

2011 HOUSE FINANCE AND TAXATION

HB 1293

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1293
February 1, 2011
Job # 13781

Conference Committee

Committee Clerk Signature *Marlyp Kienzle*

Minutes:

See attached testimony #1, #2, #3, #4

Chairman Belter: We open the hearing on HB 1293.

Representative Kasper District 46 in Fargo: This bill deals with capping property taxes. This is the third year I am sponsoring this type of legislation. Previously we addressed dealing with assessed valuation. How can we slow the assessed valuation in slowing the growth in property taxes when you do not know what the growth will be and what will affect the budget? I feel if we forget about assessed valuations and mill levy's and deal only with dollars of property tax, the problem solves itself. It caps the increase in property taxes of all parcels of property at no more than 3% over the previous year's tax. What is happening here is we are capping the dollars that each entity has to spend in the following year. There are some exceptions which are allowed for new growth. If assessed value goes up and we capped the tax in 3% increments, the mill levies go down so the tax on the piece of property over that district cannot be taxed more than 3%. This focused on the people who pay the bills, the citizens of North Dakota. In three sessions we have done nothing more than get the state in the business of paying property tax through our property tax relief in the property tax school district buy down. We had projected that we were going to be at a 295 million dollar level for property tax abatement through the school district buy down. We are now going to be 340 to 350 million dollars because of assessed evaluations going up and the property taxes going up automatically. My approach is simply this, you have to slow the growth of spending by all the taxing authorities and make them live with-in a budget that is reasonable, so that the citizens in our state can have relief from property tax increases. The bill provides for all areas of leveling of taxes that must abide what the bill says. There are no exceptions.

There are some areas, as events in the future, where the Political Subdivision can receive additional income. Examples are: a raw piece of land that you now put a home on this property. This bill allows you to put taxes on that increased value. Property that was exempt or in a renaissance zone or owned by a non-profit and is now owned by a for-profit, they can capture those taxes as well. New areas for development can be taxes as well. What this is saying is that it is time they live within a budget that is reasonable.

In the bill there is also the opportunity of local control. My opinion is that local control is the citizens of North Dakota. This bill allows for the citizens to vote for an increase if needed. It allows for a 5 year property tax increase up to 5% capped. After 5 years that tax has to come off.

I would urge your support.

Representative Dave Weiler: How about improvements on a home?

Representative Kasper: Improvements update or add on would increase the valuation so they can increase the taxes.

Representative Steven L. Zaiser: As in the western part of the state where the subdivisions are going through major growth, what are they stuck with?

Representative Kasper: That's a good question. Again I go back to the opportunity of the political subdivision to make their case and go to the vote of the people for a higher cap. On page 2 line 8 through 19 there are exceptions to the mill levy cap. Item A. to raise the cap by electors and Item B. is to pay bonded indebtedness.

Representative Steven L. Zaiser: What's the likelihood if the city or the county would call for a vote, what are the chances that people are going to vote for that?

Representative Kasper: I will answer it in a hypothetical what are the chances of the flood reaching 44 ft in Fargo this year? We don't know do we? That is what we have a process for. I have confidence in the people to make the right decision.

Representative Steven L. Zaiser: Say for instance the inflation rate goes up significantly.

Representative Kasper: Another good point. A good thing about North Dakota is that we'll be back in two years.

Vice Chairman Craig Headland: I'm looking at your limitations, the exemption portion of it, and it looks like it could raise your taxes for just about everything they levy for, except maybe human services.

Representative Kasper: I think there are a lot of other areas the political subdivisions spend money than what we have exceptions on. These are important exemptions we need to have.

Representative Wayne Trottier: I really appreciated your analysis of your patriotism for all those that are voted into office, yet will this body not be seen as true hypocrites if we dictate to counties, cities and subdivisions by holding them to 3% and we are not doing that here. I think it is a legitimate concern.

Representative Kasper: I guess time will tell and the people will tell. The voters will decide how they judge each one of us. This Legislature has set this law that we are in right now for property tax. We are the only ones; this legislative body who can change that. I think it is a legitimate concern.

Representative Dave Weiler: We would be viewed as hypocrites, I understand that. In the end that might not be a bad thing, for the upcoming year it might do nothing but good.

Dustin Gawrylyw, Executive Director of the ND Taxpayers Association: We are reluctantly supporting this bill, under the bases that anybody has a better idea lets here it. These ideas have to be rolled into a larger reform bill. This certainly should be kept alive until there is a superior concept to it. We want the discussion going. If you think the Senate will defeat it, I think you should keep the discussion going. There was some discussion as far as thee budgets in Local Government. They will still have the ability to utilize new construction to build their budget beyond their existing amounts. Local government should not be growing faster than it physically is growing than its territory and population. This may also have a positive side affect. Improving the situation regarding to the discretionary tax exemptions that we hear about with regard to tax rates on everybody else when not everyone is paying their fair share, everyone is paying more than they should. Some comments were made about inflation. I don't think the sponsor should be in opposition of the concept of having a trigger to say 3% or the Midwest CTI if it were to go out of control.

