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ROLL NUMBER

DESCRIPTION

2270

2007 SENATE POLITICAL SUBDIVISIONS

SB 2270

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2270**

Senate Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: **February 8, 2007**

Recorder Job Number: **3198 and 3200**

Committee Clerk Signature

Shirley Borg

Minutes:

Chairman Cook called the Senate Political Subdivisions Committee to order. All members (5) present.

Chairman Cook opened the hearing on SB 2270 relating to valuation of residential and commercial property by the state board of equalization.

Senator Grindberg, District 41, Fargo, ND testified in support of SB 2270 which is a companion bill of a bill introduced in the house. Property tax has become a very hot topic. In our case in the City of Fargo there was a proposal last June to use sales tax. My assessment of the people I represent as to their main concern regarding this debate has been the double digit valuation fights. I would like to do something about the valuation.

Testimony Opposed to SB 2270.

Mel Carsen, City Assessor, City of Grand Forks, ND, testified in opposition to SB 2270 (See attachment #1)

Senator Hacker: You are saying it would be tough to target what the valuation would be. I would imagine the way this would work would be that you would go through your regular accessed valuation every year. For tax purposes you would take the last five years plus the

new year and divide by five and that would give you the average. Why would that be impossible to do?

Mel Carsen, For 2007 we would make an assessment and to do that for every single house would be a huge task.

Bill Wocken, City Administrator, City of Bismarck, ND. My board has not taken a formal position on the bill. My board has been very firm on the concept of full and true value. Full and true value to us is the value that the assessor places on the property at the time of the appraisal. In an ascending market, the five year average looks like a pretty good deal.

Senator Anderson: Would it be proper to say you are taking some of this into consideration now.

Bill Wocken: Yes, to the extent that we can. If you are in a residential neighborhood and you take an appraisal and you know what the neighborhood prices are, it is pretty hard to adjust. You have to value the property at the full and true value.

Chairman Cook: I came here in 1982 and am in the same house. I bought that home just before that oil bust and I seen the valuation of my home go down and since that time it has continued to go up but during that twenty five year period the taxes I paid in dollars has never gone down.

Bill Wocken: The bill that you are paying in taxes is related to the mills. The mills are a concept that the legislature has put into the property tax system.

Connie Sprynczynatyk, North Dakota League of Cities, said there is a collection of bills in the house and senate this session that deal with the assessment process or deal with property tax reform. We need to keep them in two different categories. They have been the most discussed among local government. The type of bill that tries to deal with the assessment process thinking that somehow that is the culprit in all of this are the bills that are interesting.

The assessment process is a different piece then the process of budgeting. She passed out some copies of some information that the committee might find interesting. (See attachment #2)

Marcy Dickerson, State Supervisor of Assessments, ND State Tax Department, appeared neutral on SB 2270. As far as the assessment process, I think you have a good handle on it. The idea of the assessment process is to equalize so that people are paying their fair share of taxes. Not to increase or decrease the taxes on a specific parcel or a specific group of parcels, but rather if your house is twice as big and twice as nice as your neighbors house, it makes since that your taxes should be twice as high as your neighbors taxes. The whole idea of assessing property at its market value is to try to make it as fair to everyone as possible.

The people who have the better properties should pay more and the people that have small and less desirable property should pay less. The budget and the mill rate are what are going to determine the taxes. For instance, if you had a budget of one hundred thousand dollars for a certain fund, and if you doubled the value of everything that is being subject for that fund and if you kept the budget the same the mill rate would have to go down just because of the math and everybody would still pay exactly the same amount. If on the other hand you decrease the value by fifty percent, the mill rate is going to double and everybody is still going to pay the same amount. It depends on the budget. The only purpose of assessment is to equalize among the various properties so people pay a fair amount.

No further testimony or questions.

Chairman Cook closed the hearing on SB 2270.

Recorder #3200

Senator Hacker drafted amendment for SB 2270

Senator Hacker moved the amendments to SB 2270.

Senator Anderson seconded the motion.

