

2009 SENATE FINANCE AND TAXATION

SB 2239

# 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2239

Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 02/11/2009

Recorder Job Number: ~~9178~~ <sup>9180</sup>

Committee Clerk Signature

*Care Winters*

Minutes:

**Vice Chairman Miller:** Opened hearing on SB 2239.

**Senator Dwight Cook, District 39:** Testified as sponsor and in support of the bill as well as explaining the bill.

1.53 **Senator Anderson:** I do see that there can be no delinquent special assessments and that is a good thing.

**Chairman Cook:** They have to be paid in full.

**Vice Chairman Miller:** This is just applied to the first two years, it is not like someone moves out and then it goes back in?

**Chairman Cook:** Just the first two years, and if it is unoccupied, then it goes on the tax rolls, and it could be one year if the city decides that is what they want.

2.45 **Doreen Riedman, Executive Officer, North Dakota Association of Builders:** See Attachment #1 for testimony in support.

7.39 **Senator Hogue:** Looking ahead to SB 2247 and as I look at the two, if we pass both of these we would be exempting new homes from taxation for 4 years if they are not occupied, and then were sold after two years to the home owner; it looks like \$150,000 would be exempt

for 4 years, is that what your association is seeking? Have you had any discussion with political subdivisions about that impact on their revenue?

**Doreen Riedman:** That is a potential scenario if a jurisdiction adopts both of these recommendations to the full limit. It is up to the local communities to make that call. That could play out. This bill benefits the construction phase and those added costs that continue to mount up. The other bill is for the home owner.

**Chairman Cook:** Question on the magic date of February 1<sup>st</sup>, we apply the assessment as of that date, so if the homebuilder put in a basement as of the fall at February 1<sup>st</sup> that construction would show as started, and this bill would allow for the political subdivision to decide if it would be tax exempt.

**Doreen Riedman:** Yes, that is correct, and that would be the potential if it doesn't get sold within those two years. That is why it is important for those builders to get those basements in by the fall of the year.

**Chairman Cook:** How long has a spec home usually sat empty?

**Doreen Riedman:** That is tough to estimate, we have been working on getting some figures on that.

**12.23 Gary Sondreal, Grand Forks Contractor, North Dakota Association of Builders:**

Testified in support of the bill. We have not laid off anyone until this year. We built spec homes on the side to keep them busy. We get the house done and have to upkeep everything and that takes a lot of money. It is difficult to keep making the payments.

**14.04 Vice Chairman Miller:** What would be your guess as your ball park taxes in Grand Forks for a \$150,000 home?

**Gary Sondreal:** About 2% of the house.

**Vice Chairman Miller:** So you are paying \$3000 on those residents.

**Gary Sondreal:** About \$4000 a unit on the ones we have right now.

**Senator Anderson:** If you build a spec house and someone else builds an identical house across the street, they occupy it and yours sits vacant, you are paying taxes and they are getting a \$75,000 reduction off of their price. That is how it is in most cities and it rectifies some of that I believe.

**Gary Sondreal:** We don't mind paying the tax, but everything else is difficult. Maybe we should have laid our guys off.

**Senator Oehlke:** Those big dumpsters you have to have outside the house, do you pay separately for that?

**Gary Sondreal:** We pay separately for that – it is cost for us. We have to pay water, sewer and lights once we hook up whether we are using it or not.

**Vice Chairman Miller:** Anything else to add?

**Gary Sondreal:** After all the costs we pay out, if we sit on a house for one year then we lose all our profit.

**Vice Chairman Miller:** What do you estimate to be the unemployment to be for one of your crews?

**Gary Sondreal:** They don't make much money at all, and we would rather keep them. Often they take jobs from other companies.

**17.45 Rusty Wysocki, Builder in Grand Forks:** A lot of the homebuilders are taking advantage of the 2 year tax exemption and the spec homes sit empty. I don't know exactly what percentage the income I paid an employee gets on unemployment. This legislation gives the cities the permission to use this, and then we can go back to our communities to ask for that. The season for building is May to May, and tax evaluation is Feb 1<sup>st</sup>. The climate dictates our work. (Gives further detail on that point). If building a spec house, we are paying

all of the costs to keep the home up and running. It would end up being a savings to the homeowner. Winter construction costs are higher as well. Interest rates do change while those houses are sitting there.

**24.44 Bob Koeplin, Resident of Valley City and Barnes County Development**

**Corporation:** See Attachment #2 for testimony in support of the bill.

**27.10 Jerry Hjelmstad, North Dakota League of Cities:** Testified in support of the bill. We see this as a tool for local development. It will help lessen the risk to the builders. Specials would have to be paid, so they would not have to pass that on to the tax payers, and it is a local option.

**27.55 Lynn Bergman, Retired Civil Engineer:** Testified in support of the bill. I want to keep young couples and families in the area.

**29.45 Mike Anderson, Executive Director, North Dakota Housing Financial Agency:**

Testified in support of the bill. We deal with affordable housing, and it could be the ability to pay for the house, and anything that could help reduce the cost of housing development is a tool that we believe will work for us in terms of working with affordable housing as well as working with our rural communities on spurring rural construction.

**30.45 Marcy Dickerson, State Supervisor of Assessments:** Neutral Testimony. I just want to comment that I believe that it would be better placed in 57-02-08, rather than 57-02-11 where it is now. 57-02-08 is the exemption section and the companion exemption which is the subject of SB 2247 is already sections 35 and 36 of 57-02-08. It would make more sense to have these provisions in the same part of the code as where the relatively similar exemption is located.

31.42 **Leon Samuel, Morton County Director of Tax ??? (Inaudible):** Questions on implementation on this. Either it need to say that it includes condos and townhouses or excludes them? Continues with several questions.

34.28 **Chairman Cook:** Do you get notified when a builder sells a spec home?

**Leon Samuel:** No. the county does not have, but the city does. Unless the city comes over, we do catch some of them because an individual comes in, but a lot of them don't get caught until that tax statement goes out.

**Senator Anderson:** On the specials, that is how I see it; if they don't pay them the year before, and then they don't get them the current year.

**Vice Chairman Miller:** Closed hearing on SB 2239

# 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2239

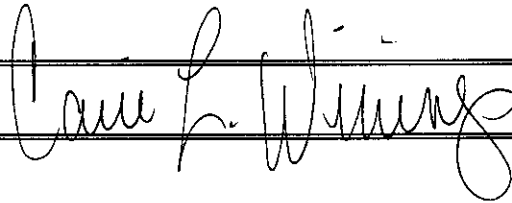
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 02/16/2009

Recorder Job Number: 9536

Committee Clerk Signature



Minutes:

**Chairman Cook:** Reopened discussion on SB 2239. Reviews bill with committee.

**Vice Chairman Miller: Moved a Do Pass.**

**Senator Anderson: Seconded.**

**Chairman Cook:** Discussion?

**Senator Oehlke:** I believe Marcy Dickerson said that it needs to be in Section 57-02-08. Can that be changed without a lot of hassle?

**Discussion:** A discussion followed on that point. It makes sense that it should go in with exemptions and that it would be a simple amendment.

**Chairman Cook:** Do we want to pull back the motion to pull back the bill.

**Vice Chairman Miller: Withdrew motion.**

**Senator Anderson: Withdrew second.**

**Chairman Cook:** We can get the amendments drafted.

**Vice Chairman Miller: Moved to amend 2239 to overstrike the 11 in lines 1, 4, and 6 and change it to 8.**

**Senator Oehlke: Seconded.**

**A Voice Vote was taken: 7 yeas, 0 nays, 0 absent.**

**Vice Chairman Miller: Moved a Do Pass As Amended.**

**Senator Anderson: Seconded.**

**Chairman Cook:** Discussion?

**Senator Anderson:** This works. Gave an example of situation in Wahpeton.

**Senator Dotzenrod:** Is this exemption from 2 to three years because it begins during the middle of the year when the construction is complete and then starts when it ....?

**Chairman Cook:** Not this one.

**Senator Dotzenrod:** It is exempt from assessment from tax year in which construction began and the next two taxable years.

**Chairman Cook:** But if you begin...you have that Feb 1<sup>st</sup> deadline.

**Senator Dotzenrod:** OK

**Chairman Cook:** We have the bill before us.

**A Roll Call vote was taken: Yea 7, Nay 0, Absent 0.**

**Senator Cook will carry the bill.**



PROPOSED AMENDMENTS TO SENATE BILL NO. 2239

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new subsection to section 57-02-08 of the North Dakota Century Code, relating to property tax assessments for new construction; and to provide effective date.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1.** A new subsection to section 57-02-08 of the North Dakota Century Code is created and enacted as follows:

New single-family residential property, exclusive of the land on which it is situated, is exempt from assessment for the taxable year in which construction began and the next two taxable years, if the property remains unoccupied and all of the following conditions are met:

- a. The governing body of the city, for property within city limits, or the governing body of the county, for property outside city limits, has approved the exemption of property under this subsection by resolution. A resolution adopted under this subsection may be rescinded or amended at any time. The governing body of the city or county may limit or impose conditions upon exemptions under this subsection, including limitations on the time during which an exemption is allowed.
- b. Special assessments and taxes on the property upon which the residence is situated are not delinquent.

