Average Quality

<u>Age - Years</u>	<u>New</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>Over 14</u>
Single Wide	100%	83	82	80	77	73	71	68	65	60	56	53	52	49	47%	Depends on
Double Wide	100%	95	90	85	80	75	70	65	60	58	55	53	52	50	48%	Condition

The percent good factors are based upon an analysis of used mobile home sales throughout the state that occurred during 2004. Local market conditions may require a modification of the percent good factors for use in your area. The published factors are to be used as a guide only.

True and full value times 50% equals assessed value. Taxable value against which the mill rate applies is 9% of assessed value for mobile homes classified as residential and 10% of assessed value for all others that are subject to mobile home tax permit.

M-1