

2011 SENATE FINANCE AND TAXATION

SB 2321

# 2011 SENATE STANDING COMMITTEE MINUTES

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

SB 2321  
February 2, 2011  
13707

Conference Committee

Committee Clerk Signature



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

Relating to a homestead property tax credit for mobilized military personnel

## Minutes:

"See attached testimony."

**Senator Cook** opened SB 2321, relating to a homestead property tax credit for mobilized personnel.

**Senator Schneider**, District 42 introduced this bill, and is sponsor of SB 2321. See written testimony.

**Senator Cook:** Did you communicate at all with the people who after to administer this as to any challenges or difficulties in having to administrating it?

**Senator Schneider:** I believe John Walstad from Legislative Council did, but I know that Joe Becker has appeared behind me today, but I worked with him in the past and certainly would be happy to reach out to him.

**Senator Cook:** Further testimony in support of SB 2321. Any testimony opposed to SB 2321. No one came forward. Any neutral testimony? No one came forward.

**Marcy Dickerson**, State Supervisor of Assessments and Director of the Property Tax Division for the Office of State Tax Commissioner. (See attachment B, proposed amendments).

**Senator Miller:** If we pass this and after your amendments and everything, could a disabled veteran whos'old; could he stack these all up and receive a really good credit?

**Marcy Dickerson:** As I read this, the person would have to be deployed in one year to be eligible for a credit the next year. I guess, it's possible for a disabled veteran who's qualifying for a benefit to also be deployed. I don't know how likely that is to occur, but in that case I guess you could stack them up. As it is, in existing law, disabled veterans can also apply for Homestead credit if he meets the requirements for Homestead credit. Where of course there is an income requirement, where for the disabled veteran's credit there is no income requirement. But they can have both if they qualify for both.

**Senator Triplett:** To analyze that a step further. Then you could have somebody who is deployed for the first part of the year and if they became disabled from injury or accidental while deployed then for the second part of the year they could be a disabled veteran. If they were a home owner for the whole period of time, theoretically you could have someone get all three in the same year, even though it may be unlikely?

**Marcy Dickerson:** I think that is possible, because all those things would have to be certified prior to eligibility. So is a person were deployed in 2010, and became disabled in 2010, that person would have to have their disability certification by February 1, 2011 in order to qualify for 2011.

**Senator Cook** closed the hearing on SB 2321.

# 2011 SENATE STANDING COMMITTEE MINUTES

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

SB 2321  
February 3, 2011  
13710

Conference Committee

A. R. Miller

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

Relating to a homestead property tax credit for mobilized military personnel

## Minutes:

Committee Work

**Senator Cook** opened SB 2321, relating to homestead property tax credit for mobilized military personnel.

Committee Discussion.

**Senator Dotzenrod:** The low income tax exemption on homestead, is it 40%? I don't recognize it.

I am not aware of any place where 40% is used in that context.

**Senator Triplett:** My concern with this bill, it's really hard to get to vote against any bills that purports to provide a benefit to veterans but this really picks out veterans who happen to be home owners and doesn't give a similar benefit to veterans who rent. We should be just as grateful for their service. That bothers me that we're sort of picking winners and losers among the group of people to whom we are all grateful for and I have a hard time with these bills even though it is tempting.

**Senator Cook:** I couldn't agree with you more. I have the same thought and you're exactly right. We all appreciate dearly the sacrifices and services that our veterans make. I guess the question that came to my mind is I think there is a place where some responsibility lies to make sure that our military people are taken care of. They look at the entire military benefit package and how it changes as they go from being a reservist to being deployed on active duty. I would guess there is quite a package out there. I don't know what it is. I make note that the Adjutant General wasn't here speaking to the issue, that big package. This is something that's American flag, apple pie, but I think there is a better way to solve the issue of making sure our veterans are being taken care of.

**Senator Triplett:** To be consistent with what I just said about wanting to provide benefits across the board to all of our veterans, it would be better if we wanted to provide them some additional income tax credit against their military income or some credit that's based, some sort of percentage of their basic allowance for quarters, or something that would be an across the board benefit to all of our citizens who are veterans rather than just picking out those who are property owners.

**Senator Dotzenrod:** I think during the Vietnam War there was actually a bonus, I think that young North Dakotans who were returning from Vietnam were paid, they got a check, it had nothing to do with whether they owned property or rented.

**Senator Triplett:** Didn't we just do a bonus a few sessions back, similar to that?

**Chairman Cook:** That is current law today.

**Senator Triplett:** Even just increasing that bonus or something would make more sense to me than this, but at the same time I don't want to vote against this bill. If the intention is to provide some additional benefit to veterans, I can support that as long as it's consistent for all people who are similarly situated. So the similar situation would be the active duty piece. I just don't see picking out home owners among them as being a rational way of doing tax policy.