A builder is eligible for exemption of no more than ten properties under this subsection in a taxable year within each jurisdiction that has approved the exemption under this subsection. For purposes of this subsection, "builder" includes an individual who builds that individual's own residence.

**SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after December 31, 2008."

Renumber accordingly

Date: 02/16/09

Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. : 2239

Senate Finance and Taxation Committee

Check here for Conference Committee Amend to Hoghouse  
Legislative Council Amendment Number lines 4 11 to 8 (moves to 57-02-08)

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Senator Miller Seconded By Senator Oehlke

Senators	Yes	No	Senators	Yes	No
Sen. Dwight Cook - Chairman			Sen. Arden Anderson		
Sen. Joe Miller - Vice Chairman			Sen. Jim Dotzenrod		
Sen. David Hogue			Sen. Constance Triplet		
Sen. Dave Oehlke					

*All in Favor*

Total: Yes 7 No 0

Absent 0

Floor Assignment \_\_\_\_\_

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

Date: 02/16/09

Roll Call Vote #: 2

**2009 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. : 2239**

Senate Finance and Taxation Committee

Check here for Conference Committee

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

Action Taken  Do Pass  Do Not Pass  Amended <sup>PS</sup>

Motion Made By Senator Miller Seconded By Senator Anderson

Senators	Yes	No	Senators	Yes	No
Sen. Dwight Cook - Chairman	✓		Sen. Arden Anderson	✓	
Sen. Joe Miller - Vice Chairman	✓		Sen. Jim Dotzenrod	✓	
Sen. David Hogue	✓		Sen. Constance Triplett	✓	
Sen. Dave Oehlke	✓				

Total: Yes 7 No 0

Absent 0

Floor Assignment Senator Cook

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

**REPORT OF STANDING COMMITTEE**

**SB 2239: Finance and Taxation Committee (Sen. Cook, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2239 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new subsection to section 57-02-08 of the North Dakota Century Code, relating to property tax assessments for new construction; and to provide an effective date.

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- (2) Special assessments and taxes on the property upon which the residence is situated are not delinquent.

b. A builder is eligible for exemption of no more than ten properties under this subsection in a taxable year within each jurisdiction that has approved the exemption under this subsection. For purposes of this subsection, "builder" includes an individual who builds that individual's own residence.

**SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after December 31, 2008."

Re-number accordingly

2009 HOUSE FINANCE AND TAXATION

SB 2239

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2239 A

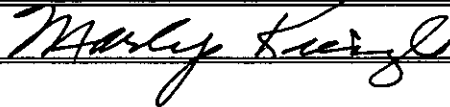
House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: March 3, 2009

Recorder Job Number: #10459

Committee Clerk Signature



Minutes:

**Chairman Belter:** Opened the hearing for SB 2239.

**Sen Cook:** I am the Senator for District 34 in Mandan.

This bill is being introduced in behalf of the Home Builders. They have two bills introduced this session and this is the one I supported. This is for the Home Builders who take the risk by building speck homes. This bill is to offer a tax exemption. What it does is to allow home builders to pay property tax on the land that the speck home is build on. The local government could exempt taxes for up to two years after the home is completed or until it is sold. The specials and taxes paid in full by the builder and would be limited to ten homes at a time to be available for this credit. This is at the discretions of the local government. The local government to put this in place, they could modify it, they could recent it, at any time.

At times where areas have a shortage of homes they would be a good tool to reduce the risk they assume when they build the homes that would meet the needs of a particular area.

**Chairman Belter:** The level of the exemptions stays the same as far as the building?

**Sen Cook:** The building would be completely exempted. Right now data snap shot of the property that was taken is for Feb. 1<sup>st</sup>. So if a builder started before October, they would take a snap shot and tax the part of the building that is done right now. If the city or county would

chose the builder would still pay the tax on the property but not the house. Once the house is completed they would have up to two years to pay taxes on the building.

**Rep Weiler:** Are there any services that are being provided by the cities and counties, parks, schools in a development that has speck homes?

**Sen Cook:** The infrastructures services are going to be assessed on to the lot. Maybe snow removal would be the only one I could think about.

**Rep Weiler:** On page 1 line 19, it talks about specials being paid is that quit a change for some communities. Some communities allow the builders not pay the specials prior to so is something the builder will have to pay that up front.

**Sen Cook:** It is my understanding that it is not the complete special assessment but the specials for that year. If a builder would want to take advantage of this exemption he would have to pay his special assessments that are due that year and the property taxes that year. You would need to keep them current. This is an incentive to keep the specials and taxes current.

**Rep Pinkerton:** Do a lot of cities allow an exemption on property taxes on homes that are purchased?

**Sen Cook:** That is correct. That is the other companion piece to this bill. That bill passed the Senate also. If we go home with both of these bills passed one is for the home owner and this is for the builder. This is the only incentive to the builder.

**Rep Pinkerton:** You could get up to two years of tax exemption for the builder and selling of the home and an additional two years of property of the new owner is \$75,000 or \$150,000?

**Sen Cook:** \$75,000 right now and the bill amend it up to \$150,000. This is available only to the builder until the property is sold. This is if the local government elected to give this incentive also the incentive of the other bill for the new home owner.

**Rep Pinkerton:** There could be a four year period from when the builder to the home owners extension when they would pay taxes on the property?

**Sen Cook:** That is a possible with the discretion of the local government. They do have the discretion to change it from one year to two years.

**Chairman Belter:** If the builder should lease this house to someone prior to sale what would happen then?

**Sen Cook:** I do think you may want to leave that question for Doreen. I see occupied I think that cover this.

**Rep Weiler:** Under these provisions does it allow the local governments to basically do a one year or two year exemption. Does it allow them to charge for certain taxes?

**Sen Cook:** The attempt for this bill is to give as much discretion as possible to the local government.

**Rep Weiler:** I am concerned that if they have to exempt all of it the local government is responsible for snow removal and any other services that need to be provided. This would shift the taxes to other property owners in that jurisdiction to pick up the tab. Like Bill 2201 that has the state picking up the tab for something we did two years ago.

**Rep Glassheim:** Representative for District 19 in Grand Forks.

I am in support of SB 2239. I am on the City Council in Grand Forks and in a whole I am hostile to exemptions because we are charged with raise the funds to pay for the services needed in Grand Forks. I met with some builders and was persuaded to treat this matter as inventory and that a house should be treated like inventory until they are sold. It is also seems to me to be a question of fairness. I am pleased with section B the provisions to lessen the impact to limit the homes per builder. This would not allow speculation building.



I also please what Sen Cook stated line 16 and 17 where the local government has options and can propose the conditions they want.

**Doreen Riedman:** Executive Officer of North Dakota Association of Builders.

Testimony attachment #1

**Rep Weiler:** When a builder is done building a home does he pay the total amount of taxes on a home?

**Doreen Riedman:** He is paying taxes on the house but say the house is done on Feb 1, and it is worth \$250,000.00 and doesn't sell it until the following year, he has to pay taxes during that year on the \$250,000 even though it is not sold.

**Chairman Belter:** The way I read this bill there are properties that have been build and are setting empty a year or two. Those properties would be taxed and not eligible for this program.

**Doreen Riedman:** That is correct. This is going to be in effect for taxable years starting with 2009.

**Chairman Belter:** Was there any discussion to allow any of the other properties eligible for this?

**Doreen Riedman:** We were afraid to ask too much but we would welcome that.

**Rep Froseth:** Is your association okay with line 15 to 18 where it could tax a percentage for fire protections and snow removal etc.

**Doreen Riedman:** We are comfortable at leaving it up to that jurisdiction to make those limits.

**Al Braaten:** I am on Richland County Jobs Development Board.

We have a house factory in Wyndmeier and some time they have 2 or 3 house that are not sold and I hate to see them have to pay taxes on them as we have enough problems keeping the plant going.

**Chairman Belter:** Currently a house that is build and then to be moved are they paying taxes now?

**Al Braaten:** I don't think so and was worried about and certainly would not want them to pay taxes on it.

**Gary Sondroal:** I am a builder in Grand Forks. I support this bill and want to see these taxes go away. We need to get building permits, secure financing and then we sit on them a year or two. We don't mind paying city tax but to pay for the school and the parks when no one is using them it becomes difficult.

**Rusty Wysocki:** I am a builder in Grand Forks. I am in favor of SB 2239. I have been in construction business since 1993. Our building season is from May to May.

A lot of builders do not start building later in the year so that they can keep all their employees.

There also is the parade of homes which is usually in the spring.