Voice vote: all members in favor. Amendments Adopted.

Chairman Cook: We have before us SB 2270 as amended.

Senator Anderson moved Do Not Pass as amended.

Senator Olafson seconded the motion.

Discussion:

Roll call vote: Yes 4 No 1 Absent 0

Carrier: **Senator Anderson**

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2270**

Senate Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: **February 9, 2007** Action

Recorder Job Number: **3261**

Committee Clerk Signature	<i>Shirley Borg</i>
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Minutes:

Chairman Cook called the Senate Political Subdivisions to order.

John Bjornson appeared to discuss amendment on SB 2270. The amendment that he received said page 1, line 11, remove "and productivity study". The amendment doesn't make sense according to John Walstad. The amendment just does not do what you thought it would. The committee has asked for a Do Not Pass on SB 2270, so one option you would have is to just give it a Do Not Pass and not have an amendment.

Senator Warner moved that the committee reconsider its action by which it recommended a Do Not Pass on SB 2270.

Senator Anderson seconded the motion.

Roll call vote: Yes 5 No 0 Absent 0

Carrier: **Senator Anderson**

PROPOSED AMENDMENTS TO SENATE BILL 2270

Page 1, line 11, remove "and productivity study"

Date: 2-9-07
Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2270

Senate Political Subdivisions Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Senator Hacker Seconded By Senator Anderson

Senators	Yes	No	Senators	Yes	No
Senator Dwight Cook, Chairman	X		Senator Arden C. Anderson	X	
Senator Curtis Olafson, ViceChair	X		Senator John M. Warner	X	
Senator Nicholas P. Hacker	X				

Total Yes 5 No 0

Absent 0

Floor Assignment Senator Anderson

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

REPORT OF STANDING COMMITTEE

SB 2270: Political Subdivisions Committee (Sen. Cook, Chairman) recommends DO NOT PASS (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2270 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

SB 2270

TESTIMONY ON SENATE BILL 2270

Senate Political Subdivisions Committee

Melvin Carsen, City Assessor
City of Grand Forks, ND
February 8, 2007

Mr. Chairman and members of the committee, my name is Melvin Carsen and I am the City Assessor for the city of Grand Forks. I want to thank you for the opportunity to testify in opposition to House Bill 2270.

This bill proposes to have the State Board of Equalization (and the local assessor's) utilize the past five-year average value of the property to determine the value for the upcoming year. The effect of this legislation would be that during periods of inflation the assessor's values would be lower than current value. During periods of a declining market, the assessor's values would be higher than the current market. While increases in assessor's values would be slower, the decreases would also be slower as well.

Currently property tax valuations are to be reflective of the value as of February first of the current year. However they are already measured to the market of the prior calendar year.

Property values increase and decrease by differing percentages based on size, story height, price range and other factors. This proposed change would make it very difficult to know the proper assessment on any given property. The real consequence would be a more complicated property tax system. Complicated, mainly because property owners would not be able to determine if the assessor's value of their property is proper or not.

I believe this bill would cause more confusion in the property tax system, and mainly for this reason, I would ask for a DO NOT PASS recommendation of Senate Bill 2270.

I would be available for any questions you may have.

