

**TESTIMONY OF THE OFFICE OF STATE TAX COMMISSIONER
BEFORE THE
INTERIM HEALTH SERVICES COMMITTEE**

OCTOBER 26, 2011

Chairman Lee, members of the 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 provide information on possible taxation of trust lands for Levy No. 1217, Health District Fund, requested in a letter to Tax Commissioner Cory Fong, dated October 5, 2011.

Parts of six counties – Dunn, McKenzie, McLean, Mercer, Mountrail, and Ward – lie within the boundaries of the Fort Berthold Reservation. Some properties on the reservation are subject to property taxation by the counties. Trust lands are exempted from ad valorem taxation by N.D.C.C. § 57-02-08(4). Assessment officials are not required to value trust lands, under provisions of § 57-02-14. It would be necessary to value trust lands to determine the amount of property tax revenue that could be raised by ad valorem taxation of those lands. A county may levy up to 5.00 mills for the Health District Fund, or more if available under § 57-15-01.1, which supersedes any applicable mill levy limitations otherwise provided by law.

We have received reports from the six counties having Fort Berthold Reservation property within their boundaries. Only two of those counties, Dunn County and Mercer County, were able to provide an estimate of the taxable value of trust lands located within the county. The attached spreadsheet shows an estimated taxable value of \$1,179,100 for trust lands within Dunn County and \$297,000 for trust lands within Mercer County. Those values would produce a tax of \$4,280.13 for Dunn County at the 2010 mill rate of 3.63 mills levied by Dunn County, and \$1,330.56 for Mercer County at the 2010 mill rate of 4.48 mills levied by Mercer County for Levy No. 1217, Health District Fund.

The spreadsheet shows amounts levied for Levy No. 1217 for 2010 on all taxable property in Dunn, McKenzie, McLean, Mercer, Mountrail, and ^{Ward} Mercer Counties. Also shown are actual and estimated amounts (included in those county-wide figures) levied on taxable property located on the Fort Berthold Reservation.

That concludes my prepared testimony. I will try to answer any questions.

Health District Fund

<u>County</u>	<u>2010 Mills Levied</u>	<u>Tax Amount Generated County Wide</u>	<u>Taxable Value of Txbl. Property on Fort Berthold Reservation</u>	<u>Tax Amount on Taxable Property on Reservation</u>
Dunn	3.63	\$54,010.68	26,245	\$95.27
McKenzie	2.62	\$55,663.08	86,941	\$227.79
McLean	2.56	\$96,512.03	2,563,530	\$6,562.64
Mercer	4.48	\$99,516.64	121,297	\$543.41
Mountrail	2.62	\$93,992.10	10,676,908 estimated	\$27,973.50 estimated
Ward	2.76	<u>\$507,711.74</u>	374,376	<u>\$1,033.28</u>
TOTAL		\$907,406.27		\$36,435.88
<u>County</u>	<u>2010 Mills Levied</u>		<u>Taxable Value of Trust Lands on Fort Berthold Reservation</u>	<u>Tax Amount Possible at Current Levy</u>
Dunn	3.63		1,179,100 estimated	\$4,280.13
McKenzie	2.62			
McLean	2.56			
Mercer	4.48		297,000 estimated	\$1,330.56 estimated
Mountrail	2.62			
Ward	2.76			
TOTAL				