

2011 HOUSE FINANCE AND TAXATION

HB 1101

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee Fort Totten Room, State Capitol

HB1101
January 10, 2011
12685

☐ Conference Committee

Committee Clerk Signature

Mary Bruden

Explanation or reason for introduction of bill/resolution:

A Bill relating to the valuation of properties in townships; and to provide an effective date.

Minutes:

Ms. Marcy Dickerson, State Supervisor of Assessments and Director of the Property Tax Division: Support. See attached testimony (#1).

Mr. Jerry Ratzlaff, Tax Director of Ramsey County: Support.

Mr. Leon Samul, Tax Director of Morton County: Support. I would basically testify the same thing as Mr. Ratzlaff. When the city can value their vacant lots at a different value than we have we're supposed to be at market value. Again, the same thing happens, rural Morton County to the north is really developing quite a bit and what happens is a developer will only bring in two or three lots at a time knowing he will be taxed at a higher rate than agriculture land. We have one subdivision, I think Harmen is the 11th subdivision out there, because of doing it step by step but yet they do have a master plan. It's a matter of equity and treating everybody on the same basis so I would urge the committee for a do pass.

Chairman Wesley R. Belter: No further testimony in support. No opposition or neutral testimony. No questions of committee members. Hearing closed on HB1101.

Chairman Wesley R. Belter recommended a **Do Pass** on HB1101.
Representative Dwight Wrangham seconded the motion.

14 YES 0 NO 0 ABSENT

CARRIER: Representative Steven L. Zaiser

Date: 1-10-11
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1101

House Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☒ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By: Chairman Belter Seconded By Rep. Wrangham

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter	✓		Scot Kelsh	✓	
Vice Chair. Craig Headland	✓		Shirley Meyer	✓	
Glen Froseth	✓		Lonny B. Winrich	✓	
Bette Grande	✓		Steven L. Zaiser	✓	
Patrick Hatlestad	✓				
Mark S. Owens	✓				
Roscoe Streyle	✓				
Wayne Trottier	✓				
Dave Weiler	✓				
Dwight Wrangham	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Zaiser

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

REPORT OF STANDING COMMITTEE

HB 1101: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1101 was placed on the Eleventh order on the calendar.

2011 SENATE FINANCE AND TAXATION

HB 1101

2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee Lewis and Clark Room, State Capitol

HB 1101
3/2/2011
Job Number 14812

☐ Conference Committee

A. R. Miller

Explanation or reason for introduction of bill/resolution:

Relating to the valuation of properties in townships

Minutes:

Written Testimony Attached

Chairman Cook opened the hearing on HB 1101.

Sara Meier, Property Tax Specialist, Office of State Tax Commissioner – Provided testimony on behalf of Marcy Dickerson, attachment A.

Senator Dotzenrod – The section you quote on line 10, does any of this apply to centrally assessed property?

Sara Meier, Property Tax Specialist, Office of State Tax Commissioner – No it doesn't.

Senator Dotzenrod – Would any of this apply to property that's commercial property that's out in the rural area?

Sara Meier, Property Tax Specialist, Office of State Tax Commissioner – Commercial property includes vacant lots, so it could affect those properties.

Terry Traynor, North Dakota Association of Counties – (See attached testimony B in favor of HB 1101)

Chairman Cook – Is there any indication here that when we did it for cities we created an unfair tax advantage?

Terry Traynor, North Dakota Association of Counties – That's the perception, yes.

Senator Dotzenrod – Did we get this bill in front of us because of a specific circumstance? Was there a certain case that came up that got to be a little bit difficult and maybe the Tax Department had to get involved, does this all go back and relate to something very specific that happened in North Dakota or is this just a general observation?

Terry Traynor, North Dakota Association of Counties – As I understand, when the change was made, which wasn't that many years ago, when that sentence was added in there, it was immediately noted by the tax directors of those counties with larger cities.

Chairman Cook asked for testimony opposed to HB 1101. No one came forward.

Chairman Cook asked for neutral testimony for HB 1101. No one came forward.

Chairman Cook closed the hearing on HB 1101.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee Lewis and Clark Room, State Capitol

HB 1101
3/2/2011
Job Number 14980

☐ Conference Committee

A. R. Miller

Explanation or reason for introduction of bill/resolution:

Relating to the valuation of properties in townships

Minutes:

Committee Work

Chairman Cook opened discussion on HB 1101.

Senator Triplett – I'll move a Do Pass on HB 1101.

Seconded by **Vice Chairman Miller**.

Chairman Cook – Any discussion? Ask the clerk to take the roll. (7-0-0)

Carried by **Senator Triplett**.

Date: 3-7-11
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1101

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☒ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Triplett Seconded By Senator Miller

Senators	Yes	No	Senators	Yes	No
Dwight Cook – Chairman	X		Jim Dotzenrod	X	
Joe Miller – Vice Chairman	X		Connie Triplett	X	
Randy Burckhard	X				
David Hogue	X				
Dave Oehlke	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Triplett

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

REPORT OF STANDING COMMITTEE

HB 1101: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1101 was placed on the Fourteenth order on the calendar.