**Jerry Hjelmand:** North League of Cities

Go on record of support of SB 2239.

**Chairman Belter:** Does you association have any opposition to tax exemption of excising construction that hasn't been sold yet that would fall into this program?

**Jerry Hjelmand:** We are looking at this as a incentive for new housing.

**Chairman Belter:** Wouldn't this be an incentive to get some of these properties off of the books and get the sold. The more the builders losses are the more they are going to have to charge.

**Jerry Hjelmand:** We haven't looked at it that way we are just looking at it making housing more available.

**Greg Larson:** I am here supporting the North Dakota Association of Realators.

We are in support of the bill.

**Leon Samuelson:** I am the Tax Director of Morton County.

I would like some clarification on some of the items.

1. It state new single family residence are we looking at condos and town houses also?
2. Clarification of the taxable year? What happens when the first year it is build and the second year in the middle of the year they sell the home? Is the intent to tax it once it sells?
3. The taxes would be delinquent the 2<sup>nd</sup> year as how the taxes are billed because taxes are not billed until the end of the year.

**Rep Headland:** If we would include houses that were built and not sold, have they been put on the tax rolls and if that would be the case does that shift the property tax burden on the other tax payers. Is that correct?

**Leon Samuelson:** What happens if a home is build it is put on the tax roster the following year. Different localities have a different way of taxing.

**Rep Headland:** So if the unsold property was exempt it would shift to others in the county.

**Leon Samuelson:** Yes it is.

**Rusty Wysocki:** I would like to clarify something. The builder with a two year exemption doesn't it just goes to the home owner. So as it stands now the builder could sit on for two years and not get the tax break, the home owner will get the tax exemption. The way this is written it gives the Political subdivision the latitude to apply this as they see fit.

**Rep Headland:** On line 7 where it states new single family residence, is that just a single home or can it be a town house or a condo?

**Rep Glassheim:** I think in conception it was to be a single dwelling but it would seem to me like it would include a condo. I am not sure. It may need an amendment.

**Chairman Belter:** I would like a clarification now what are cities doing now? Are they giving property tax exemption for a person who buys a twin home, condo or town house?

**Doreen Reidman:** In SB 2247 dealing with the two year tax exemption it spells out condos, town homes and townhouses. If you would want this to include these properties we would have to include one or two family dwellings and condos and town homes would have to be spelled out here.

**Rep Froseth:** Did anyone hear from the Tax Department?

**Chairman Belter:** If you can offer this tax incentive for two years to the builder and it is in a renaissance zone the buyer can get another tax exempt for another 5 years so in reality it could be a 7 year tax exemption.

**Sara Hewson:** Property Tax Specialist for the Office of State Tax Commissioner.

That may be possible but I think it would have to be part of the resolution of that city to approve that exemption.

**Rep Wrangham:** Is there anything in here in this bill that states the fact that if the buyer buys the property but does not occupy it would the exemptions stay intact?

**Sara Hewson:** I would like to get back to you on that.

**Chairman Belter:** Closed the hearing.

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2239 B

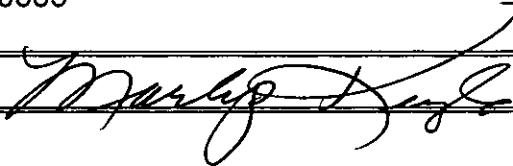
House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: March 9, 2009

Recorder Job Number: #10535

Committee Clerk Signature



Minutes:

**Chairman Belter:** Opened the hearing for 2239.

**Rep Weiler:** I have some amendments.

**Chairman Belter:** I do think we do have to expand this bill to Twin Homes, condos and Town

Houses

**Rep Weiler:** I am not sure about condos because a builder may have 4 of them and sell one and sit on the others for six months. But Twin Homes, duplexes or Town Houses is another story.

**Rep Froseth:** I think we should clarify, on line 10, unoccupied. I think it should be unsold and unoccupied because unoccupied may mean someone bought it but has not moved into it for a year.

**Rep Wrangham:** The Tax Department is going to look into that.

**Rep Winrich:** I thought this exemption also applied to someone who builds their own home. It is on the last sentence on page one. So that is just when they occupy it.

**Rep Weiler:** Yes it does. The problem with remaining unoccupied is that it doesn't happen a lot but a buyer could close on the property but not move into it for another 4 or 5 months and

not pay taxes for that time so I think Rep Froseth is correct. It should state whether it is unsold and unoccupied. There would be a difference there.

**Chairman Belter:** If it would be sold it would be taxed.

**Rep Winrich:** What are we going to do with the person who builds their own house?

**Rep Weiler:** It goes to when it is occupied. This could be a loophole

**Chairman Belter:** On the last line about the builder who is building it for his own use or speculation, how do we know that is his intent?

**Rep Grande:** If he uses it for speculation he is not going to sell it and if he is the owner and doesn't occupy it, he will not have met the criteria for either of it.

**Rep Pinkerton:** If a person buys a new house he is going to get a \$150,000 tax exemption so they will get all together \$300,000 abatement. It seems that we are penalizing anyone who is buying a used house who is not getting any tax breaks. I feel that this is raising taxes for the other people in those towns.

**Rep Weiler:** This bill simply enables the local government to offer this. If they chose to do so, that is up to them. It is the same thing as the first \$75,000 of a residence is not taxable. If a person builds a house for \$350,000 only the first \$75,000 is not taxed the other is taxed. This bill to gives the local government the options to offer this or not.

This bill does the same thing. It gives the local government the option to offer this tax exemption.

**Rep Pinkerton:** I guess we are trying to hold the property taxes down and every time we give one of these exceptions it is hard for Boards to do so. If we want to keep property taxes down we should not give these exceptions.

**Chairman Belter:** Closed the hearing

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2239**

House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: March 17, 2009

Recorder Job Number: 11132

Committee Clerk Signature



Minutes:

**Chairman Belter:** Let's start with SB 2239.

**Representative Weiler:** The two bills dealing with builders, do you want to do 2239 first?

We have had some discussion on this bill. There have been some suggestions that we need to add a little bit here or take a little bit out there, but Dan Rouse from the Tax Department has come up with some amendments (we have discussed this) that seem to work just fine. He has been kind enough to come down and explain what they do.

**Dan Rouse, Legal Counsel for ND Tax Commissioner's Office:** At the request of the committee and working specifically with Representative Weiler to come up with some very simple amendments to engross SB 2239, we are looking at the 527.4400 series. The concern that was raised before when this matter was heard, well there were actually two concerns. One was if there was enough clarity in the administration of these laws that when you saw a house or a townhouse or a twin home or a condominium, you knew what it was if you were a tax assessor or a property tax payer. Marcy Dickerson and I, in working with some folks in the industry including Samuels of Morton County, have done some research and we believe it is pretty straight forward. We thought we might actually create more problems if we started defining some of these terms so contrary to previous discussion and testimony in a neutral

capacity, which is where I am again today, we thought that we should drill down and focus on what the core issue is here. The core issue that remained a concern from the administrative point of view was that there was no concept of ownership in order to have that vested right to take advantage of that tax credit. If you look at the first engrossed version of 2239, on page 1, line 10, you will see "if the property remains unoccupied". There was no mention and no concept of ownership and it really is that simple if we add in "owned by the builder and unoccupied", that drills it down. There is absolutely no question in the minds of us as the state in terms of administering this and from the standpoint of the tax assessors, they got it. If this is what you folks decide is the law, they understand it and will be able to carry it out. Mr. Chairman, with that, I would be happy to try to answer any questions with regard to these amendments.

**Vice Chairman Drovdal:** Again, when we look at the amendment, it says, after remains insert "owned by the builder and unoccupied". Yet on the next line on 10, you said again "unoccupied". You do not need that "unoccupied" on that line.

**Representative Weiler:** You don't need to fix it; I think our clerk can take that off there.

**Dan Rouse:** I apologize, Mr. Chairman, we were trying to get these done in a hurry this morning.

**Vice Chairman Drovdal:** We are glad to see you are human. Any questions of Dan from the committee? He must have done a good job of explaining it then. Okay, will you ask the chairman if he wants to take action on this now? Any discussion on this? Do you want me to go ahead, Mr. Chairman? (Chairman Belter was in hallway in a conference.)

Shall we have committee action? Any motions?

