

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

FINANCE AND TAXATION COMMITTEE

Thursday, March 16, 2006
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Herb Urlacher, Chairman, called the meeting to order at 10:00 a.m.

Members present: Senators Herb Urlacher, John M. Andrist, Dwight Cook, Michael A. Every, Harvey Tallackson, Ben Tollefson, Rich Wardner; Representatives Larry Bellew, Wesley R. Belter, Kari Conrad, David Drovdal, Pam Gulleeson, C. B. Haas, Lyle Hanson, Craig Headland, Gil Herbel, Phillip Mueller, Kenton Onstad, Mark S. Owens, Arlo E. Schmidt, Dave Weiler, Clark Williams, Dwight Wrangham

Member absent: Representative Ronald A. Iverson

Others present: See Appendix A

It was moved by Representative Haas, seconded by Representative Herbel, and carried on a voice vote that the minutes of the December 21, 2005, committee meeting be approved as distributed.

TAX DEPARTMENT

Chairman Urlacher called on Ms. Kathy Strombeck, Research Analyst, Tax Department, for presentation of information requested by the committee. A copy of Ms. Strombeck's prepared testimony is attached as Appendix B.

Ms. Strombeck said the committee requested information on the historical rate of growth for major tax types. She said for sales and use taxes the historical average annual growth rate is 4.7 percent and the forecasted average annual growth rate is 5.9 percent. She said for motor vehicle excise taxes, the historical average annual growth rate is 6.3 percent and the forecasted average annual growth rate is 2.3 percent. She said motor vehicle sales have been impacted by high fuel prices. She said for individual income taxes, the historical average annual growth rate is 5.1 percent and the forecasted average annual growth rate is 3.9 percent. She said for corporation income taxes, the historical average annual growth rate is negative 2.2 percent and the forecasted average annual growth rate is 1.4 percent. She said a corporate income tax rate reduction scheduled to become effective for tax year 2007 will result in corporate tax revenue decreases of approximately 7 percent after 2007.

Ms. Strombeck said the Tax Department will begin preparation of preliminary revenue forecasts for the 2007-09 biennium. She said part of that project will

also include an update of the forecast for the current biennium. She said the preliminary forecast should be completed in late June or July and, at that point, the Tax Department could present the updated forecast to the committee.

Ms. Strombeck said the committee requested an estimate of biennial fiscal impact of a one percentage point increase in the rate of sales, use, and motor vehicle excise taxes. She said the estimated fiscal impact of this rate change would be \$180 million additional revenue per biennium.

Ms. Strombeck said the committee requested a revenue estimate for individual income tax rate increases of 10 percent in each income bracket, which is estimated to increase revenues by \$45 million per biennium. She said a corporate income tax rate increase of 10 percent would generate estimated fiscal impact of \$7 million per biennium.

Ms. Strombeck said the committee also posed a question regarding reduction of property taxes by \$150 million per year and the possibility of predicting any sales tax revenue enhancement resulting from a spur to the economy. She said a property tax reduction of \$150 million, if it were not offset by other tax increases, would surely provide an economic boost and, if one-third of that savings is spent on taxable sales, it would result in a direct sales tax revenue increase of approximately \$2.5 million.

Representative Gulleeson noted the corporate income tax is subject to substantial fluctuations in collections and is difficult to track and estimate and questioned whether the agricultural sector would also be difficult to estimate. Ms. Strombeck said agricultural sector income is subject to variables that are difficult to predict but the corporate income tax is subject to special difficulties because of planning options available to corporations regarding income taxes and estimated payments and differing fiscal years of corporations as well as the complexity and length of time involved in corporate income tax audits.

Senator Cook asked how much of the current corporate income tax collection increase might be attributable to high oil prices. Ms. Strombeck said it would be very difficult to say what impact high oil prices have on collections. She said high oil prices have different effects for different taxpayers. She said about half of the increase currently experienced is from audit collections.