2011 TESTIMONY

HB 1101

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**TESTIMONY OF THE OFFICE OF STATE TAX COMMISSIONER
BEFORE THE
HOUSE FINANCE AND TAXATION COMMITTEE**

HOUSE BILL 1101

JANUARY 10, 2011

Chairman Belter, members of the House Finance and Taxation Committee, I am Marcy Dickerson, State Supervisor of Assessments and Director of the Property Tax Division for the Office of State Tax Commissioner. I am here today to testify in support of House Bill 1101.

BACKGROUND

In 2007, the Legislature amended N.D.C.C. § 57-02-27.1 to give the governing body of a city authority to establish valuations that recognize the supply of vacant lots available for sale. This bill gives the governing body of a township similar authority. It provides authority for assessment of property in townships where development is taking place, similar to the authority provided to cities. This amendment recognizes that some townships adjacent to major cities are experiencing residential and commercial growth similar to cities.

REASON FOR PROPOSED CHANGE

When residential or commercial development is occurring, often a few lots will sell promptly, but many remaining lots may not sell for a considerable period, maybe years. Those early sales may not be good indicators of the present value of the remaining vacant lots in the jurisdiction. By statute, real property is to be assessed at its true and full value on February 1 of each year. The 2007 legislation that allows cities discretion in valuing vacant lots recognizes the time value of money, and acknowledges that sales of a few lots may not represent the current value of a large supply of other unsold lots.

EFFECTIVE DATE

The provisions of House Bill 1101 are effective for taxable years beginning after December 31, 2010.

CONCLUSION.

The Office of State Tax Commissioner believes this change will enable township governing bodies to place fair and accurate valuations on vacant lots when development is occurring. The Tax Commissioner respectfully requests that you give favorable consideration to House Bill 1101.

Testimony before the House Finance and Taxation Committee
January 10, 2011

#2

House Bill 1101

Jerry Ratzlaff, Tax Director
Ramsey County, ND

Chairman Belter, Committee Members: My name is Jerry Ratzlaff. I am the Tax Director for Ramsey County and have been for about 25 years.

My testimony is concerning the inconsistency created by NDCC Section 57-02-27.1 in relation to the valuation of vacant lots.

Currently assessments could be significantly different on similar vacant lots within city limits compared to vacant lots immediately outside city limits.

Adding "or township" as shown in the amendment would allow taxing entities equal opportunity and will help with orderly development.

I am asking for a DO PASS on House Bill 1101.

This concludes my testimony. Thank you for your consideration and I would be happy to respond to any questions you may have.

Jerry Ratzlaff, Tax Director
Ramsey County

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**TESTIMONY OF THE OFFICE OF STATE TAX COMMISSIONER
BEFORE THE
SENATE FINANCE AND TAXATION COMMITTEE**

HOUSE BILL 1101

MARCH 2, 2011

Chairman Cook, members of the Senate Finance and Taxation Committee, I am Marcy Dickerson, State Supervisor of Assessments and Director of the Property Tax Division for the Office of State Tax Commissioner. I am here today to testify in support of House Bill 1101.

BACKGROUND

In 2007, the Legislature amended N.D.C.C. § 57-02-27.1 to give the governing body of a city authority to establish valuations that recognize the supply of vacant lots available for sale. This bill gives the governing body of a township similar authority. It provides authority for assessment of property in townships where development is taking place, similar to the authority provided to cities. This amendment recognizes that some townships adjacent to major cities are experiencing residential and commercial growth similar to cities.

REASON FOR PROPOSED CHANGE

When residential or commercial development is occurring, often a few lots will sell promptly, but many remaining lots may not sell for a considerable period, maybe years. Those early sales may not be good indicators of the present value of the remaining vacant lots in the jurisdiction. By statute, real property is to be assessed at its true and full value on February 1 of each year. The 2007 legislation that allows cities discretion in valuing vacant lots recognizes the time value of money, and acknowledges that sales of a few lots may not represent the current value of a large supply of other unsold lots.

EFFECTIVE DATE

The provisions of House Bill 1101 are effective for taxable years beginning after December 31, 2010.

CONCLUSION.

The Office of State Tax Commissioner believes this change will enable township governing bodies to place fair and accurate valuations on vacant lots when development is occurring. The Tax Commissioner respectfully requests that you give favorable consideration to House Bill 1101.

**Testimony To The
SENATE FINANCE & TAXATION COMMITTEE
Prepared March 2, 2011, by
Terry Traynor, Assistant Director
North Dakota Association of Counties**

REGARDING HOUSE BILL No. 1101

Chairman Cook and members of the Committee, the Association of Counties passed a resolution of support for the legislative change contained in House Bill 1101.

This support is based on the current inconsistency within Section 57-02-27.1 in relation to the valuation of vacant lots.

Currently assessments could be significantly different on vacant lots within a city when compared with similar vacant lots immediately outside city limits.

Adding "or township", as shown in the amendment, would allow taxing entities to treat similar properties in close proximity in a similar manner. It would also help facilitate orderly development of existing vacant lots.

Our Association urges a Do Pass recommendation on House Bill 1101.