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 Bruchen

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

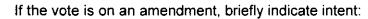
CARRIER: Representative Steven L. Zaiser

Date:	1-10-11	
Roll C	all Vote #	1



2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 1/01

House Finance and Taxation (tee
☐ Check here for Conference Comm	nittee				
Legislative Council Amendment Number					
Action Taken: Do Pass Do	Not Pa	ass [Amended	Amendn	ent
Rerefer to Appro	priatio	าร [Reconsider		
Motion Made By Belter Seconded By Lep. Wrangham					
Representatives	Yeş	No	Representatives	Yes	No
Chairman Wesley R. Belter	V .		Scot Kelsh	1/,	
Vice Chair. Craig Headland			Shirley Meyer	 	
Glen Froseth J Lonny B. Winrich					
Bette Grande			Steven L. Zaiser		
Patrick Hatlestad	<u></u>				
Mark S. Owens					
Roscoe Streyle	J.				
Wayne Trottier					
Dave Weiler	J.				
Dwight Wrangham					
Total (Yes) 14		_ No _	ϕ		
Absent Ø					
Floor Assignment <u>Rep. Za.</u>	ises				





Module ID: h_stcomrep_05_006 Carrier: Zaiser

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
ш	Connenence	Committee

A Rithmiller	
Explanation or reason for introduction	on of bill/resolution:
Relating to the valuation of properties i	n 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?



Senate Finance and Taxation Committee HB 1101 3/2/2011 Page 2

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. Rittmiller	
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	#		

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 1/0

Senate <u>Firence</u>	<u>an</u>	T	coyexe	Comm	ittee
Check here for Conference Co	mmittee	Э			
Legislative Council Amendment Num	ber				
Action Taken: 💆 Do Pass 🗌	Do Not	Pass	Amended Ad	opt Ameno	dment
Rerefer to Ap	propriat	ions	Reconsider		
Motion Made By Senator To	-ple	¥ Se	conded By Senator	mille	<u>.</u>
Senators	Yes	No	Senators	Yes	No
Dwight Cook – Chairman	1		Jim Dotzenrod	X	
Joe Miller – Vice Chairman	X		Connie Triplett	X	
Randy Burckhard	X				
David Hogue					
Dave Oehlke	X_				
Total (Yes) 7	······································	i	No <u>()</u>		
Absent O			·		
Floor Assignment Senator	x 7	(cip)	1644		

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

Com Standing Committee Report March 7, 2011 11:26am

131

Module ID: s_stcomrep<u>≤</u>40_002 Carrier: Triplett

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.

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2011 TESTIMONY

HB 1101

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 y 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



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

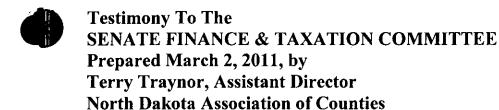
When residential or commercial development is occurring, often a few lots will sell promptly, but many remaining lots may not sell for a considerable period, maybe years. Those early sales may not be good indicators of the present value of the remaining vacant lots in the jurisdiction. By statute, real 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.



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.