Chairman Urlacher called on Ms. Marcy Dickerson, State Supervisor of Assessments and Director of the

Property Tax Division, Tax Department, for testimony in response to questions asked by the committee. A copy of Ms. Dickerson's testimony is attached as Appendix C.

Ms. Dickerson said she was requested to provide information on four questions asked by the committee. She said the 2004 statewide average general fund mill rate for school districts is 195.26 mills if statewide school district general fund property taxes are divided by the statewide taxable valuation of property. She said this statewide average school district general fund mill rate would be reduced to 97.52 mills if there were a \$150 million reduction in school district general fund property taxes. She said a \$150 million reduction in school district general fund property taxes would reduce 2004 school district general fund property taxes by 50.06 percent, reduce all 2004 school district taxes by 43.73 percent, and reduce all property taxes levied statewide by 24.27 percent. She provided examples of a property tax reduction of 24.27 percent for property in different classifications and with different values.

Committee counsel said different kinds of taxpayers would be affected differently by property tax reductions, income tax changes, and sales tax changes. He asked whether it would be possible to develop a matrix showing the effect of these tax types of different kinds of taxpayers. Ms. Dickerson said it should be possible to set out information to provide a simple illustration of the effect of different tax types on different taxpayers.

Senator Cook, noting Ms. Dickerson provided the committee information at the previous meeting showing for each county in the state the taxable value of property by classification and the true and full value, taxes, and taxes as a percentage of true and full value, asked if she could incorporate the reduction in property taxes statewide of 24.27 percent in those tables and provide that information to the committee. Ms. Dickerson said it would be possible to incorporate that reduction in those tables to illustrate the effect on taxes as a percentage of true and full value. Senator Cook said the information for agricultural property should show taxable value and market value comparisons for that property.

Senator Andrist said he is concerned with unintended consequences that may occur with a substantial change in tax policy involving an influx of state revenue and a forced property tax reduction. He said he would like to be sure the committee is not missing something. Ms. Dickerson said a tax shift could have different consequences for different taxpayers and consideration should be given to the effects on those who are not equally affected by property taxes, income taxes, and sales taxes.

Representative Mueller said legislative debate of property tax shifts has often involved discussion of the merits of providing tax relief for out-of-state owners of property. He asked if there is any legal method to deny property tax reduction to nonresidents when property tax reductions are provided. Ms. Dickerson

said Minnesota allows a homestead credit against income tax liability which has the net effect of allowing residents to pay a lower tax on residential property than nonresidents. Representative Devlin inquired about agricultural land being acquired primarily for hunting and other recreational purposes. Ms. Dickerson said these types of ownership are becoming the source of more issues and problems. She said the Legislative Assembly will probably have to revisit this issue.

Representative Owens said the option of providing a homestead tax credit appeals to him. He said other states provide a homestead tax credit for the benefit of state residents.

DEPARTMENT OF PUBLIC INSTRUCTION

Chairman Urlacher called on Mr. Jerry Coleman, Department of Public Instruction, for presentation of information in response to questions asked by the committee. Mr. Coleman distributed a copy of a February 2006 publication of the Department of Public Instruction entitled *School Finance Facts*. He said this is an updated version of the publication the committee has reviewed at previous meetings.

Mr. Coleman said he was requested to provide information on elementary and secondary education core curriculum spending for school districts. He said Schedule E in the *School Finance Facts* publication provides a statewide summary of 2004-05 school district expenditures by function and by high school enrollment category. He said costs for instruction, including teacher salaries and benefits and support staff salaries and benefits and other instructional costs, total approximately 64 percent of total school district expenditures. He said administration costs, including school administration, general administration, and operation and maintenance of plant, total approximately 20 percent of total school district expenditures. He said remaining expenditures total about 16 percent of all expenditures, including student transportation costs of approximately 4.14 percent of expenditures, capital project costs totaling approximately 1.19 percent of expenditures, extracurricular activities costs totaling approximately 2.4 percent of expenditures, and all other expenditures totaling approximately 8.61 percent of total expenditures.