**Representative Weiler:** Unless the committee has any other discussion, I would move the amendment .0400.



**Vice Chairman Drovdal:** We have a motion on the floor by Representative Weiler on amendment .0400 and a second from Representative Brandenburg with the correction, the unoccupied taken off there. That is correct. Any comments? Discussion? Seeing none, I will take a voice vote on the amendments. **(The motion to approved corrected amendment .0400 carried by a voice vote.)** We have SB 2239 as amended in front of us. A motion by Representative Headland **for a “do pass as amended”** and a second by Representative Weiler. Discussion? No discussion. **A roll call vote resulted in 9 ayes, 1 nay, and 3 absent/not voting (Grande, Belter, and Froseth). Representative Weiler will carry the bill.**

**PROPOSED AMENDMENT TO ENGROSSED SENATE BILL 2239 (90527.0400)**

*Prepared and proposed by the North Dakota Office of State Tax Commissioner  
March 17, 2009*

Page 1, line 9, after "remains" insert "owned by the builder and unoccupied"

Renumber accordingly

March 17, 2009

VR  
3/17/09

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2239

Page 1, line 9, after "remains" insert "owned by the builder, remains"

Page 1, line 10, after "unoccupied" insert an underscored comma

Renumber accordingly

Date: March 17, 2009

Roll Call Vote #: 1

**2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2239**

House FINANCE AND TAXATION Committee

Check here for Conference Committee

Legislative Council Amendment Number 10400 w/ correction

Action Taken  Do Pass  Do Not Pass  Amended *unacc take out*

Motion Made By Weiler Seconded By Brandenburg

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter			Representative Froelich		
Vice Chairman David Drovdal			Representative Kelsh		
Representative Brandenburg			Representative Pinkerton		
Representative Froseth			Representative Schmidt		
Representative Grande			Representative Winrich		
Representative Headland					
Representative Weiler					
Representative Wrangham					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

Date: March 17, 2009

Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2239

House FINANCE AND TAXATION Committee

Check here for Conference Committee

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

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Headland Seconded By Weiler

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter			Representative Froelich		/
Vice Chairman David Drovdal	/		Representative Kelsh	/	
Representative Brandenburg	/		Representative Pinkerton	/	
Representative Froseth			Representative Schmidt	/	
Representative Grande			Representative Winrich	/	
Representative Headland	/				
Representative Weiler	/				
Representative Wrangham	/				

Total (Yes) 9 No 1

Absent 3

Floor Assignment Rep Weiler

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

**REPORT OF STANDING COMMITTEE**

**SB 2239, as engrossed: Finance and Taxation Committee (Rep. Belter, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (9 YEAS, 1 NAY, 3 ABSENT AND NOT VOTING). Engrossed SB 2239 was placed on the Sixth order on the calendar.

Page 1, line 9, after "remains" insert "owned by the builder, remains"

Page 1, line 10, after "unoccupied" insert an underscored comma

Renumber accordingly

2009 TESTIMONY

SB 2239



**Testimony in Support of Senate Bill 2239**  
**Senate Finance & Taxation Committee**  
**February 11, 2009**

*Same given to House.*

**Doreen Riedman, Executive Officer**  
**North Dakota Association of Builders**

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- STAFF**  
 Doreen Riedman, Executive Officer  
 [Redacted], Administrative Assistant



Chairman Cook and members of the Senate Finance & Taxation Committee, the North Dakota Association of Builders (NDAB) asks for your support of Senate Bill 2239 which states that new single-family construction shall be assessed only for the land, and not the improvements to that property, until the home is occupied.

The NDAB represents over 2,000 members statewide with employees numbering approximately 43,000. We are affiliated with five local builders associations in Bismarck-Mandan, Dickinson, Fargo-Moorhead, Grand Forks, and Minot; and are all part of a larger federation, the National Association of Home Builders (NAHB), which has over 200,000 members.

**PURPOSE/RATIONALE:**

- ❖ Provides an incentive for builders to build, especially in areas where workforce housing is much needed. Small communities may wish to use this tool to attract builders and developers to their communities.
- ❖ Builders keep crews working during winter months by starting projects that may not be sold until the following year. Having the house assessed during the building process raises the cost of the home to the builder, which eventually gets passed on to the homeowner when it's sold.
- ❖ Builders are paying taxes on payroll for employees, as well as sales tax on lumber, materials, and labor that go into the home.
- ❖ Enables the builder to have a model home available for prospective buyers to experience.
- ❖ No one is occupying the home; therefore no one is using the school system. And, there are limited needs of other public services on the property until it is occupied.



#### **LIMITS OF THE LEGISLATION:**

- ❖ **It is only enabling legislation** that must be approved by the city, county or township.
- ❖ The governing body may limit or impose conditions, including length of time during which the exemption is allowed.
- ❖ Does not apply to the land on which the property sits. Property taxes would still be payable on the land.
- ❖ Special assessments must not be delinquent.
- ❖ Limits the number of properties to ten parcels per property owner in an approved jurisdiction.

#### **FACTS:**

- ❖ In most industries, finished products are not taxed until they are sold. Car dealers have cars on the lot, but taxes aren't paid on those cars until they leave the lot.
- ❖ This could be especially important for communities experiencing a slow-down in housing. It gives political subdivisions the option to keep growing and expanding their tax bases.
- ❖ Beneficial for rural areas and smaller communities where housing is scarce and there is more risk involved for builders.
- ❖ Other states, including South Dakota, are considering similar legislation.

#### **THE ECONOMIC IMPACT OF HOUSING:**

Home building accounts for approximately 15 percent of the gross domestic product (GDP) across the country, and provides great economic impacts to communities through jobs and increased revenues. *(Attached is more information on economic impact studies done in Fargo-Moorhead and Bismarck-Mandan over the past few years.)*

We respectfully ask for your support of this legislation that can be used as a tool by cities and counties interested in attracting new home construction, home builders, and developers to their areas. Please support this enabling legislation with a "Do Pass" recommendation.

## Economic Impact of Single-Family Construction In Bismarck-Mandan

*Same  
handover given  
to House.*

The estimated one-year local impacts of building 668 single family homes (2007 level of construction) in the Bismarck MSA include:

- ⊕ \$102.5 million in local income,
- ⊕ \$6.7 million in taxes and other revenue for local governments, and
- ⊕ 2,370 local jobs.

These are **local impacts**, representing income and jobs for residents of the Bismarck MSA, and taxes (and other sources of revenue, including permit fees) for all local jurisdictions within the metro area. They are also **one-year impacts** that include both the direct and indirect impact of the construction activity itself, and the impact of local residents who earn money from the construction activity spending part of it within the metro area.

The additional, annually **recurring impacts** of building 668 single family homes in the Bismarck MSA include

- ⊕ \$21.8 million in local income,
- ⊕ \$5.1 million in taxes and other revenue for local governments, and
- ⊕ 559 local jobs.

These are **ongoing, annual local impacts** that result from the new homes being occupied, and the occupants paying taxes and otherwise participating in the local economy year after year. In order to fully understand the impact residential construction has on a community, it's important to consider the ongoing benefits as well as the one-time effects.

The above impacts were calculated assuming that new single family homes built in the Bismarck MSA have an average price of \$250,000; are built on a lot for which the average value of the raw land is \$10,000; require the builder and developer to pay an average of \$2,400 in impact, permit, and other fees to local governments; and incur an average property tax of \$4,600 per year. These numbers were provided by the City of Bismarck Assessors Office, the City of Bismarck Inspection Department, the City of Mandan Assessors Office, and the City of Mandan Inspection Department.

Report conducted in February 2008 by the National Association of Home Builders

Home building generates substantial local economic activity, including new income and jobs for residents, and additional revenue for local governments. The National Association of Home Builders has developed a model to estimate the economic benefits. The model captures the effect of the construction activity itself, the ripple impact that occurs when income earned from construction activity is spent and recycles in the local economy, and the ongoing impact that results from new homes becoming occupied by residents who pay taxes and buy locally produced goods and services. In order to fully appreciate the positive impact residential construction has on a community, it's important to include the ripple effects and the ongoing benefits. Since the NAHB model was initially developed in 1996, it has been successfully applied to construction in over 480 projects, local jurisdictions, metropolitan areas, non-metropolitan counties, and states across the country.

## The Evidence is In: Housing Pays for Itself

The HBA of Fargo-Moorhead unveiled a housing impact study for the F-M area in March 2006 shows housing has a huge economic impact on the community. Elliot Eisenberg, a top housing policy economist from the National Association of Home Builders (NAHB) in Washington, D.C., presented the study to local media, government officials and community leaders.

The NAHB study compares the benefits of home construction to the costs that new homes impose on jurisdictions in the F-M metro area. Eisenberg found that economic impact of home building in Fargo-Moorhead is not only very large, but that single-family construction and multifamily construction (not covered in this article) pay for themselves within a year because the ongoing economic benefits accumulate faster than the ongoing costs.

Eisenberg says, "The surplus, or net tax to local governments, accumulates fast enough so that, even if local government undertakes all capital investment before the homes are built, the surpluses can be used to pay off the debt entirely by the end of the first year."

### Benefits to the F-M metro area

The one-year local economic benefits of building 100 single family homes include:

- \$13.4 million in local income,
- \$3.1 million in taxes and other revenue for local governments, and
- 295 local jobs.