**Senator Hogue:** The rates for Minot, for an airman would be \$930 going up to \$1,764 a month for housing allowance benefits.

**Chairman Cook:** That is living off base.

**Senator Hogue:** That is for both, if you are in the Guard you're not getting housing allowance while you are in the Guard but once your deployed and go on active duty, that's what you get to pay for your residence back home.

**Senator Dotzenrod:** That's all federal money?

**Senator Hogue:** And tax free too.

**Senator Triplett:** At least for the western 1/3 of the state we are hearing other bills in other context that rents are raising quickly and that there are places it is very difficult for people to find housing for under \$1,000 and so even at the airman level people are on a tight budget and rents start going up, we really don't want people to have to start packing up their families and moving them out of state just because they can't afford to live here. There may be a good argument for increasing it. I'm saying, I'm not objecting to the bill in the sense of the underlying intent of wanting to do something more to help. I just don't think this is the right vehicle for it.

**Senator Hogue:** I agree with you, to target just homeowners when we've got a state law there that gives them a specific dollar amount based on the increments of 30 days that they have been on active duty is an easier way, but the intent of the prime sponsor is to say thank you. The easiest way to say thank you, instead of making them go through this process is just to increase the amount that's available for deployment. I think its \$100 per 30 days of active duty capped at \$600. You could change that. I don't have strong feelings, I am on the bill, I got deployed and I got my \$500 or \$600, whatever it was.

**Chairman Cook:** Thank you for serving.

**Vice Chairman Miller:** Is the \$500 or whatever you got, is that per deployment? If you got redeployed, would you get that again?

**Senator Hogue:** I don't know.

**Chairman Cook:** Well committee, you digest this. If you have amendments you want to offer please bring them.

**Chairman Cook** closed discussion on SB 2321.

# 2011 SENATE STANDING COMMITTEE MINUTES

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

SB 2321  
2/8/2011  
Job Number 14201

Conference Committee

*A. R. Miller*

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

Relating to a homestead property tax credit for mobilized military personnel

## Minutes:

Committee Work

**Chairman Cook** opened discussion on SB 2321.

**Chairman Cook** – This is an income tax homestead credit for guards' members on active military duty. It's a \$1.3 million fiscal note.

**Senator Hogue** – I have some amendments I received on this last week that would study this along the lines of what the committee discussed. I think Senator Triplett voiced a concern that I agree with, is we've got a lot of soldiers and airmen who get deployed overseas to serve and now all the sudden we are saying those that serve but own property get a tax incentive that all those other ones that don't own property will not receive. I thought that made sense because a lot of our guardsmen are college age students or young people who do not own real estate so we wouldn't be giving them what we are giving to the soldiers and airmen who are property owners. I think it's probably best to study this rather than pass it as is.

**Senator Hogue** – I know one of the things I did not get in to the amendment is, I actually wanted to study, and I don't know, I would defer to your opinion, but if the legislative management chooses to study this, I though the one statute we should study is the statute that provides \$100 per month that each soldier or airman is deployed because it's capped at \$500 or \$600. I think we could still study that as part of this resolution because it's concerned with what the soldier is getting when they are deployed. I think the proposed resolution is ok and would allow us to study and consider any benefits that they are getting from either the federal or state government as a result of being deployed overseas.

**Chairman Cook** – My first thought that came to mind when we heard this bill is, number one, when you are deployed they are now working for the federal government, and the ultimate responsibility for compensation should certainly lie in their hands first. I'm not aware of all the federal benefits they get while they are deployed. We certainly have, I think some responsibilities and we are seeing them when they come home. The other thing that I was curious about is as we look at the needs of our soldiers who are serving here or even when they are deployed is, I didn't see any military person here including the Adjutant General, as far as this is a problem that we need to address. I do like the study but I'm wondering if it shouldn't be expanded somewhat to study the total benefits of the challenges that deal with our citizens who are in the Nation Guard and facing active duty and the problems they have when they come home.

**Vice Chairman Miller** – Senator Hogue I would suggest maybe just taking "property" out and taking "housing" out. I think that broadens it enough.

**Senator Hogue** – That would be fine.

**Vice Chairman Miller** – I would move the amendment.

Seconded by **Senator Hogue**.

**Vice Chairman Miller** – And we will have to take it out if the first line too.

**Chairman Cook** – We will be taking "property" out of line 3 of the title and the third line in section 1 we would remove "property" and "housing".