Representative Gulleon said she would like to see core curriculum expenditures defined in North Dakota and asked if Mr. Coleman knows what other states do in that regard. Mr. Coleman said he does not know what other states do and how many might have tried to define core curriculum. He said North Dakota has never defined core curriculum for school district expenditure purposes. Representative Gulleon suggested that the committee request an analysis of how other states approach defining core curriculum spending. Senator Urlacher said that would be useful information if the Department of Public Instruction is able to provide it to the committee. Mr. Coleman said if it is decided to change categories of expenditure

reporting, it would take a couple of years to implement the changes.

In response to a question from Representative Herbel, Mr. Coleman said Schedule E-2 shows total salaries and benefits for teachers and for each enrollment category the amount shown immediately below the total salaries and benefits for teachers is the average cost per student of salaries and benefits for teachers for that enrollment category. Mr. Coleman said that information is provided for individual school districts in Schedule F.

Senator Cook said identification of core curriculum spending would be useful information but that issue perhaps falls more in the jurisdiction of the interim Education Committee.

Senator Andrist said from looking at the data in Schedule E, it appears that the largest enrollment schools have a higher cost per student than the categories immediately following the highest enrollment category. He asked if Mr. Coleman can explain why the cost per student is higher for the largest enrollment schools. Mr. Coleman said he cannot identify the factors that cause this but on a nationwide basis the largest and smallest enrollment districts have the highest average cost per student. He said it appears that schools on the midrange for enrollment are able to be more efficient in education cost per student.

Representative Onstad said it appears tax-exempt property is not included in computations of taxable valuation per student. Mr. Coleman said that is correct.

Mr. Coleman said another issue he was requested to address by the committee is determination of the impact of school district general fund levies assuming allocation of \$150 million property tax relief against school district general fund levies. He distributed copies of a schedule prepared to illustrate the effect of this change. A copy of the schedule is attached as Appendix D. Mr. Coleman said the schedule shows for each school district in the state the taxable valuation of property, taxable valuation per student, and general fund levy in mills and dollars for the 2004-05 school year. He said the schedule then shows a reduction of \$150 million in property taxes and a 46 percent reduction in mill rates for school district general fund levies.

Senator Cook said the school districts that have sued the state over equity issues regarding education funding would not be satisfied with the allocation in this schedule. He said if property tax relief is allocated across the board as in this schedule, it appears that would do nothing to address the equity issues in funding. Mr. Coleman said that is correct. Senator Cook asked Mr. Coleman how the allocation could be made to address equity issues. Mr. Coleman said that is a very difficult question because the variables that could be applied to allocation are virtually unlimited.

Representative Haas said it appears the objective for this committee is to look at enhanced funding to

provide property tax relief for education. He said it appears the Governor's Commission on Education Improvement and the interim Education Committee will conduct a detailed examination of the equity of education funding allocations. Chairman Urlacher said that is correct and at some point before the end of the interim study, there will have to be a blending of the recommendations of the groups studying these issues.

Senator Andrist said if more funding is allocated to school districts, more of those allocations should go to property-poor school districts but he would not want to endorse an allocation that would limit incentives for school districts to be thrifty.

PHASING IN PROPERTY TAX RELIEF

Chairman Urlacher said in seeking options for committee discussion, he asked Senator Wardner to work on some options for committee consideration. He said the options Senator Wardner will address are not intended to suggest a conclusion for the committee study but are intended to lay out issues for committee discussion.

Chairman Urlacher called on Senator Wardner to review information prepared relating to phasing in educational funding shifts to result in 70 percent state funding for education costs. Senator Wardner distributed copies of information prepared relating to the presentation, a copy of which is attached as Appendix E.

