

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1480

2007 HOUSE POLITICAL SUBDIVISIONS

HB 1480

2007 HOUSE STANDING COMMITTEE MINUTES

Bill No. HB 1480

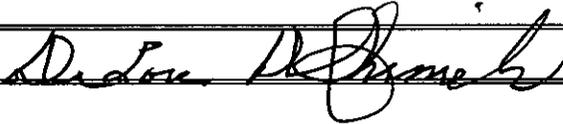
House Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: February 2, 2007

Recorder Job Number: 2691

Committee Clerk Signature



Minutes:

Chairman Herbel opened the hearing on HB 1480.

Rep. Kim Koppelman: It is only a notification law. Right now under the present law if your property values go up by 15% or more you're required to get a notice of that. The bill says if your property values goes up at all you should get a notice. I think 15 % increase is really a high threshold. Most of the time the tax payers are not receiving notice when their valuations go up. Essentially this would just cover that and there are timetable limits that have to be met. It simply says when you tax bill comes out you should get a sheet explaining the dollar amount and the previous four years so basically it would be a five year summary.

Rep. Kari Conrad: How hard is it to furnish 4 extra years of taxes?

Rep. Kim Koppelman They have all this data and I assume county auditors would have this.

Rep. Steve Zaiser: Do you think this might be burdensome for some of the rural counties? Going up at all might be a concern.

Rep. Kim Koppelman I understand what is like to be in a small town. I also believe that those people are there to serve the public and are very committed and willing to do that. I think I would be surprised if they would think it is a burden.

Rep. Lawrence Klemin: What are considered under political subdivisions.

Rep. Kim Koppelman: I think it would be any political subdivision that levies a tax.

When I get a tax statement it is itemized. It would just be a question of giving a little more information.

Senator O'Connell: (see testimony #1). I am not going to repeat anything that has been said.

Rep. William Kretschmar: Do you have any estimate what the initial cost would be to a county to implement put these numbers together to begin with.

Senator O'Connell: No I would have no estimate.

Opposition:

Terry Traynor, Association of Counties: We are not in favor of this because of the cost.

For a long time we have had the 15% increase requirement that we mail out the notices. I

agree with the sponsor that residential property doesn't increase in value every year.

Generally a county will go back and raise the whole city sometimes. The county has no control of that. NDSU sends out the value adjustment for the county and the county must then allocate to the townships which then the townships must then allocate to the individual parcels.

So that would be changing every year and they would be mailing every year. There are somewhat over 600,000 parcels in the state of ND. It would be costly using computer time and staff. Greater concern is the second change on tax. The county should be providing historical data as well as more detailed data on the individual parcels. We survey the county and very few are putting prior year history data on the statement. The programming involved is why they are not doing this. 80% of the counties already break down their property tax by dollar by major taxing district. This is not something that the citizens are asking for. The Grand Forks site is excellent and on the computer. The tax assessor and auditor is just a phone call away.

Rep. Lawrence Klemin Of the 15% requirement, would you consider putting a lesser percentage on there?

Rep. Lee Kaldor: When they are doing their assessments, the county, they publish a hearing do they not?

Terry Traynor, Association of Counties: I can not answer that.

Larry Syverson: Traill County Officer and District Director of ND Officers Association. As the township assessor we currently do not have the resources to computer generate a mailing list. Would decrease the working window with the 15 day notice. The 15% change from zero would be quite a burden for use to have to set down and write out envelopes to all these individuals. I will ask you for a do not pass.

Rep. Kim Koppelman I understand your concern about the timetable and we can talk about that, but I am confused about your concern about the notice requirement. Do you send out individual notices?

Larry Syverson: That is an assessor's responsibility.

Rep. Kim Koppelman What about the five day window you are talking about?

Larry Syverson: We are dealing in a rural setting and this is still with us. I go out and do all the things required to make an appraisal so consequently it doesn't get there until the later part of March when we can get there.

Rep. Kim Koppelman You go out an measure every farm every year for taxes.

Larry Syverson: No only if there is a change.

Robert (Bob) Trantsvoy: ND League of Cities: Handing out testimony from the city of Minot as they did not come due to weather #2). Our annual board of equalization meeting, probably in the time I was with the city of Minot I do not remember more than 6, 7 or 8 people ever coming to a meeting so the people are getting these notices and are not coming in to see the local governing body.

Marcy Dickerson: State Supervisor of Assessments, State of ND: You have asked questions about the number of notices and the cost that would be required under this bill. Last year we mailed out about 5400 notices for a cost of about \$1700. Under the changes with this bill we would have sent out about 23,000 notices at a cost of \$7,200 and that is all I want to present to you.

Rep. Kim Koppelman: What is your opinion of the tax figures and their right to be informed?

Marcy Dickerson: The tax payers under the existing law do get the notices if the increase is 15% and \$3,000 of true and full value. Obviously it is debatable where that line should be. There is nothing stopping a tax payer from finding out about their taxes by calling the auditor. I believe that individuals have a responsibility to take care of their own business. These requirements might be a good economic development.

Rep. Donald Dietrich That cost did not include the labor?