*These are one-year impacts that include both the direct and indirect impact of the construction activity itself, and the impact of local residents earning money from the construction activity and spending part of it within the local economy.*

The 100 homes also generate additional, annually recurring local economic benefits including:

- \$2.9 million in local income,
- \$688,000 in taxes and other revenue for local governments, and
- 69 local jobs.

*These are ongoing, annual benefits resulting from the new homes being occupied, and the occupants paying taxes and participating in the local economy year after year.*

These numbers were reached assuming that a new single-family home built in the F-M metro area:

- costs \$181,000;
- is built on a lot costing an average of \$6,198 (purchase price the developer or builder pays for raw land);
- requires the builder and developer to pay \$23,517 in permit and special fees,
- and incurs an average property tax of \$4,149 per year.

### Costs to Local Government

The Census of Governments provides information on the amount local governments in the F-M area spend on various government functions. The results for each new single-family house built in Fargo are shown in Figure 1.

	Single Family
Education	\$1,183
Police Protection	\$353
Fire Protection	\$138
Corrections	\$104
Streets and Highways	\$33
Water Supply	\$124
Sewerage	\$62
Recreation and Culture	\$398
Other General Government	\$352
Electric Utilities	\$140
Gas Utilities	\$4
Liquor Stores	\$19
Total	\$2,910

"Not surprisingly, local governments tend to spend more on education than any other single item," Eisenberg says. "Even so, there are several factors in most parts of the country that tend to reduce education costs per housing unit."

A major one is simply the number of children present in the units. According to the American Housing Survey, there is only a little over one school-aged child for every two households in the U.S.; so education costs per housing unit are lower than costs per pupil, simply because there is, on average, less than one pupil in each household.

Single Family	
Schools	\$7,005
Hospitals	\$1,143
Other Buildings	\$1,114
Highways & streets	\$594
Conserv. & devel.	\$1
Sewer systems	\$1,561
Water supply	\$1,390
Other structures	\$1,205
Equipment	\$150
<b>Total</b>	<b>\$14,162</b>

In addition to current expenses, providing services to residents requires local governments to undertake capital investment for schools, other buildings, equipment and roads. The NAHB study estimates the size of these investments from a traditional economic model, where costs are a function of labor and capital. The results for each new single family home built in Fargo are shown in Figure 2.

### Comparing Costs to Revenues

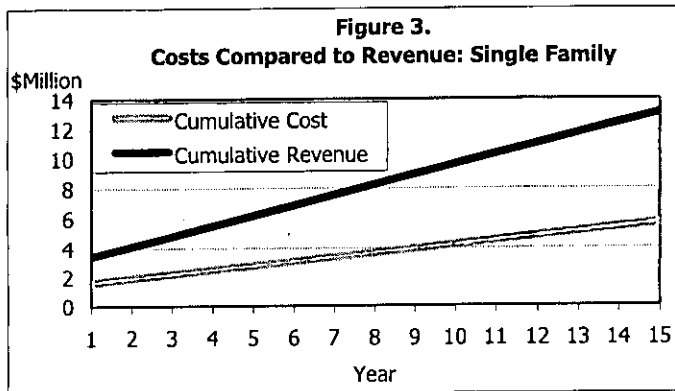
To summarize the results, in the first year, building 100 single-family homes results in

- an estimated \$3.4 million in tax and other revenue for local governments,
- \$145,000 in current expenditures by local government to provide public services to the net new households at current levels,
- and \$1.4 million in capital investment for new structures and equipment undertaken by local governments.

In each year after the first, 100 single-family homes create \$688,000 in tax and other revenue for local governments and \$289,000 in local government expenditures needed to continue providing services at current levels. The difference is a nearly \$400,000 "operating surplus" that can be used to service or pay down the debt.

"It is important to point out that the operating surplus is the subsidy from new construction to existing construction," Eisenberg says. "Without this large annual subsidy, property taxes would either be higher than they are, public services would be of lower quality than they are, or some combination of both."

After 15 years, 100 single family homes will generate a cumulative \$13.1 million in revenue compared to only \$5.7 million in costs, including annual current expenses, capital investment, and interest on debt (Figure 3).



*Handwritten initials*

**Testimony in Support of Senate Bill 2239  
Senate Finance & Taxation Committee  
February 11, 2009**

**Bobby Koeplin, Valley City resident presenting on behalf of the Valley City/Barnes County Development Corporation**

Chairman Cook and members of the Senate Finance & Taxation Committee, the Valley City/Barnes County Development Corporation asks for your support of Senate Bill 2239 which states that new single-family construction shall be assessed only for the land, and not the improvements to that property, until the home is occupied.

The Valley City/Barnes County Development Corporation represents over 11,000 residents in Barnes County and is responsible for Primary Sector Development. Housing directly affects our success in creating quality jobs by locating and/or growing businesses to the Barnes County Area.

This legislation provides an incentive for builders to build, especially in communities or counties like ours where workforce housing is much needed. Many builders do not want to take the risk of costs associated with building and possibly having a spec or model home not be sold until the following year. Yet these types of homes are needed to attract employees that we are recruiting to come to our region.

Senate Bill 2239 enables the builder and community to have a model home available for prospective employees to see while they are interviewing for key skilled labor positions in the community. No one is occupying the home; therefore no one is using the school system. And, there are limited needs of other public services on the property until it is occupied.

**It is only enabling legislation** that must be approved by the city or county. The governing body may limit or impose conditions, including length of time during which the exemption is allowed. It does not apply to the land on which the property sits. Property taxes would still be payable on the land.

We ask for your support of this legislation that can be used as a tool by cities and counties who are recruiting employees and are interested in attracting new home construction, home builders, and developers to their areas. We respectfully ask you to support this enabling legislation with a "Do Pass" recommendation.

March 17, 2009

Job 1113 2

**To:** Representative Belter, Chairman of House Finance and Taxation Committee  
Finance and Taxation Committee Members

**From:** Sara Hewson, Property Tax Specialist  
Office of State Tax Commissioner

**Date:** March 16, 2009

**Subject:** Senate Bill 2239 Questions

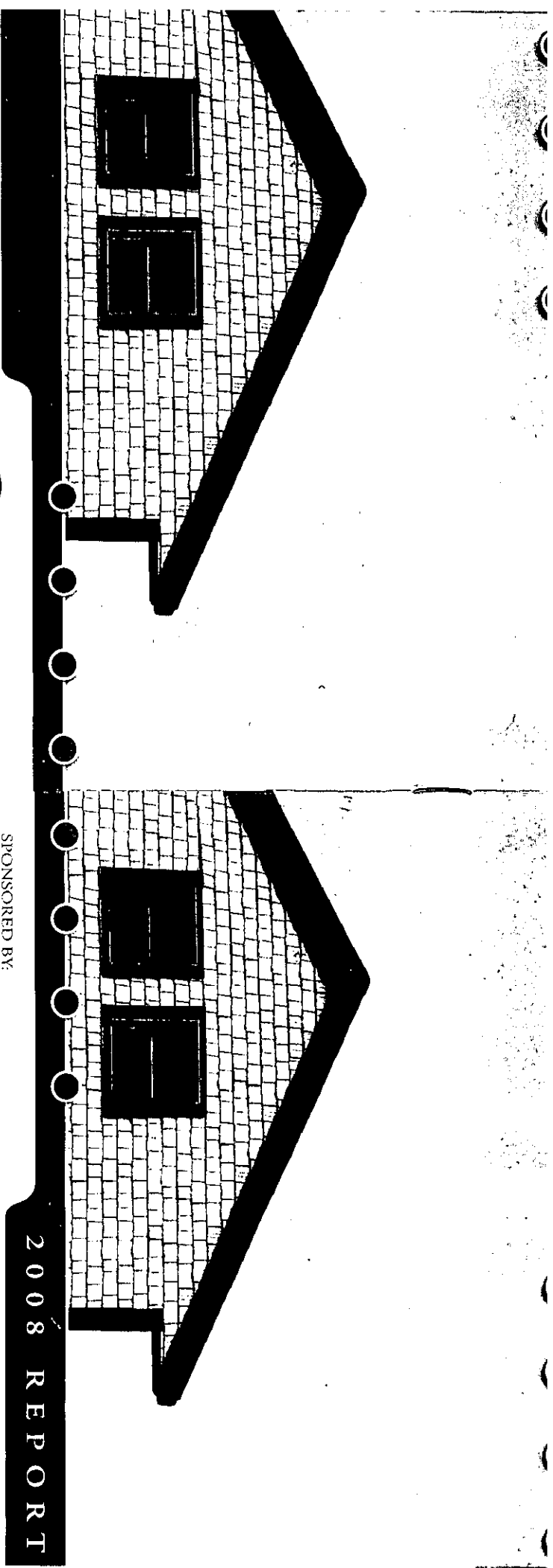
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Representative Froseth asked whether a property could qualify for both the property tax exemption as set out in Senate Bill 2239, and the ad valorem tax exemption as provide in statute as part of a Renaissance Zone, which would result in a combined exemption of seven years. It would be possible for a property to qualify for both exemptions, for a total of seven years, under certain circumstances. However, it would be unlikely that a new single family residence, that qualifies for exemption under the provisions of Senate Bill 2239, would be located in a Renaissance Zone or in need of rehabilitation as a zone project.