Senator Wardner said he was not pursuing any agenda in preparation of this information except to further committee discussion. He said the information presented is based on phasing in over three bienniums the goal of 70 percent state and 30 percent local funding as described in the concept paper the committee is following. He said instruction and administration educational expenditures represent 84 percent of Fund Group 1 expenditures as detailed in the *School Finance Facts* publication. He said this percentage represents spending for instruction and administration and would exclude spending for transportation, capital projects, extracurricular activities, and other expenditures. He said this committee needs to look at core education costs. He said other groups should address the issues on equity in allocation of education funding. He said he believes the charge of this committee is to achieve property tax relief by providing state funding at 70 percent of defined educational costs. He said the information he would present is based on phasing in the funding shift over three bienniums but any period of time could be chosen as the appropriate timeframe to shift to a greater share of state funding.

Senator Wardner said page 7 of the information he distributed was presented by the Department of Public Instruction to the committee in December. He said this page shows a projection of necessary expenditures for education funding through 2009 based on a 12-year history of education expenditures. He said this page also shows current education

expenditures of 53 percent from local and county sources and 47 percent from state sources. He said the chart shows the fiscal impact of a one-time shift to a 30 percent local and county share and a 70 percent state share of education funding. He said the chart shows approximately \$300 million in new funding from state sources must be provided to achieve the 70/30 funding split for education costs.

Senator Wardner said page 8 of the information he distributed was prepared to illustrate an option that would allow for phasing in \$300 million of additional state funding for education over three bienniums. He said page 1 of the information also shows the assumptions used in making the projections. He said it is important to recognize the distinction between "new" dollars and "shift" dollars. He said use of the phrase new dollars is to reflect the fact that the cost of education is increasing and projected increases in educational costs were used to determine the new dollars that will be necessary to maintain the current status of education funding with anticipated growth. He said use of the phrase shift dollars is intended to describe funds that must be provided from state sources to produce an equivalent reduction in school district property taxes.

Senator Wardner said page 2 of the information he distributed shows the computation for the first biennium in which a funding shift would occur. He said it is estimated that \$74,710,454 in "new dollars" would be required to maintain education funding at the current 53 percent share for local and county sources and 47 percent for state sources. He said "shift dollars" of \$126,300,407 would be required from state sources to provide an equivalent reduction in local and county expenditures and change the ratio of funding to 43 percent from local and county sources and 57 percent from state sources. He said the chart shows the net impact for the biennium. He said shift dollars would allow the school districts' general fund levy limitation to be decreased from 185 to 151 mills and to provide equivalent percentage reductions in mill levies of school districts exceeding the levy limitation.

Senator Wardner said page 3 of the information he distributed shows the computation for the 2009-11 biennium. He said \$64,434,191 in "new dollars" would be required and infusion of \$95,961,102 in "shift dollars" from state sources would change the funding ratio from 36 percent from local and county sources and 64 percent from state sources. He said the chart shows the net impact for the biennium. He said it is estimated that the infusion of shift dollars from state sources would allow school district general fund mill levy limitations to be reduced from 151 to 127 mills and that equal percentage reductions would be provided in levies of school districts exceeding the levy limitation.

Senator Wardner said page 4 of the information he distributed shows the projections for the 2011-13 biennium. He said "new dollars" of \$63,785,344 would be needed to account for growth

in education costs and infusion of \$86,079,494 in "shift dollars" from state sources would bring the ratio of education funding to 30 percent from local and county sources and 70 percent from state sources. He said the chart shows the net impact for the biennium. He said it is estimated that infusion of shift dollars in the 2011-13 biennium would allow reduction of school district general fund levy limitations to 107 mills and that an equal percentage reduction would be applied to school districts exceeding the levy limitation.

Senator Wardner said there can be flexibility in the approach that can be used to address the necessary changes. He said he chose three bienniums as the appropriate time to phase in the information provided in the example but two or four bienniums or whatever time period is deemed appropriate could be used.

Senator Wardner said in his example, shift dollars are provided in a greater amount in the first biennium. He said he chose to do this so property taxpayers would realize property tax relief immediately. He said the state is currently in a projected surplus situation and a part of the funding for the shift dollars could be drawn from the budget surplus.