Marcy Dickerson This was an email from the Fargo City Assessor and I did not figure out if this was not including labor.

Al Gresser: (Handed out testimony #2 for Mel Carson.)

Hearing closed.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill No. HB 1480

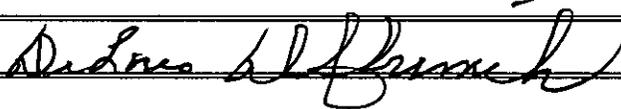
House Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: February 8, 2007

Recorder Job Number: 3238

Committee Clerk Signature



Minutes:

Chairman Herbel reopened the hearing on HB 1480.

Rep. Kim Koppelman (See the proposed amendment #1) Explained the amendment.

Changes the threshold from 15% to 4%. Take the timeframe from 15 back to 10 to leave it the way it was. I asked Miss Dickerson for the copy of the email she referred to from the gentleman from Fargo that said that they sent 5400 notices last year at a cost of \$1700. He was concerned about the cost. I got to thinking about this and cost them this much money most parcels had to go up \$450/ a year and that happened 5400 times last year in the city of Fargo. At that rate, that average would take four of those extra \$450 per head to more than pay for the \$1700 to notify the other 5,396 so I am not sure how sympathetic I am with the cost.

Rep. Kim Koppelman Made a Motion to Move the amendment. Seconded by Rep. Donald Dietrich

Discussion:

Rep. Lawrence Klemin I can only remember once getting this notice because of the city's reassessment. It was putting a house on the lot I had bought. Those people in Fargo were

probably for the same reason. I am not sure I agree with the 4%. The proposed language in A.2. for the last five years comparison.

Rep. Kim Koppelman I don't think asking for the additional five year requirement should not be a problem. It might be a big task the fire time.

Rep. Lawrence Klemin: Looking at Larry Traynor's testimony. He pointed out there are numerous taxing entities that this could affect. It might be difficult for him to have to do this when anyone who wants to know can go down and get this information themselves.

Rep. Lawrence Klemin Made a Substitute Motion to change the 4 to 7 years. I would like to delete all of section 2 on page 2. Seconded By Rep. Donald Dietrich

Discussion:

Rep. Kim Koppelman I have to resist the substitute motion mainly because I think having the history is valuable to the taxpayer.

Rep. Steve Zaiser I think we have gone too far with 15; 7 is better.

Rep. Kim Koppelman If lowering this percentage generates more notices that will encourage more people to protest. I am just saying informing the public raises concern that is OK.

Rep. Donald Dietrich: Grand Forks has a ten year history on the computer. After the flood they had to reconstruct most of the records because they lost most of the records the 7%. I think is a good number to use for sending out notices. We may be coming back next session trying to fund the counties that are short because of our mandate. We a forcing but not funding this bill.

Rep. Lee Kaldor I support the substitute amendment and I know where my taxes are and I keep track of them. I think the counties have done a good job keeping track and sending out the required statements.

Rep. Donald Dietrich: It is no burden for Grand Forks, but I think it would put an undo burden on the small towns. If you are concerned about your tax information they are a phone call away.

Rep. Steve Zaiser: I think that would be a night mare to administer. Who is going to do that?

Rep. Dwight Wrangham I think people should take responsibility for their property tax statements and keep track themselves.

Substitute amendment passed by voice vote.

Do Not Pass As Amended Motion Made By Rep. Nancy Johnson Seconded By Rep. Steve Zaiser

Vote: 12 yes 1 No 1 Absent Carrier: Rep. Dwight Wrangham

Hearing closed.

FISCAL NOTE STATEMENT

House Bill or Resolution No. 1480

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, or school districts. However, no state agency has primary responsibility for compiling and maintaining the information necessary for the proper preparation of a fiscal note regarding this bill or resolution. Pursuant to Joint Rule 502, this statement meets the fiscal note requirement.

John Walstad
Code Revisor

#1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1480

Page 1, line 9, remove the overstrike over "by", after "~~fifteen~~" insert "four", remove the overstrike over "~~percent or more of~~", and remove "to more than the amount of"

Page 1, line 14, remove "not fewer than fifteen days before the meeting of the local equalization board"

Page 1, line 20, remove the overstrike over "~~to the property~~"

Page 1, remove the overstrike over line 21

Page 1, line 22, remove the overstrike over "~~be mailed or delivered~~"

Renumber accordingly

Page 2 - Delete Sec 3.