**Chairman Cook** – All in favor say yea. Opposed? (7-0-0)

**Chairman Cook** – Now we have before us amendments to SB 2321.

**Vice Chairman Miller** – I'll move the Hogue amendments as amended.

Seconded by **Senator Burckhard**.

**Chairman Cook** – Any discussion? All in favor say yea. (7-0-0)

**Senator Hogue** – I move a Do Pass as Amended.

Seconded by **Senator Burckhard**.

Carried by **Senator Hogue**.



# FISCAL NOTE

Requested by Legislative Council  
01/26/2011

Bill/Resolution No.: SB 2321

**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			\$1,300,000			
Appropriations			\$1,300,000			

**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).*

SB 2321 creates a homestead property tax credit for mobilized military personnel.

**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.*

Statistics indicate approximately 965 military personnel were mobilized in 2010. Of this number, it is likely 67% owned homes (based on statewide average home ownership rates). Assuming these mobilized homeowners were deployed for nearly the full year and they owned homes at or above the median value of a single-family residence in Fargo, the maximum \$1000 credit would apply. Therefore, we assume SB 2321, if enacted, could increase homestead credit expenditures by an estimated \$1.3 million in the 2011-13 biennium.

**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.*

If enacted, SB 2321 would increase homestead credit expenditures by an estimated \$1.3 million for the 2011-13 biennium.

**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.*

If enacted, SB 2321 may require an appropriation.

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

Date: 2-8-11  
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2321

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 Miller Seconded By Senator Hogue

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

Total (Yes) 7 No 0

Absent 0

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

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

Verbal vote to amend proposed  
amendment

February 1, 2011

*JB*  
2-8-11

PROPOSED AMENDMENTS TO SENATE BILL NO. 2321

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study relating to the feasibility and desirability of extending tax relief for assistance to mobilized soldiers."

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

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY - PROPERTY TAX RELIEF FOR MOBILIZED SOLDIERS.** During the 2010-11 interim, the legislative management shall consider studying the feasibility and desirability of extending tax relief to mobilized soldiers and whether allowances for military service for mobilized soldiers is adequate. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-third legislative assembly."

Renumber accordingly

Date: 2-8-11  
Roll Call Vote # 2

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2321

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 Miller Seconded By Senator Burckhard

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

Total (Yes) 7 No 0

Absent 0

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

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

verbal vote to adopt the amended amendment

Date: 2-8-11  
Roll Call Vote # 3

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2321

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 Hogue Seconded By Senator Burckhard

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 Hogue

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

**REPORT OF STANDING COMMITTEE**

**SB 2321: 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 2321 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 provide for a legislative management study relating to the feasibility and desirability of extending tax relief for assistance to mobilized soldiers.

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

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY - PROPERTY TAX RELIEF FOR MOBILIZED SOLDIERS.** During the 2010-11 interim, the legislative management shall consider studying the feasibility and desirability of extending tax relief to mobilized soldiers and whether allowances for military service for mobilized soldiers is adequate. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-third legislative assembly."

Renumber accordingly

2011 HOUSE FINANCE AND TAXATION

SB 2321



# 2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee  
Fort Totten Room, State Capitol

SB 2321  
March 9, 2011  
#15164

Conference Committee

Committee Clerk Signature <i>Mary Brucke</i>
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**Explanation or reason for introduction of bill/resolution:**

A bill to provide legislative management study relating to the feasibility and desirability of extending tax relief for assistance to mobilized soldiers.

**Minutes:**

<i>See attached testimony #1</i>
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**Senator Mac Schneider:** Introduced bill. Support. Please refer to attached testimony #1.

**Chairman Wesley R. Belter:** No further testimony. Closed hearing on SB 2321.

# 2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee  
Fort Totten Room, State Capitol

SB 2321  
March 15, 2011  
#15441

Conference Committee

Committee Clerk Signature

*Mary Brucker*

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

A bill to provide legislative management study relating to the feasibility and desirability of extending tax relief for assistance to mobilized soldiers.

## Minutes:

*No attachments.*

**Chairman Wesley R. Belter:** I think this is more of a federal issue. I personally don't support doing a study on this.

**Representative Bette Grande:** We already have a study where we are going to be talking about some of the mobilized soldiers' issues with insurance and other issues. If need be we could have this discussion in the interim. **I make a motion for a DO NOT PASS.**

**Vice Chairman Craig Headland: Seconded.**

**A roll call vote was taken: YES 10 NO 4 ABSENT 0  
MOTION CARRIED FOR DO NOT PASS.**

**Representative Bette Grande will carry SB 2321.**

Date: 3-15-11  
 Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2321

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 Grande Seconded By Rep. Headland

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) 10 No 4

Absent ∅

Floor Assignment Rep. Grande

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

**REPORT OF STANDING COMMITTEE**

**SB 2321, as engrossed: Finance and Taxation Committee (Rep. Belter, Chairman)**  
recommends **DO NOT PASS** (10 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING).  
Engrossed SB 2321 was placed on the Fourteenth order on the calendar.