Representative Wrangham asked to what extent the term "unoccupied" could be interpreted. Clarification may be needed as to the intent from the proponents of this bill. Additional language to describe when the property becomes occupied may be necessary. One possible solution is to propose language such as "unsold and unoccupied" in place of unoccupied.

Several exemptions (Veterans Exemption, Blind Exemption, Paraplegic Disable Persons Exemption) have the language "owned and occupied" as criteria for qualifying for exemption, so the inverse may be necessary for the new single family residence exemption.

The other possible solution would be to remove the language "the property remains unoccupied and", which would limit the exemption to only the year construction began and the following two years.



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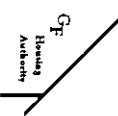
MIKE ANDERSON, Executive Director  
PREPARED BY: DH RESEARCH, Fargo  
GREGORY WALD, General Manager



**North Dakota**  
Housing Finance Agency



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North Dakota has clearly achieved an unprecedented level of economic growth and diversity over the past decade. In 2008, the growth surged as several industries – most notably energy and construction – experienced favorable conditions and brought new workers into the state to fill employer demands. The population expansion and dramatic employment increases created stresses in the state's housing market, especially in western North Dakota.

The stresses are demonstrated by the rise in median home values from 2005 to 2007 compared to the rise in median household income. While median home values increased at a rate of 20.5 percent during that period, median household income grew only 6.6 percent. That disparity is contrasted with the relatively uniform increase of both numbers from 2000 to 2005, when both grew approximately 19 percent (page 3).

This report also demonstrates how homeownership and even rent payments are out of reach for low- and fixed-income North Dakotans (pages 5-6, 8, 10-13). While North Dakota's housing market is not in the dire straits of some other states, this report does show that low- and fixed-income North Dakotans are finding it increasingly difficult to afford available housing.

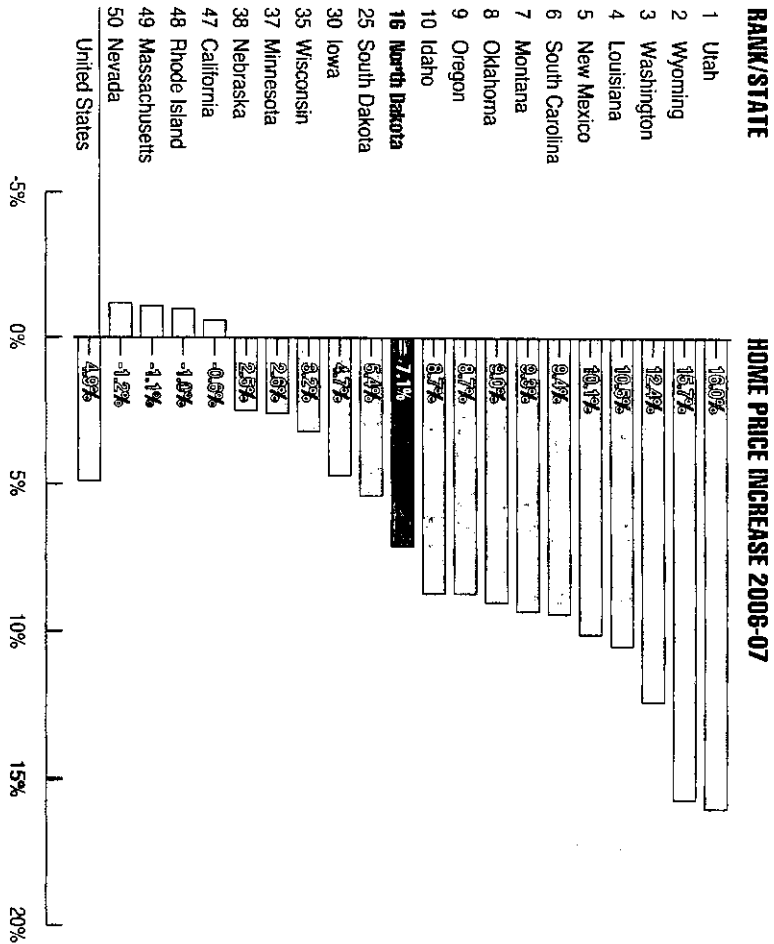
Complicating the picture is the lack of precise information regarding rent prices. The report uses the Fair Market Rent (FMR) for each North Dakota county published by the U.S. Department of Housing and Urban Development (HUD) to represent current rent levels. FMR is the best available comprehensive and standardized data, but those familiar with the state's rental prices will readily identify that the numbers used in this report are substantially lower than the actual market conditions. Users of this report should apply their knowledge of the local rental market to the occupational wage data presented here to fully understand the difficulties faced by low- and fixed-income North Dakotans.

Occupations chosen for this report were intended to represent a cross-section of low- to middle-income North Dakotans. They are occupations present in every community, regardless of size. Where possible, data for recipients of Social Security retirement benefits are also presented to demonstrate the challenges faced by fixed-income citizens.

By presenting this information, the sponsors of this report seek to increase awareness of the housing situation in North Dakota and allow all interested parties to better address the critical issue of affordable housing in the state. Continued economic expansion and social well-being depend on affordable housing and the responsive public policy needed to support it.

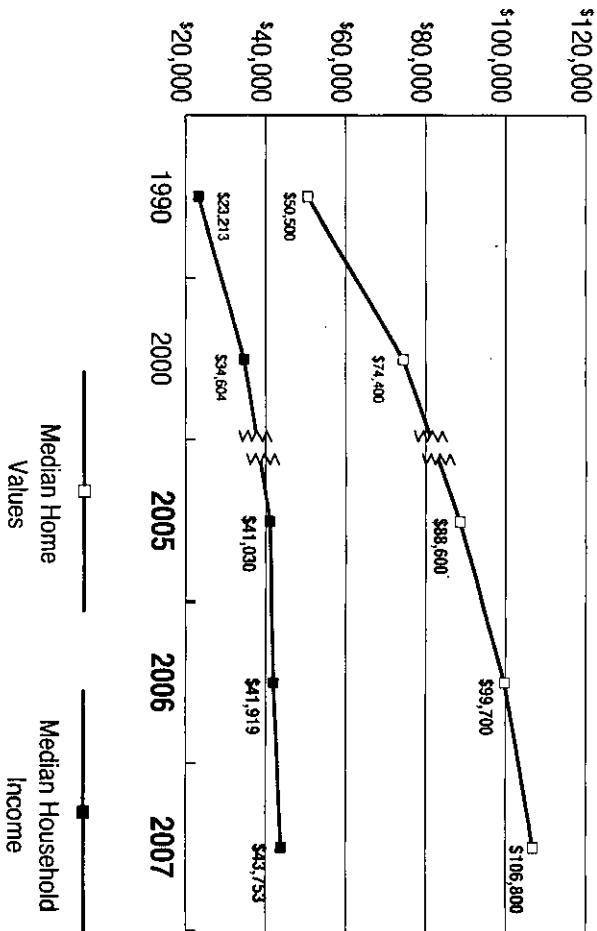


At 7.1 percent, North Dakota experienced the nation's 16th highest home price increase between 2006 and 2007. The western third of the U.S. led the way for the nation, with Utah, Wyoming, Washington, New Mexico, Montana, Oregon and Idaho all in the top ten for percentage growth.



Source: American Community Survey, U.S. Census Bureau

Median home values rose 20.5 percent between 2005 and 2007, while median household income grew 6.6 percent. From 2000 to 2005, the two numbers rose fairly evenly, 19.1 percent for median home value and 18.6 percent for median household income.

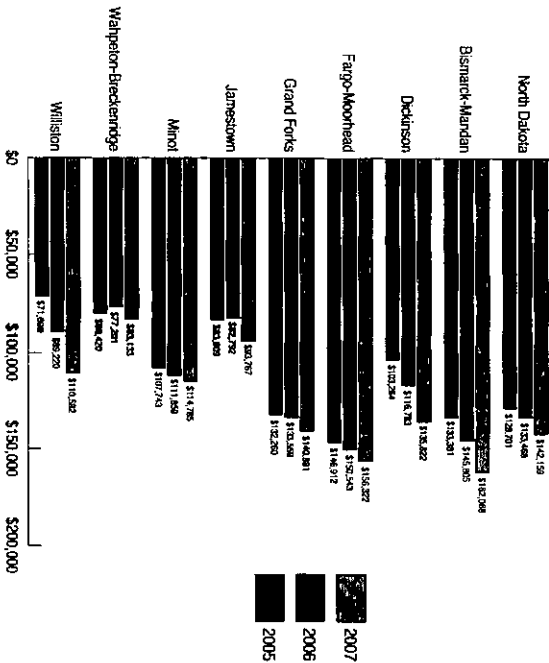


Sources: American Community Survey, U.S. Census Bureau  
Decennial Census, U.S. Census Bureau

The percentage increases in the western cities – Williston, Dickinson and Bismarck-Mandan – is substantially higher in 2006 and 2007 than in the state's other cities, where growth is steadier and less extreme.

