

2011 HOUSE FINANCE AND TAXATION

HB 1345

# 2011 HOUSE STANDING COMMITTEE MINUTES

## House Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1345  
January 31, 2011  
#13682

☐ Conference Committee

Committee Clerk Signature

*Mary Brucke*

### Explanation or reason for introduction of bill/resolution:

A Bill relating to the valuation of a homestead eligible for the homestead credit; and to provide an effective date.

### Minutes:

*No attachments.*

**Representative Kaldor:** Sponsor. Support. The reasons why I brought this forward had to do with contacts I've had from constituents with concerns on the homestead tax credit. I had looked at many different possibilities for modifications. Last session we had two pieces of legislation that increased the income eligibility and the taxable valuation reduction for this credit. They tend to have fairly substantial fiscal notes. You'll notice that this one has an undetermined fiscal note. One of the things I was looking at had to do with the unencumbered valuation of the homestead. This is the most modest side of the equation in calculating the homestead credit. What I've done here is increase that unencumbered valuation of the homestead from \$100,000 to \$125,000. This should have the affect of allowing more people to be eligible and as the fiscal note states it is undetermined and we don't know how many people will be affected. One of the things that we do know to be fairly certain especially in parts to the west where we have oil development and tremendous economic development we have valuations that are rising rapidly. When this becomes a factor that would limit the eligibility for the credit. As I'm told the credit will apply under the current circumstances through \$100,000 and then an unencumbered valuation and then it would disappear if they meet the other criteria, the income eligibility and the other asset criteria which don't change under this legislation. If you reference section 57-02.08.1 our current exemptions persons with income not in excess of \$18,000 would have a 100% reduction in their taxable valuation up to a maximum of \$4,500 in taxable valuation. We have five steps; the fifth step is eligibility up to \$26,000 with a reduction of 20% of the taxable valuation and a limitation of \$900. My introduction of this legislation in part was to get this subject on the table again. Representative Kasper introduced legislation last session which was much more aggressive, it intended to go even much farther than this does. We passed a Senate bill last session which was in the mid range. I would like to see the legislature continue to address this issue and the reason is because of the fact that we have people on fixed incomes that are having a harder time staying in their own homes, in part of because of property valuations which tend to increase their property taxes as well.

**Representative Shirley Meyer:** It currently is limited to \$100,000 and this would raise the threshold to \$125,000?

**Representative Kaldor:** That is correct.

**Representative Glen Froseth:** Is this a complete new subsection g because there is no underscored new language or crossed off old language.

**Representative Kaldor:** The underlined language which is just 25 would be the new language. I'm not sure what happened there but current law is \$100,000 and this legislation would simply insert \$125,000.

**Chairman Wesley R. Belter:** We will get a clarification on this.

**Representative Shirley Meyer:** We've ran into a similar situation in political subs and when you go out on the internet that is why some of your language is underlined and some of it isn't.

**Marcy Dickerson, State Supervisor of Assessments:** I do have the bill with the underline. On line 12 the word "25" is underscored on this and that is the only new language in this bill.

**Kevin Ternes, City Assessor in Minot:** Neutral testimony. We have about 180 homestead credits in Minot and I would say about 5 or 6 people fell under this bracket and didn't qualify last year. I would say another 5 or 10 people that will lose their homestead credit because what happens is right now anything over \$100,000 value of the home applies to their \$75,000 assets. So if you have a home that is now at \$168,000 or \$179,000 in value if they had \$6,000 or \$7,000 in anything else they won't qualify for homestead credit. This is a modest step whether it updates the western area is up to your decision.

**Chairman Wesley R. Belter:** No further testimony. Closed hearing on HB 1345.

# 2011 HOUSE STANDING COMMITTEE MINUTES

## House Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1345  
February 7, 2011  
#14151

☐ Conference Committee

Committee Clerk Signature

*Mary Brucker*

### Explanation or reason for introduction of bill/resolution:

A Bill relating to the valuation of a homestead eligible for the homestead credit; and to provide an effective date.

### Minutes:

*No attachments.*

**Chairman Wesley R. Belter:** This is Representative Kaldor's bill which moves the homestead credit to \$125,000.

**Vice Chairman Craig Headland:** We essentially accomplished in the last bill moving that value level up to \$125,000 and that is what this entire bill did. With that being said I think we can kill this bill. **I move a DO NOT PASS.**

**Representative Bette Grande:** **Seconded.**

**A roll call vote was taken: YES12 NO 2 ABSENT 0  
MOTION CARRIED—DO NOT PASS.**

**Representative Roscoe Streyle will carry HB 1345.**

# FISCAL NOTE

Requested by Legislative Council  
01/18/2011

Bill/Resolution No.: HB 1345

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1345 increases the amount of unencumbered valuation of the homestead that may be excluded from assets reported by an applicant for homestead credit from \$100,000 to \$125,000.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

It is not possible to estimate the fiscal effect of this change. The bill will allow some additional applicants to become eligible for the credit, but it is not possible to estimate how many newly eligible persons there may be.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	01/29/2011

Date: 2-7-11  
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1345

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 Rep. Headland Seconded By Rep. Grande

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) 12 No 2

Absent Ø

Floor Assignment Rep. Streyle

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

**REPORT OF STANDING COMMITTEE**

**HB 1345: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO NOT PASS** (12 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1345 was placed on the Eleventh order on the calendar.

2011 TESTIMONY

HB 1345