Senator Wardner said page 5 of the information he distributed is a compilation of some information the committee has gathered relating to fiscal estimates for some of the options that might be considered to generate state funds necessary for an enhanced state share of education costs.

Representative Herbel thanked Senator Wardner for doing the work to present these options to the committee. He said in the information provided, the general fund mill levy cap is reduced to 107 mills after the third biennium of the shift in funding. He asked how Senator Wardner would address limitations in property tax levies of schools that are well above or below the current mill levy limitation and how he would suggest allowing options for voter approval of a higher levy. Senator Wardner said if a school district is over the current 185-mill general fund levy limitation, that school district should be required to decrease its mill rate by an equal percentage. He said if a school district is well below the usual mill levy limitation, he is not concerned about limiting levies for that school district. He said voter approval already exists for excess levies and that authority could be left in place.

Senator Andrist said much of the property tax relief provided through the infusion of state funding would go to nonresidents. He said property tax relief would go to individuals who own property only because they are interested in having hunting land in North Dakota. Senator Andrist said he is concerned that North Dakota residents would have to pay more state taxes to provide property tax benefits to nonresidents. Senator Wardner said an option that might be explored is expanding the homestead tax credit to all residents of the state.

Representative Herbel said we should bear in mind regarding the \$300 million tax shift that nonresidents would receive property tax relief but nonresidents also

pay other tax types so they will also be picking up part of the shift in taxes. He said the Legislative Assembly looked into nonresident property ownership last legislative session in discussion of legislation to provide property tax relief.

Representative Headland asked whether it would be possible to spread the shift in taxes over about 10 bienniums to spread the impact. Senator Wardner said the tax shift could be spread over any time period the committee believes is appropriate.

AGREEMENT TO STAY LITIGATION

Chairman Urlacher called on committee counsel to review an agreement to stay litigation filed in the lawsuit filed by several school districts against the state of North Dakota. Committee counsel said this agreement was entered after the last committee meeting and calls for establishment by the Governor through an executive order of the Commission on Education Improvement. The agreement provides that the executive budget for the 2007 legislative session will include at least \$60 million of additional state funds for elementary and secondary education above the amount appropriated in 2005. The agreement provides that at the end of the 2007 legislative session, the plaintiff school districts will dismiss the action if 2007 legislation appropriates funds resulting in at least \$60 million net gain for elementary and secondary education over the 2005 appropriation and the Legislative Assembly also passes a resolution adopting the Commission on Education Improvement as a vehicle for proposing improvements in the system of delivering and financing education.

Senator Tollefson said if the Legislative Assembly does not appropriate the additional funds in the agreement, the lawsuit will proceed against the state. He said that aspect of the agreement bothers him.

Representative Gulleason asked if the Commission on Education Improvement will be able to introduce bills in 2007. Committee counsel said current legislative rules provide that executive branch agencies and the Supreme Court have agency bill introduction authority. He said the commission does not appear to be an executive branch agency and would not have agency bill introduction authority. He said since the committee is established by the Governor, the commission could introduce bills through the Governor's office or another executive branch agency or through individual legislators.

Representative Mueller said the Commission on Education Improvement and the interim Education Committee will also play a role in recommendations regarding education funding for 2007 legislation. He asked how the Finance and Taxation Committee would coordinate its recommendations with recommendations of other groups. Chairman Urlacher said the committee will have to blend compatible recommendations with the other groups and that will have to be considered as the committee proceeds.

Representative Conrad asked how the Legislative Council or legislative leadership envisions the Finance and Taxation Committee working with the Commission on Education Improvement. Senator Urlacher said it might be useful for the committee to get a report from a representative of the Commission on Education Improvement so the committee can begin to plan how to coordinate its recommendations.

Representative Schmidt asked if the Finance and Taxation Committee recommendation for property tax relief could include consideration of the \$60 million additional funding in the agreement. Senator Wardner said all aspects of school funding will need to be considered but final decisions will come during the 2007 legislative session.