The average home sale price in Williston rose by 24 percent in both 2006 and 2007. In those same years, the average price in the Dickinson area rose 13 percent and 16 percent, respectively. Fargo, meanwhile, experienced more moderate growth, with 2.5 percent in 2006 and 3.8 percent in 2007.

In the state overall, the average home sale price rose 3.7 percent in 2006 and 6.5 percent in 2007.

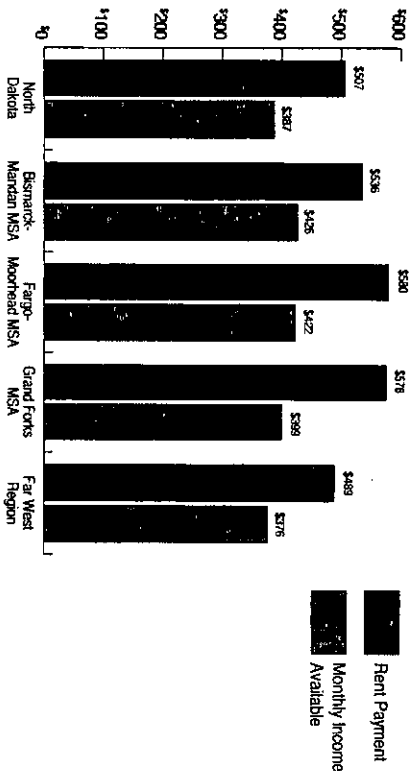


Source: Multiple Listing Service, North Dakota Association of Realtors

Rental and wage data indicate that entry-level workers in North Dakota have a difficult time renting a two-bedroom apartment on their own.

Disparities exist throughout the state between a cashier's median wage and the income needed to afford the rent on a two-bedroom apartment. However, the greatest disparity exists in the Grand Forks MSA, where a cashier's median wage is only 69 percent of the amount needed to afford rent on a two-bedroom apartment.

The graphs below assume a household can afford to spend 30 percent of its income on housing.



- Notes:
- Assumes individual allocates 30% of gross income to housing costs.
  - Rent cost represents a two-bedroom rental unit, using HUD's Fair Market Rent.
  - The Fair West Region includes the western North Dakota counties of Adams, Billings, Bowman, Divide, Dunn, Golden Valley, Hettinger, McKenzie, Slope, Stark and Williams. It contains the cities of Dickinson, Williston, Wapeton, Crosby, Toga, Bowman and Hettinger.

Sources: Fair Market Rent: U.S. Department of Housing & Urban Development (HUD), 2007; Monthly Wage: Occupational Employment Survey, Job Service North Dakota, 2007

Many households with a single wage earner have difficulty affording the payment on an average priced home in their community. Many of the occupations included here can afford the rent on a two-bedroom apartment, but only when a second wage earner is included in the household.

Disparities exist throughout the state and vary between occupations. Similar details for selected areas of the state are presented in the Appendices.

	SINGLE INCOME		DUAL INCOME	
	MEDIAN MONTHLY WAGE	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING	MONTHLY WAGE WITH 2ND EARNER	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING
Construction	\$2,607	\$782	\$4,432	\$1,330
Education	\$1,331	\$399	\$2,265	\$679
Health Care Workers	\$1,433	\$430	\$2,437	\$731
Information	\$2,469	\$747	\$4,231	\$1,269
Management	\$3,372	\$862	\$4,833	\$1,465
Professional	\$3,448	\$1,034	\$5,861	\$1,753
Retail	\$1,574	\$472	\$2,676	\$803
Service	\$1,087	\$326	\$1,845	\$554

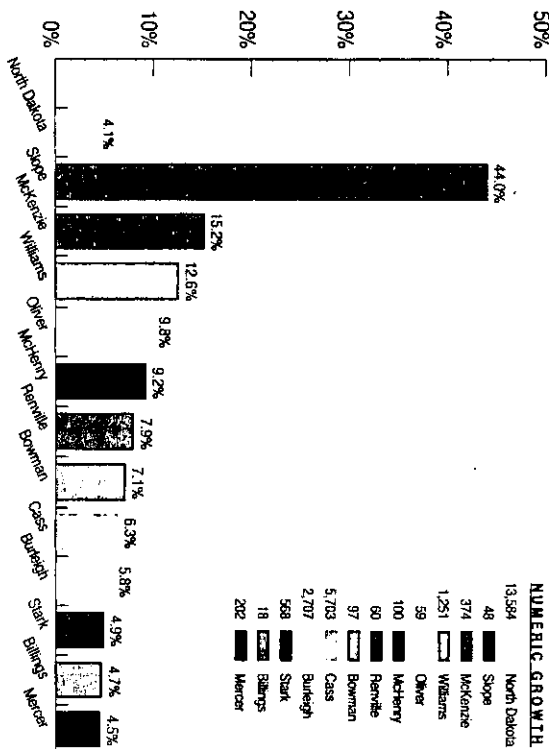
Fair Market Rent on 2 Bedroom Apartment: \$507  
 Monthly Payment on an Average Sale Price Home: \$1,067

- Notes:
- Assumes the wage of the second earner in the household is 70% of the primary earner's wage.
  - Rent cost represents a two-bedroom rental unit, using HUD's Fair Market Rent.
  - Assumes 5% down payment, 6.5% interest rate on a 30-year, fixed-rate mortgage, plus allocation of 25% of the monthly payment to property taxes, insurance and other costs such as PMI. Also assumes an individual allocates 30% of gross income to housing costs.

Sources:  
 Average Home Sales Price: North Dakota Realtors Association, MLS Listing, 2007  
 Fair Market Rent: U.S. Department of Housing & Urban Development (HUD), 2007  
 Wages: Occupational Employment Survey, Job Service North Dakota, 2007  
 Social Security Benefit: Social Security Administration, Average Retired Worker Benefit, September 2008

Employment in North Dakota grew 4.1 percent from 2005 to 2007, which translated to 13,584 new jobs being added to the state's economy. The largest employment increases came in the central and western parts of the state, as Slope, McKenzie, Williams, Oliver and McHenry were all among the fastest-growing. The employment surge in those parts of the state followed the growth in the energy industry.

Numerically, Cass County grew the most during that time period with 5,703 new jobs, followed by Burleigh County with 2,707 new jobs and Williams County with 1,251 new jobs.



Source:  
 Quarterly Census of Employment & Wages, Job Service North Dakota, 2007

The average employee in every industry is able to afford the rent on a 2-bedroom apartment, with the exception of employees in Accommodation and Food Service. Home affordability is another matter, with employees in only four industries - Mining, Management, Finance and Insurance, and Wholesale Trade - able to afford an average sale price home.

**NORTH DAKOTA**

Industry	Q1 2006 Employment	Q1 2008 Employment	Numeric Change	Percent Change	Average Monthly Wage	Monthly Income Available to Spend on Rent	Car Affordability to Rent	Home Affordability to Buy
All Industries	326,103	340,910	14,807	4.5%	\$2,825	\$848	Yes	NO
Accommodation and Food Services	27,103	29,222	2,119	7.8%	\$945	\$283	NO	NO
Health Care and Social Assistance	49,957	51,854	1,897	3.8%	\$2,973	\$892	Yes	NO
Administrative and Ware Services	12,149	12,880	731	6.0%	\$1,850	\$555	Yes	NO
Management of Companies and Enterprises	3,683	4,318	635	17.2%	\$5,811	\$1,743	Yes	Yes
Professional and Technical Services	12,339	13,305	966	7.8%	\$3,311	\$993	Yes	NO
Finance and Insurance	15,394	16,447	1,053	6.8%	\$3,939	\$1,181	Yes	Yes
Transportation and Warehousing	10,965	11,808	843	7.7%	\$3,263	\$979	Yes	NO
Retail Trade	42,318	42,220	602	1.4%	\$1,846	\$554	Yes	NO
Wholesale Trade	18,641	19,241	600	3.2%	\$3,917	\$1,175	Yes	Yes
Manufacturing	25,981	26,602	621	2.4%	\$3,532	\$1,060	Yes	NO
Construction	15,835	17,858	2,023	12.8%	\$3,137	\$941	Yes	NO
Mining	4,209	5,641	1,432	34.0%	\$6,309	\$1,893	Yes	Yes