Thank you for your consideration.
Melvin Carsen
mcarsen@grandforksgov.com

2006 MILL COMPARISONS FOR 2007 APPROPRIATIONS
FOR THE 13 LARGEST CITIES IN NORTH DAKOTA

RANK THIS YEAR	LAST YEAR	CITY	2000 POP	2005 EST. POP	VALUATION	STATE & COUNTY MILLS	CITY MILLS	DISTRICT MILLS	SCHOOL MILLS	OTHER MILLS	TOTAL MILLS
1	3	Bismarck	55,532	56,619	\$149,966,086	58.17	94.37	39.46	248.40	0.00	440.40
2	1	Minot	36,567	35,149	\$82,554,824	79.75	122.74	30.83	208.42	0.00	441.74
3	2	West Fargo	14,940	17,581	\$55,387,303	62.00	88.69	36.02	254.00	9.28	449.99
4	4	Dickinson	16,010	15,686	\$28,290,649	108.10	109.49	30.64	206.98	2.00	457.21
5	5	Fargo	90,599	91,048	\$266,544,513	62.00	57.25	32.07	309.02	6.91	467.25
6	7	Grand Forks	49,321	48,984	\$121,056,846	102.45	113.55	42.36	224.11	1.00	483.47
7	8	Wahpeton	8,586	8,411	\$12,339,366	119.00	117.16	37.48	216.64	0.78	491.06
8	6	Valley City	6,826	6,446	\$9,436,200	109.53	102.48	39.48	241.11	0.00	492.60
9	10	Williston	12,512	12,191	\$17,729,539	117.58	92.59	41.60	248.41	2.01	502.19
10	13	Mandan	16,718	16,989	\$30,561,697	128.85	111.05	40.05	236.56	5.00	521.51
11	11	Jamestown	15,527	14,925	\$24,231,610	106.73	133.85	43.62	237.40	0.00	521.60
12	9	Grafton	4,516	4,267	\$5,155,978	131.18	114.79	33.46	242.95	0.00	522.38
13	12	Devils Lake	7,222	6,842	\$9,548,269	127.92	127.53	58.22	225.16	0.00	538.83

2006 vs 2005 VALUATION AND MILL LEVY COMPARISONS FOR ALL ENTITIES
FOR THE 13 LARGEST CITIES IN NORTH DAKOTA

RANK (Low-High) THIS LAST YEAR YEAR	2000 POP	2005 EST. POP	2005 TAX VALUATION	2006 TAX VALUATION	INC/(DEC)	2005 MILL LEVY	2006 MILL LEVY	MILLS INC/(DEC)	05 TAXES \$100K RES	06 TAXES \$100K RES	INC/(DEC) %
1 3	55,532	56,619	\$132,395,061	\$149,966,086	\$17,571,025	457.61	440.40	(17.21)	\$2,059.25	\$1,981.80	-3.76%
2 1	36,567	35,149	\$74,635,946	\$82,554,824	\$7,918,878	448.69	441.74	(6.95)	\$2,019.11	\$1,987.83	-1.55%
3 2	14,940	17,581	\$44,779,582	\$55,387,303	\$10,607,721	455.10	449.99	(5.11)	\$2,047.95	\$2,024.96	-1.12%
4 4	16,010	15,686	\$25,124,687	\$28,290,649	\$3,165,962	468.06	457.21	(10.85)	\$2,106.27	\$2,057.45	-2.32%
5 5	90,599	91,048	\$244,141,153	\$268,544,513	\$24,403,360	480.76	467.25	(13.51)	\$2,163.42	\$2,102.63	-2.81%
6 7	49,321	48,984	\$109,889,541	\$121,056,846	\$11,167,305	491.83	483.47	(8.36)	\$2,213.24	\$2,175.62	-1.70%
7 8	8,586	8,411	\$11,624,945	\$12,339,386	\$714,421	501.93	491.06	(10.87)	\$2,258.69	\$2,209.77	-2.17%
8 6	6,826	6,446	\$8,690,423	\$9,436,200	\$745,777	491.17	492.60	1.43	\$2,210.27	\$2,216.70	0.29%
9 10	12,512	12,191	\$16,087,950	\$17,729,539	\$1,641,589	514.73	502.19	(12.54)	\$2,316.29	\$2,259.86	-2.44%
10 13	16,718	16,969	\$28,603,587	\$30,561,697	\$1,958,110	534.68	521.51	(13.17)	\$2,406.06	\$2,346.80	-2.46%
11 11	15,527	14,925	\$22,776,920	\$24,231,610	\$1,454,690	523.26	521.60	(1.66)	\$2,354.67	\$2,347.20	-0.32%
12 9	4,516	4,267	\$5,150,298	\$5,155,978	(\$24,320)	512.64	522.38	9.74	\$2,306.88	\$2,350.71	1.90%
13 12	7,222	6,842	\$9,243,966	\$9,548,269	\$304,303	528.60	538.83	10.23	\$2,378.70	\$2,424.74	1.94%