2011 TESTIMONY

SB 2321

**TESTIMONY OF SEN. MAC SCHNEIDER (DISTRICT 42 – GRAND FORKS)  
SENATE FINANCE AND TAXATION COMMITTEE  
SENATE BILL 2321**

Mr. Chairman, members of the committee, my name is Mac Schneider and I represent Grand Forks' District 42 in the Senate. I am here today as a sponsor of Senate Bill 2321.

This legislation is the result of an email I received last fall from a member of the North Dakota Air National Guard via U.S. Sen. Kent Conrad's office. As you can see from the attached email, this airman was deployed to Afghanistan for six months and was made aware by a fellow airman from New York about program in that state which provides property tax relief to veterans. Since he asked for assistance in "brining this up to the North Dakota legislature for consideration[,] I was contacted by Sen. Conrad's staff about this matter.

After speaking with Legislative Council staff attorneys regarding the specifics of the New York program and what would best work in North Dakota, we decided upon Senate Bill 2231 as a way to provide another small thank you for those who are serving our country.

Broadly speaking, the legislation would provide a property tax credit of up to 40% off the service member's property tax bill (not to exceed \$1,000 per individual).

More specifically, to qualify for the credit, the individual would first have to complete more than 30 days of federal active duty service. Then, the credit would be determined by applying the following formula:

$$40\% \times [\text{days of federal active duty} / \text{days in the taxable year}] = \underline{\% \text{ reduction in the property tax bill}}$$

To illustrate how this formula would work in practice, imagine that a soldier with property tax liability of \$1,000 is deployed for exactly 182.5 days (i.e., half a year) during a taxable year. The credit [40% x .5] would equal 20% off the tax bill of \$1,000, or \$200. Changing the facts slightly, if the deployed soldier had a property tax liability of \$10,000, the soldier would only receive \$1,000 rather than \$2,000 since the credit is capped at that amount.

Subsection 2 of the bill makes clear that a deployed husband and wife who are living together may receive a cumulative maximum of two thousand dollars in credits for the year and also declares that a service member's credit is limited to his or her interest in the property.

The remaining subsections describe the mechanics of claiming and administering this credit. To claim the credit, a service member must file an affidavit with the county auditor along with a description of the property and copy of the individual's orders. The county auditor then certifies to the tax commissioner the names and addresses of each person for whom the

credit was allowed for the preceding year, the amount allowed and other information. Next, the tax commissioner audits the certifications. Finally, the state treasurer makes payment to county treasurers, who then apportion and distribute the payment to the county and local taxing districts.

Mr. Chairman, the intent of the bill is to once again show our gratitude to our citizen soldiers who leave their communities and families to perform increasingly dangerous and difficult missions in the service of our country. Regarding the specifics of how best to do this, I leave that matter in the capable hands of this committee.

Thank you and I would be happy to try and answer any questions.

**Schneider, Mac J.**

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Subject:

RE: Property Tax Proposal

**From:**

**Sent:** Thursday, October 14, 2010 3:59 PM

**To:** Schneider, Mac J.

**Subject:** Property Tax Proposal

Hello- My name is [REDACTED] and I am currently deployed to Afghanistan for 6 months. I am working with a fellow Air National Guardsman from New York, and he was telling me about the benefits New York State grants its veterans, one of importance to me was 15% off of property taxes for Veterans and an additional 10% off for property taxes for veterans in a combat zone. Can you assist me in bringing this up to the North Dakota legislature for consideration? Thank you for your time- Sincerely, [REDACTED]

I am attaching some information that I have gathered from New York State website:

<http://www.orps.state.ny.us/pamphlet/exempt/vets.htm>

What are the tax exemptions on real property owned by veterans?

The eligible funds veterans' real property tax exemption (Real Property Tax Law, section 458) provides a partial exemption where property owned by a veteran or certain other persons designated in the law has been purchased with pension, bonus, or insurance monies, referred to as "eligible funds".

Another exemption, known as the alternative veterans' exemption (Real Property Tax Law, section 458-a), is available only for residential property of veterans who served during wartime or received an expeditionary medal. Each county, city, town and village (municipality) was given the option of deciding not to grant this alternative exemption. A municipality, however, which initially opted not to grant the alternative exemption, may decide to change its decision and grant the exemption. Ask the assessor or the clerk of the municipality in which your residence is located to determine if the alternative exemption is in effect.