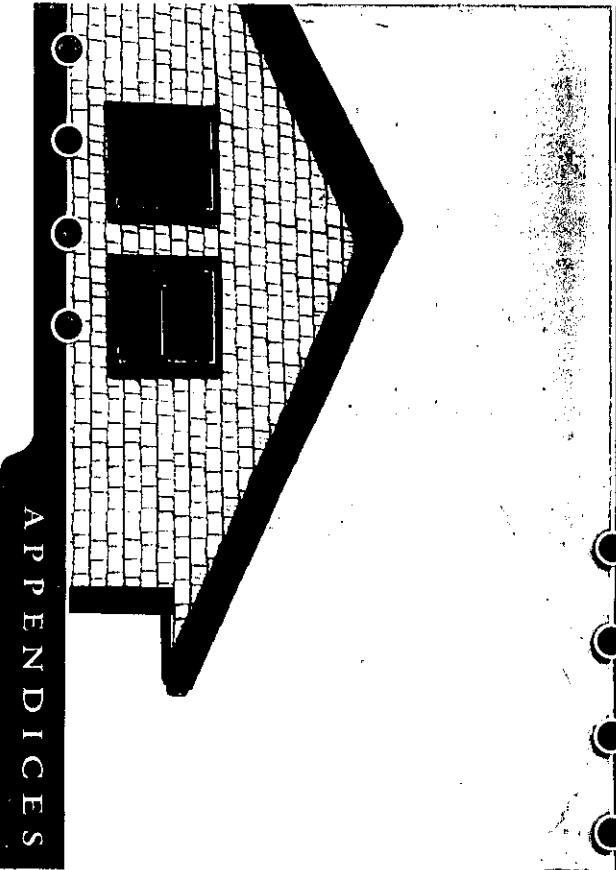
Pair Market Rent on 2-Bedroom Apartment: \$907  
 Monthly Payment on an Average Sale Price Home: \$1,067

**Notes:**

- Rent cost represents a two-bedroom rental unit, using HUD's Fair Market Rent.
- Assumes 5% down payment, 6.5% interest rate on a 30-year, fixed rate mortgage, plus allocation of 25% of the monthly payment to property taxes, insurance and other costs such as PMI. Also assumes an individual allocates 30% of gross income to housing costs.

**Sources:**

Average Home Sales Price: North Dakota Realtors Association, MLS Listings, 2007  
 Fair Market Rent: U.S. Department of Housing & Urban Development (HUD), 2007  
 Employment: Quarterly Census of Employment & Wages, Job Service North Dakota, Qtr 1 2006 & Qtr 1 2008  
 Wages: Quarterly Census of Employment & Wages, Job Service North Dakota, Qtr 1 2008



**BURLEIGH COUNTY**

	SINGLE INCOME	DUAL INCOME	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING
Median Monthly Wage	\$3,427	\$4,125	\$1,238
Cashier	\$1,406	\$2,390	\$717
Child Care Worker	\$1,463	\$2,487	\$746
Dental Assistant	\$2,603	\$4,426	\$1,328
Heavy Truck Driver	\$3,525	\$4,293	\$1,288
Police Officer	\$3,467	\$5,893	\$1,768
Retail Salesperson	\$1,624	\$2,761	\$828

**CASS COUNTY**

	SINGLE INCOME	DUAL INCOME	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING
Median Monthly Wage	\$2,616	\$4,447	\$1,334
Cashier	\$1,430	\$2,413	\$724
Child Care Worker	\$1,394	\$2,369	\$711
Dental Assistant	\$2,775	\$4,718	\$1,415
Heavy Truck Driver	\$2,926	\$4,974	\$1,492
Police Officer	\$4,053	\$6,889	\$2,067
Retail Salesperson	\$1,657	\$2,817	\$845

Fair Market Rent on 2-Bedroom Apartment: \$536  
 Monthly Payment on an Average Sale Price Home: \$1,216

Fair Market Rent on 2-Bedroom Apartment: \$580  
 Monthly Payment on an Average Sale Price Home: \$1,173

**Notes:**

**Notes:**

- Assumes the wage of the second earner in the household is 70% of the primary earner's wage.
- Rent cost represents a two-bedroom rental unit, using HUD's Fair Market Rent.
- Assumes 5% down payment, 6.5% interest rate on a 30-year, fixed-rate mortgage, plus allocation of 25% of the monthly payment to property taxes, insurance and other costs such as PMI. Also assumes an individual allocates 30% of gross income to housing costs.
- Wage represents the entire metropolitan statistical area (MSA) of which the county is a part.

- Assumes the wage of the second earner in the household is 70% of the primary earner's wage.
- Rent cost represents a two-bedroom rental unit, using HUD's Fair Market Rent.
- Assumes 5% down payment, 6.5% interest rate on a 30-year, fixed-rate mortgage, plus allocation of 25% of the monthly payment to property taxes, insurance and other costs such as PMI. Also assumes an individual allocates 30% of gross income to housing costs.
- Wage represents the entire metropolitan statistical area (MSA) of which the county is a part.

**Sources:**

Average Home Sales Price: North Dakota Realtors Association, MLS Listings, 2007  
 Fair Market Rent: U.S. Department of Housing & Urban Development (HUD), 2007  
 Wages: Occupational Employment Survey, Job Service North Dakota, 2007

**Sources:**

Average Home Sales Price: North Dakota Realtors Association, MLS Listings, 2007  
 Fair Market Rent: U.S. Department of Housing & Urban Development (HUD), 2007  
 Wages: Occupational Employment Survey, Job Service North Dakota, 2007

GRAND FORKS COUNTY				
	SINGLE INCOME	DUAL INCOME	DUAL INCOME	
	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING	MONTHLY WAGE WITH 2ND EARNER	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING
Median Monthly Wage	\$2,695	\$809	\$4,532	\$1,275
County	\$1,290	\$387	\$2,192	\$655
City	\$1,302	\$391	\$2,213	\$664
Deer Creek Mudsprings	\$2,635	\$790	\$4,479	\$1,344
Deer Creek Mudsprings	\$2,645	\$794	\$4,492	\$1,349
Deer Creek Mudsprings	\$3,799	\$1,140	\$6,459	\$1,938
Deer Creek Mudsprings	\$1,532	\$460	\$2,605	\$751

Fair Market Rent on 2-Bedroom Apartment: \$576  
Monthly Payment on an Average Sale Price Home: \$1,057

- Notes:
- Assumes the wage of the second earner in the household is 70% of the primary earner's wage.
  - Rent cost represents a two-bedroom rental unit, using HUD's Fair Market Rent.
  - Assumes 5% down payment, 6.5% interest rate on a 30-year, fixed-rate mortgage, plus allocation of 25% of the monthly payment to property taxes, insurance and other costs such as PMI. Also assumes an individual allocates 30% of gross income to housing costs.
  - Wage represents the entire metropolitan statistical area (MSA) of which the county is a part.

Sources:  
Average Home Sales Price: North Dakota Realtors Association, MLS Listings, 2007  
Fair Market Rent: U.S. Department of Housing & Urban Development (HUD), 2007  
Wages: Occupational Employment Survey, Job Service North Dakota, 2007

FAR WEST REGION				
	SINGLE INCOME	DUAL INCOME	DUAL INCOME	
	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING	MONTHLY WAGE WITH 2ND EARNER	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING
Median Monthly Wage	\$2,467	\$740	\$4,193	\$1,258
County	\$1,253	\$376	\$2,150	\$639
City	\$1,557	\$457	\$2,646	\$794
Deer Creek Mudsprings	\$1,917	\$575	\$3,259	\$978
Deer Creek Mudsprings	\$3,214	\$954	\$5,163	\$1,639
Deer Creek Mudsprings	\$3,139	\$942	\$5,336	\$1,601
Deer Creek Mudsprings	\$1,740	\$512	\$2,955	\$888

Fair Market Rent on 2-Bedroom Apartment: \$489  
Monthly Payment on an Average Sale Price Home: \$915

- Notes:
- Assumes the wage of the second earner in the household is 70% of the primary earner's wage.
  - Rent cost represents a two-bedroom rental unit, using HUD's Fair Market Rent.
  - Assumes 5% down payment, 6.5% interest rate on a 30-year, fixed-rate mortgage, plus allocation of 25% of the monthly payment to property taxes, insurance and other costs such as PMI. Also assumes an individual allocates 30% of gross income to housing costs.
  - Wage represents the entire metropolitan statistical area (MSA) of which the county is a part.
  - The Far West Region includes the western North Dakota counties of Adams, Billings, Bowman, Divide, Dunn, Golden Valley, Hettinger, Hettinger, McKenzie, Slope, Stark and Williams. It contains the cities of Dickinson, Williston, Walford City, Crosby, Toga, Bowman and Hettinger.

Sources:  
Average Home Sales Price: North Dakota Realtors Association, MLS Listings, 2007  
Fair Market Rent: U.S. Department of Housing & Urban Development (HUD), 2007  
Wages: Occupational Employment Survey, Job Service North Dakota, 2007