Senator Tallackson said he would encourage the committee to pursue enhanced state funding. He said the state share of the cost of elementary and secondary education has fallen dramatically during his time in the Legislative Assembly.

Representative Conrad said she would like to see a uniform mill rate for all property so a base amount applies to all property for the support of education, whether or not a school district has a high school.

Senator Cook said Senator Wardner has given a good start to the committee study. He said there is still a great amount of work and decisionmaking for the committee to accomplish. He asked how many more meetings the committee will hold. Chairman Urlacher said the committee will meet as many times as necessary to complete its work. He said he would like to hold the next committee meeting in three weeks to one month.

Senator Cook said many challenges face the committee as it moves forward on this study. He said to complete its study of delivering property tax relief to school districts, the committee must keep its recommendation revenue-neutral, identify where new dollars for education funding will come from, determine how property tax relief will be realized by taxpayers, determine how to keep property taxes from going back up after relief is provided, and determine whether the state would have increased authority in education spending decisions as the state increases its share of the cost of education.

Representative Haas said the committee could spend a meeting reviewing the existing property tax limitations for schools, cities, and counties and their current fund levies in mills for comparison purposes. Representative Belter said he agrees with Representative Haas that it is important for the committee to understand where current property tax levies are in relation to statutory limitations.

Representative Mueller said the committee will need to consider the information provided by Senator Wardner relating to options for funding and enhanced state share of the cost of elementary and secondary education. He said determining how the state will fund relief must be determined before the study can move forward.

Representative Herbel said there are people in the state who believe property taxes are out of control and who are discussing initiated measures to limit property taxes. He said he believes the Legislative Assembly needs to act on this topic.

Representative Schmidt said school districts are required to pay fuels taxes for transportation vehicles and that has been a huge impact to schools. He said one method of providing property tax relief for education would be to drop the fuels tax required for school districts' vehicles.

Committee counsel said it would be useful for the committee to have a matrix prepared which would show for different status of taxpayers how they are impacted by property taxes, sales taxes, and income taxes. He said it would not be possible to show dollar amounts of impact but it would be useful to know which taxpayers are affected by which tax types.

Representative Onstad said concerns about resident and nonresident property tax relief continue to be raised. He said the committee should obtain information on how other states provide benefits for resident property taxpayers versus nonresidents.

Senator Wardner said the information he distributed to committee members shows how phasing in funding over three bienniums could be accomplished. He said it would be useful for Mr. Coleman to prepare similar information to phase in property tax relief of \$300 million over four bienniums using a growth factor of 3 percent per year for education.

Representative Weiler said committee members should think about and make their choices for the next meeting on the favored funding methods for enhanced state funding of education. Senator Wardner said he agrees with Representative Weiler and it is time for the committee to prioritize options for increased state funding.

Senator Andrist said information should be obtained on how many renters, homeowners, and mobile home owners there are in North Dakota. He said perhaps homestead credit relief would be the best way to address concerns about providing too much property tax relief to nonresidents.

Senator Tallackson said it would be useful for the committee to receive a history over the last 20 or 30 years of income and sales tax rate and base changes.

CITY SALES TAXES

Chairman Urlacher called on Representative Belter for presentation of a bill draft. Representative Belter distributed to committee members a copy of a letter to the Governor from a member of the Enderlin Community Development Committee. A copy of the letter is attached as Appendix F. Representative Belter said the letter does a good job of summarizing reasons for his opposition to the pending initiated measure in Fargo for city sales tax revenues to be transferred to the Fargo School District for property tax relief.

Representative Belter said he requested preparation of the bill draft [\[70039.0100\]](#) to prohibit transfer of county or city home rule sales tax revenue to a school district. He said the bill draft prohibits those transfers unless the transfer is in payment of indebtedness or a contractual obligation incurred before the effective date of the bill. He said the exception would allow continuation of transfers for payment indebtedness but would terminate any transfers for property tax relief or similar purposes. He said the problem he hopes will be addressed by the bill draft is that education funding inequity would be greatly increased by growth in the use of this kind of fund transfer to enhance education funding and reduce property taxes in cities that have a substantial retail trade base.