February 8, 2007

VR
2/9/07

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1480

- Page 1, line 1, replace "sections" with "section" and remove "and 57-20-07.1"
- Page 1, line 2, remove "and information provided"
- Page 1, line 3, remove "with property tax statements"
- Page 1, line 9, remove the overstrike over "by", after "fifteen" insert "seven", remove the overstrike over "~~percent or more of~~", and remove "to more than the amount of"
- Page 1, line 14, remove "not fewer than fifteen days before the meeting of the local equalization board"
- Page 1, line 20, remove the overstrike over "~~to the property~~"
- Page 1, remove the overstrike over line 21
- Page 1, line 22, remove the overstrike over "~~be mailed or delivered~~"
- Page 2, remove lines 1 through 18
- Re-number accordingly

Date: 2-8-07
Roll Call Vote #: 2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1480

House Political Subdivisions Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do NOT Pass As Amended

Motion Made By Rep. Johnson Seconded By Rep. Zaiser

Representatives	Yes	No	Representatives	Yes	No
Rep. Gil Herbel-Chairman	✓		Rep. Kari Conrad	✓	
Rep. Dwight Wrangham-V. Chair	✓		Rep. Chris Griffin	✓	
Rep. Donald Dietrich	✓		Rep. Lee Kaldor	✓	
Rep. Patrick Hatlestad	✓		Rep. Louis Pinkerton	✓	
Rep. Nancy Johnson	✓		Rep. Steve Zaiser	✓	
Rep. Lawrence Klemin	✓				
Rep. Kim Koppelman		✓			
Rep. William Kretschmar	✓				
Rep. Vonnie Pietsch	—				

Total (Yes) 12 No 1

Absent 1

Floor Assignment Rep. Wrangham

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

REPORT OF STANDING COMMITTEE

HB 1480: Political Subdivisions Committee (Rep. Herbel, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO NOT PASS** (12 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). HB 1480 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "sections" with "section" and remove "and 57-20-07.1"

Page 1, line 2, remove "and information provided"

Page 1, line 3, remove "with property tax statements"

Page 1, line 9, remove the overstrike over "by", after "fifteen" insert "seven", remove the overstrike over "~~percent or more of~~", and remove "to more than the amount of"

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Page 2, remove lines 1 through 18

Renumber accordingly

2007 TESTIMONY

HB 1480

#1

HB 1480 Summary

Senator David P. O'Connell

A bill relating to *notice of property tax assessment increases or changes and information provided with property tax statements.*

Changes in the assessment value of any lot, tract or land from the previous assessment must be delivered by the assessor to the property owner or mailed to the owner's last-known address not fewer than fifteen days before the meeting of the local equalization board.

Tax statements must be accompanied by a separate sheet showing the dollar amount of property taxes levied against the property by each political subdivision that levied property taxes against the property for the taxable year to which the tax statement applies and each of the four preceding taxable years.

#2

Testimony to the Political Subdivision Committee,
Chairman Herbel
Prepared by Jackie Velk, City Treasurer
City of Minot
velk@web.ci.minot.nd.us

HOUSE BILL NO. 1480

Mr. Chairman, my name is Jackie Velk and I serve as City Treasurer for the City of Minot. I am here representing the City of Minot to encourage a DO NOT PASS on House Bill No. 1480.

Currently, if a property assessment increases more than 15%, with a minimum of a 15% change in True and Full Value, the property owner is sent a notice of this increase. Last year, the City of Minot sent about 10% of the taxable parcels a notice which amounted to about 1,450 notices.

Under this proposal, our cost would increase approximately seven times. In my opinion, we all have a responsibility to be good stewards of the public's money. If the goal of this bill is to include more taxpayers in the notification process, would the committee consider some percentage greater than "any amount" or something less than 15%? Is a minimum increase and the resulting notice that would be generated a good expenditure of public funds?

The process that is currently in place provides for much public awareness regarding any possible assessment increases. The City of Minot makes public announcements of the assessment process and possible increases throughout the year. Property owners are notified eight months in advance of the increase. Each April, the Board of Equalization meets to hear concerns about proposed values from concerned property tax payers. There is media coverage, and the meeting is open to the public. In

addition, we provide public education programs for realtors to keep them apprised of the proposed increase in values.

We encourage your committee to recommend a DO NOT PASS on House Bill No. 1480. Thank you for your consideration.

#2

TESTIMONY ON HOUSE BILL 1480

House Political Subdivisions Committee

**Mel Carsen, City Assessor
City of Grand Forks, ND**

February 2, 2007

Mr. Chairman and members of the Committee, my name is Mel Carsen and I am the City Assessor for the City of Grand Forks. I want to thank you for the opportunity to testify on House Bill 1480 and request your recommendation of a DO NOT PASS as it is currently proposed.

House Bill 1480 proposes to amend the procedure dealing with the notice of increase to property owners whenever the assessor increases the property value for tax purposes. It proposes that any time the value is increased, even by \$1.00, it would be required to send a written notice to the owner at least 15 days prior to the local equalization board.

Notification of proposed value increases is extremely important and the city of Grand Forks has always maintained a very rigorous policy for such notification. The most common threshold used across the State for requiring notification is an increase of 15% and at least an increase of \$3,000 in market value.

In Grand Forks, we have made the decision to notify at a lesser threshold and have implemented a much more aggressive policy to send notice to any property with at least a

7% increase. This standard, as a prerogative of each local entity, is an appropriate consideration for our local property owners but still manageable to the city.

We believe this clearly demonstrates that the city of Grand Forks recognizes the value of notification of significant market value increases and has dependably provided for this communication with residents. However, a threshold of "any increase" will ultimately prove to be both too restrictive and costly. In the end, the level of perceived benefit will not equal the resulting costs.

It is for these reasons that I would ask for a DO NOT PASS recommendation of House Bill 1480.

Thank you for your consideration.