A third exemption, known as the Cold War veterans' exemption (Real Property Tax Law, section 458-b), is available only for residential property of veterans who served during the Cold War period. Counties, cities, towns and villages have the option of granting a reduction in the amount of property taxes paid by veterans who qualify for this exemption. This exemption is not available to those veterans currently receiving either the eligible funds or alternative veterans' exemption.

#### ALTERNATIVE VETERANS' EXEMPTION

How does the "alternative" veterans' exemption work?

The alternative exemption provides a property tax exemption of 15% of assessed value to veterans who served during wartime and an additional 10% to those who served in a combat zone. The law also provides an additional exemption to disabled veterans equal to one-half of their service-connected disability ratings. The application form for the alternative exemption is RP-458-a (instructions); it must be filed with your local assessor.

[REDACTED]

[REDACTED]
[REDACTED]



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

SENATE BILL 2321

JANUARY 31, 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 suggest some amendments to Senate Bill 2321.

It is necessary to clarify to which year the tax credit applies. The current language can be interpreted to apply to the taxable year during which the individual was deployed. If that is your wish, it will be necessary for all applicants to file applications for abatement for that year, after the end of that year. That creates additional paperwork for the applicant and assessment officials.

It is better to have the credit apply to the taxable year following the year in which deployment took place. That procedure can be continued for any taxable year following a year in which the individual was deployed.

Page 1, line 15, after the second "the" insert "preceding". That would provide a reduction in 2011 property taxes for an individual who was deployed in 2010, based on the effective date on page 3.

To be consistent with the way the disabled veterans' credit and homestead credit are administered, it would be better to state the maximum credit allowed in terms of taxable value, rather than property taxes. Using the 2009 statewide average mill rate of 319.37 mills, a tax amount of \$1,000 equals a taxable value of \$3,131, which represents a true and full value of \$69,578; which equals 40 percent of total true and full value of \$173,945. The full \$1,000 tax credit is available only to a person who was deployed for the whole year and whose true and full value of fixtures, buildings, and improvements equals at least \$173,945.

For comparison, a person who qualifies for homestead credit at the 40 percent level is entitled to a maximum reduction in taxable value of \$1,800. At the statewide average mill rate, that represents a tax reduction of \$574.87. A disabled veteran with 50 percent disability (40 percent does not qualify) is entitled to a 50 percent reduction in true and full value of fixtures,

buildings, and improvements up to a true and full value of \$120,000. That equals a \$2,700 reduction in taxable value and, at the statewide average mill rate, \$862.30 tax reduction.

Page 1, line 17, overstrike "property taxes" and insert "taxable value"; overstrike "the" and insert "a"; overstrike "one thousand" and insert whatever taxable value figure you wish.

Page 1, line 20, overstrike "two thousand" and insert an amount double the taxable value amount you inserted on line 17; overstrike "property taxes" and insert "taxable value".

Page 3, line 10, after "December 31, 2010" insert "for ad valorem property taxes and for taxable years beginning after December 31, 2011, for mobile home taxes".

This bill will require an appropriation.

The maximum taxable value reduction allowed under SB 2321 as drafted is \$3,131. The maximum taxable value reduction allowed under homestead credit is \$4,500. The maximum taxable value reduction allowed under disabled veterans' credit is \$5,400.

This concludes my prepared testimony. I will be glad to try to any questions.

Testimony # 1

**TESTIMONY OF SEN. MAC SCHNEIDER (DISTRICT 42 – GRAND FORKS)  
HOUSE FINANCE AND TAXATION COMMITTEE  
SENATE BILL 2321**

Mr. Chairman, members of the committee, my name is Mac Schneider and I represent Grand Forks' District 42 in the Senate. I am here today as a sponsor of Senate Bill 2321.

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After speaking with Legislative Council staff attorneys regarding the specifics of the New York program and what would best work in North Dakota, we decided upon Senate Bill 2231 as a way to provide another small thank you for those who are serving our country.

Broadly speaking, the legislation would have provided a property tax credit of up to 40% off the service member's property tax bill (not to exceed \$1,000 per individual).

However, concerns were raised by the Senate Finance and Tax Committee that providing property tax relief to soldiers who own homes may be unfair to those who rent. Admittedly, there is some validity to that.

Mr. Chairman, the intent of the original bill was to once again show our gratitude to our citizen soldiers who leave their communities and families to perform increasingly dangerous and difficult missions in the service of our country. I hope we can find a way over the interim to determine the best way to do this.

Thank you and I would be happy to try and answer any questions.