2006 MILL LEVY COMPARISONS FOR 2007 APPROPRIATIONS BY POLITICAL SUBDIVISION WITHIN THE 13 LARGEST CITIES IN NORTH DAKOTA

RANK (Low-High)		THIS YEAR	LAST YEAR	2005 STATE & COUNTY MILLS	2006 STATE & COUNTY MILLS	MILL LEVY INC/(DEC)	2005 TAXES ON \$100K RESIDENCE	2006 TAXES ON \$100K RESIDENCE	DOLLAR INC/(DEC)	0.0% INC/(DEC)
1	3	Bismarck		63.33	58.17	(5.16)	\$284.99	\$261.77	(23.22)	-8.1%
2	1	Fargo		63.00	62.00	(1.00)	\$283.50	\$279.00	(4.50)	-1.6%
3	2	West Fargo		63.00	62.00	(1.00)	\$283.50	\$279.00	(4.50)	-1.6%
4	4	Minot		76.45	79.75	1.30	\$353.03	\$358.88	5.85	1.7%
5	5	Grand Forks		100.40	102.45	2.05	\$451.80	\$461.03	9.23	2.0%
6	6	Jamesstown		108.40	106.73	(1.67)	\$487.80	\$480.29	(7.51)	-1.5%
7	8	Dickinson		113.46	108.10	(5.36)	\$510.57	\$486.45	(24.12)	-4.7%
8	7	Valley City		109.56	109.53	(0.03)	\$493.02	\$492.89	(0.13)	0.0%
9	9	Williston		116.04	117.58	1.54	\$522.18	\$529.11	6.93	1.3%
10	10	Wahpeton		119.70	119.00	(0.70)	\$538.65	\$535.50	(3.15)	-0.6%
11	12	Devils Lake		128.28	127.92	(0.36)	\$577.26	\$575.64	(1.62)	-0.3%
12	13	Mandan		129.32	128.85	(0.47)	\$581.94	\$579.83	(2.12)	-0.4%
13	11	Grafton		122.84	131.18	8.34	\$552.78	\$590.31	37.53	6.8%

RANK		THIS YEAR	LAST YEAR	2005 PARK MILLS	2006 PARK MILLS	MILL LEVY INC/(DEC)	2005 TAXES ON \$100K RESIDENCE	2006 TAXES ON \$100K RESIDENCE	DOLLAR INC/(DEC)	0.0% INC/(DEC)
1	2	Dickinson		31.45	30.64	(0.81)	\$141.53	\$137.86	(3.65)	-2.6%
2	3	Minot		32.56	30.83	(1.73)	\$146.52	\$136.74	(7.79)	-5.3%
3	4	Fargo		32.58	32.07	(0.51)	\$146.61	\$144.32	(2.29)	-1.6%
4	1	Grafton		31.27	33.46	2.19	\$140.72	\$150.57	9.85	7.0%
5	7	West Fargo		39.66	36.02	(3.64)	\$178.47	\$162.09	(16.38)	-9.2%
6	5	Wahpeton		37.59	37.48	(0.11)	\$169.16	\$168.66	(0.50)	-0.3%
7	9	Bismarck		40.67	39.46	(1.21)	\$183.02	\$177.57	(5.45)	-3.0%
8	6	Valley City		38.97	39.48	0.51	\$175.37	\$177.66	2.29	1.3%
9	8	Mandan		40.11	40.05	(0.06)	\$180.50	\$180.23	(0.27)	-0.1%
10	11	Williston		42.94	41.60	(1.34)	\$193.23	\$187.20	(6.03)	-3.1%
11	12	Grand Forks		43.59	42.36	(1.23)	\$196.16	\$190.62	(5.54)	-2.8%
12	10	Jamesstown		41.45	43.62	2.17	\$186.53	\$196.29	9.76	5.2%
13	13	Devils Lake		48.64	58.22	9.58	\$218.68	\$261.99	43.11	19.7%

