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ROLL NUMBER

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1272

2007 HOUSE FINANCE AND TAXATION

HB 1272

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1272 A

### House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 17, 2007

Recorder Job Number: 1267

Committee Clerk Signature: *Mickie Schmidt*

### Minutes:

Chairman Belter opened the hearing on HB 1272 and asked for any testimony in support on this Bill.

**Rep. Kim Koppelman:** I would submit to you that property taxes are one of the hottest topics in the Session this year and the reason is because it's on the minds of our constituents. I represent the tax payers. It seems to me in North Dakota there are a few things relative to property taxes where we might be doing some harm. We might be taxing people at a higher rate than the value of their property. What HB 1272 attempt to do is simply to make sure that the valuation of property, for tax purposes, is no more than 100% of its true and full value. It sounds very simple but you'll probably hear a lot of technical reasons why it's a problem. However, this is something that the State Board of Equalization deals with and it's kind of a trickle down process. It's not something, there's no law telling the Assessor that that Assessor needs to go out and assess your home at true and full value. They do that because that's the principle we have in law, which is carried out by the Board of Equalization. They've created this window of 95% to 105%, as we just heard, they say, well its 95% to 105%, its good enough. What this Bill would do is simply make a policy change to say 95% is fine, we realize there has to be some kind of tolerance, maybe it should go up 90% to 100%, I don't know, but there's

something wrong with being over 100%. So from the Equalization Board on down, if the City comes in and its total taxable valuation is more than 100% that will be a no-no. If this Bill passes it will be under 100% and that will triple down into the individual assessments, so that your home won't be valued at more than 100% than what it's worth for tax purposes and with that, I'd be happy to answer any questions.

**Chairman Belter:** Are there any questions? Is there any other testimony in support of HB1272? Is there any opposition for HB1272?

**Marcy Dickerson, State Supervisor of Assessments for the Tax Department;** Once again, a similar problem in 1272 as in the last Bill. The work productivity study is on line 12 and again it does not apply to either residential or commercial property. I'd like to add that there are very few jurisdictions that ever come before the State Board to add over 100%. A couple of years ago, one City came in with 102% after they had had a massive \_\_\_\_\_. But most jurisdictions are aiming for 95%. They're purposely staying on the low side within the tolerance. I don't think that there would be very many that would be affected by this Bill.

**Chairman Belter:** Could you provide us with a list of those that are over 100%?

**Marcy Dickerson:** We could give you a list of the Counties of the major Cities, we don't calculate that information for individual Cities unless there is a problem that shows up within the County and then the Board will set the smaller Cities, but basically we don't have that information

**Chairman Belter:** Could you provide us with that? Thank you. Are there any questions? Is there any other testimony in opposition?

**Arvid Winkler:** I am an Assessor in Barnes County. I will go to my training on February 13 from 1 to 5 p.m. I don't really have a problem with an entity going over the assessed target. That should be a local control measure. Your City is in the habit of doing this, 102%, 105%.

Why don't you go to your City and say no. Let's not give the State or anybody else a free ride on a couple of percent. We want to hang low, like everybody else, let's hang low. One thing that nobody mentioned today; my observation is that at least 9 and 10 percent years happen at very low interest rates. I think some of the pressure upwards is that people could purchase a home and make principle and interest payments on a more expensive home. Now when they have a variable interest loan and the interest rate starts going up, pretty soon, they can't make those payments. We're close to the point where they were going to be downward pressure on these valuations, because of interest rate. That is an indirect response as I see it. I think it's the wrong time to do a five year averages and take it with this system if we're going to approach a downward trend because of interest rates, and with that, I'll stand for any questions.

**Chairman Belter:** Are there any questions? Is there any further testimony on HB 1272? If not, we'll close the hearing on 1272.

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1272 B

## House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: February 6, 2007

Recorder Job Number: 2891

Committee Clerk Signature *Mickie Schmidt*

Minutes:

Chairman Belter opened the hearing for HB 1272. What are the committee's wishes?

**Representative Brandenburg: I move a Do Not Pass.**

**Chairman Belter:** There was an amendment that was suggested here from Marcy to take out that productivity. I would suggest that we amend it first.

**Representative Brandenburg: I'll withdraw my motion of a Do Not Pass and move the amendment.**

**Representative Pinkerton: Second it.**

**Chairman Belter:** Is there any discussion? If not all in favor of the proposed amendment signify by saying aye. The motion carries.

**Representative Brandenburg: I move a Do Not Pass as Amended.**

**Representative Pinkerton: Second it.**

**Chairman Belter:** Any discussion? Will the clerk read the roll; 12-y, 0-n, 2-absent; Rep. Pinkerton will carry HB 1272. Close the hearing on HB 1272.

70613.0101  
Title.0200

Adopted by the Finance and Taxation  
Committee

February 6, 2007

**House Amendments to HB 1272 (70613.0101) - Finance and Taxation Committee  
02/06/2007**

Page 1, line 3, replace the first comma with "and" and remove ", and productivity"

Page 1, line 11, replace the first underscored comma with "and" and remove ", and"

Page 1, line 12, remove "productivity"

Renumber accordingly



**REPORT OF STANDING COMMITTEE**

**HB 1272: Finance and Taxation Committee (Rep. Belter, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO NOT PASS (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1272 was placed on the Sixth order on the calendar.**

Page 1, line 3, replace the first comma with "and" and remove ", and productivity"

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Page 1, line 12, remove "productivity"

Renumber accordingly