Representative Haas said he agrees with Representative Belter and believes it is critical that the Legislative Assembly address this issue. He said transfer of home rule sales tax revenue to school districts makes equity and adequacy of school funding much more difficult. **It was moved by Representative Haas and seconded by Representative Weiler that the committee approve and recommend to the Legislative Council the bill draft to prohibit transfer of city and county home rule sales tax revenues to school districts.**

Representative Herbel asked how the bill draft, if enacted, would impact the Fargo sales tax initiative. Committee counsel said if the initiative in Fargo is approved by the voters this year, the tax would be imposed and transfers would be made until the bill becomes effective, if it is enacted. He said after the effective date of the bill, the Fargo additional sales tax might continue to be imposed because it is not prohibited by the bill but any transfer of sales tax revenue to the school district would be prohibited except for transfers to pay bonded indebtedness or indebtedness from a contractual obligation.

Representative Bellew asked what would constitute contractual obligation indebtedness. Committee counsel said this was intended to apply to a situation in which a school district has contracted a debt and termination of funding would leave the school district with no method to repay the indebtedness. He said, however, on further consideration, contractual obligation could be interpreted to also include a joint powers agreement. He said further thought might be needed regarding the language in the bill draft. Chairman Urlacher said it would be appropriate to reconsider the language of the bill draft and to consider any revisions at the next meeting. **Representative Haas withdrew his motion and Representative Weiler withdrew his second.**

Committee counsel said the agenda for the next committee meeting could include time for public comment of the bill draft. Chairman Urlacher said that would be appropriate.

LEVIES IN MILLS STUDY

Chairman Urlacher called on Representative Owens to review a bill draft relating to the committee's study of alternatives to expressing property tax levies in mills.

Representative Owens said the bill draft [\[70035.0100\]](#) is intended to require property tax statements to include information that will be more informative for property taxpayers. He distributed a copy of a real estate tax statement that he prepared to illustrate the information that the bill draft would require to be provided to taxpayers. He reviewed the information on the prepared tax statement. A copy of the tax statement is attached as Appendix G.

Representative Owens said he believes the bill draft would require useful information to be provided to taxpayers to enable them to understand changes in valuation of their property and changes in taxes levied against their property by taxing districts.

He said the objective of the committee study is to provide taxpayers more understandable information than levies in mills. He said the bill draft would require providing information on actual tax dollars levied in the previous year and the current tax year by each taxing district levying against the property. He said the bill draft would also require information expressed in dollars of taxes per \$1,000 of true and full value of property.

Representative Wrangham asked whether the objective of the bill draft is to provide a tool to let taxpayers know where their property tax dollars go and how much goes to each taxing district. Representative Owens said that is correct.

Representative Wrangham said the problem with changing references to mills is that there are hundreds of statutes that use references to mills and this bill draft would not make it necessary to change those references. Representative Owens said that is correct.

Representative Drovdal said the tax statement distributed does not show true and full valuation of the property for the previous taxable year and the current taxable year. Representative Owens said that is correct. Representative Owens said the bill draft calls for true and full valuation for both years but he omitted it from the example.

Representative Conrad asked whether counties would be required to perform new calculations to provide the required information on tax statements. Representative Owens said a simple computer program would allow computation of the information. He said counties possess all of the necessary information so it should not be an excessive burden to include the required information on tax statements.

Representative Bellew said it would be appropriate for the committee to request opinions from county officials regarding this bill draft.

It was moved by Representative Haas, seconded by Representative Mueller, and carried on a voice vote that the meeting be adjourned. The meeting was adjourned at 2:45 p.m.

John Walstad
Code Revisor

[ATTACH:7](#)