(Cont. on next page)

2006 MILL LEVY COMPARISONS FOR 2007 APPROPRIATIONS BY POLITICAL SUBDIVISION WITHIN THE 13 LARGEST CITIES IN NORTH DAKOTA

RANK	THIS YEAR	LAST YEAR	2005 CITY MILLS	2006 CITY MILLS	MILL LEVY INC/(DEC)	2005 TAXES ON \$100K RESIDENCE	2006 TAXES ON \$100K RESIDENCE	DOLLAR INC/(DEC)	0.0% INC/(DEC)
1	Fargo	59.25	57.25	(2.00)	\$266.63	\$257.63	(9.00)	-3.4%	
2	West Fargo	88.76	88.69	(0.07)	\$399.42	\$399.11	(0.31)	-0.1%	
5	Williston	105.10	92.59	(12.51)	\$472.95	\$416.66	(56.30)	-11.9%	
3	Bismarck	98.59	94.37	(4.22)	\$443.66	\$424.67	(18.99)	-4.3%	
4	Valley City	104.83	102.48	(2.35)	\$471.74	\$461.16	(10.58)	-2.2%	
9	Dickinson	117.55	109.49	(8.06)	\$528.98	\$492.71	(36.27)	-6.9%	
6	Mandan	111.20	111.05	(0.15)	\$500.40	\$499.73	(0.66)	-0.1%	
10	Grand Forks	117.73	113.55	(4.18)	\$529.79	\$510.98	(18.81)	-3.6%	
7	Grafton	114.84	114.79	(0.05)	\$516.78	\$516.56	(0.22)	0.0%	
8	Wahpeton	117.54	117.16	(0.38)	\$528.93	\$527.22	(1.71)	-0.3%	
11	Minot	126.52	122.74	(3.78)	\$569.34	\$552.33	(17.01)	-3.0%	
12	Devils Lake	128.36	127.53	(0.83)	\$577.62	\$573.89	(3.74)	-0.6%	
13	Jamestown	137.01	133.85	(3.16)	\$616.55	\$602.33	(14.22)	-2.3%	

RANK	THIS YEAR	LAST YEAR	2005 SCHOOL MILLS	2006 SCHOOL MILLS	MILL LEVY INC/(DEC)	2005 TAXES ON \$100K RESIDENCE	2006 TAXES ON \$100K RESIDENCE	DOLLAR INC/(DEC)	0.0% INC/(DEC)
1	Dickinson	205.60	206.98	1.38	\$925.20	\$931.41	6.21	0.7%	
2	Minot	211.16	208.42	(2.74)	\$950.22	\$937.89	(12.33)	-1.3%	
4	Wahpeton	226.32	216.64	(9.68)	\$1,018.44	\$974.86	(43.56)	-4.3%	
5	Grand Forks	230.11	224.11	(6.00)	\$1,035.50	\$1,008.50	(27.00)	-2.6%	
3	Devils Lake	223.32	225.16	1.84	\$1,004.94	\$1,013.22	8.28	0.8%	
10	Mandan	249.10	236.56	(12.54)	\$1,120.95	\$1,064.52	(56.43)	-5.0%	
6	Jamestown	236.40	237.40	1.00	\$1,063.80	\$1,068.30	4.50	0.4%	
7	Valley City	237.81	241.11	3.30	\$1,070.15	\$1,085.00	14.85	1.4%	
8	Grafton	243.00	242.95	(0.05)	\$1,093.50	\$1,093.28	(0.23)	0.0%	
12	Bismarck	255.02	248.40	(6.62)	\$1,147.59	\$1,117.80	(29.79)	-2.6%	
9	Williston	248.47	248.41	(0.06)	\$1,118.12	\$1,117.85	(0.27)	0.0%	
11	West Fargo	254.02	254.00	(0.02)	\$1,143.09	\$1,143.00	(0.09)	0.0%	
13	Fargo	318.62	309.02	(9.60)	\$1,433.79	\$1,390.59	(43.20)	-3.0%	