Sandy Clark, ND Farm Bureau: We are here again in support HB1293. Our testimony is the same as HB 1272. Some opponents concerns could be cleaned up with an amendment on Page 1 line 13, by deleting the part that says against that parcel of property. So you would be limiting the entire taxing district to the dollars generated in the preceding year rather than the properties. That would allow in the taxing district to be more realistic on the individual properties. We also like the language on page 1 line 7-11, which restricts political sub divisions from levying on used levies on getting around this growth limit. We do support the sub section 4. We do not have a position on the 5% or the number of years or the exemptions.

Representative Lonny B. Winrich: With regard to your comments on lines 7-11 on page 1, if I were a County Commissioner and I had a reasonable chance to pass legislature, I would immediately purpose to increase all the levies to the maximum, so that we didn't get caught under that restriction. Is that really a good idea?

Sandy Clark, ND Farm Bureau: I suppose by the time the effective date went into place that some would think about that.

Representative Dave Weiler: I suppose that would be a good idea if that particular county commissioner was not running for reelection.

Julie Ellingson, ND Stockman's Association: Our organization also rises in support HB 1293, which caps property tax at 3%. Please give this your consideration as you go forward in finding the best strategy to address this issue.

Representative Curt Kruen from District 43 in Grand Forks and a City Council Member in Grand Forks: I am here in opposition. Gave testimony on what takes place when going over the taxes. Please refer to attached testimony #1.

Connie Sprynczyntyk, ND League of Cities: I think it is great that we ask the cities what we spend the property taxes on. She referred to the charts for a better understanding of

the local budgets and where the focus that local government typically uses. It basically is Public Safety and Public works. These charts do not include water or any other utility. Please refer to attached testimony #2. See also attached testimony #3 from Cindy Hemphill, Finance Director of the City of Minot handed out by Connie.

Vice Chairman Craig Headland: This past week the Jamestown Sun had Jamestown has the highest property taxes in the state. They listed several reasons from the mayor why this is. Do you think you could get this chart from Jamestown for us?

Connie Sprynczynyk, ND League of Cities: Absolutely

Marcy Dickerson, State Supervisor of Assessments: My objection to HB 1293 is the same as the concerns from other bills you have heard previously and that is the inequity that it can cause. If you limit the increase of properties by 3% or by any amount the value of the properties may go up 10% is only going up 3% and the properties that the value goes up 3% is going to have an increase of taxes of 3%. This also includes farm land as certain parts of the state have much better returns to the property owner. The values of certain farm land go up a lot more than others and even more than 3%. Sandy Clark's suggestion for an amendment would help with the inequity but then there would be a cap to the spending of the whole sub division.

Representative Mark S. Owens: Your objection is on point. Is there somewhere that there is an Equalization Board or the Assessors that all homes or buildings or property have to be assessed at 95% of the true and full value?

Marcy Dickerson, State Supervisor of Assessments: The law says all property must be assessed at its true and full value. The 5% leeway is the determination of the State Board of Equalization. Last session the Legislature said they could not go over 100%.

Vice Chairman Craig Headland: In section 2 where it talks about exceptions where it does not apply. To me it looks wide open. How do you interrupt this and could you provide us with levees that are not part of an exception?

Marcy Dickerson, State Supervisor of Assessments: We can do that because we have a full levy limitations book that lists all the levees available.

Terry Traynor, ND Association of Counties: Please refer to attached testimony #4.

Vice Chairman Craig Headland: Section 2 talks about where this cap will not apply. It looks like all lot of levees would not apply. What levees would apply to this 3% cap?

Terry Traynor, ND Association of Counties: I see the biggest one I see, that you mentioned previously, is Human Services. This is the largest county expenditure and then it is Law Enforcement and roads, which are both exempted. These three are about 80% of the budget most times.

Representative Shirley Meyer: What would this cost the counties to have to implement a computer system to implement this data?

Terry Traynor, ND Association of Counties: This would be substantial. As the bill is written it is going from the parcel that increases the highest and working backwards. It turns the whole assessment budgeting process on its end. I don't know there is a system out there that could do that now.

Representative Dave Weiler: People in ND are upset with property taxes and every session it seems we come here with a bill similar to this. Each time you come up and oppose it. Be careful for what you ask for you might just get it. I am wondering if this could somehow work out as a positive in the end for the counties and the cities. If we pass this it could work or not work at all and be burdensome. If this is passed and it doesn't work you could come back to us and say look what you have created, now would you stop this constant trying to limit the growth of our taxes. The people who loose these services are going to be up in arms that the Legislature did something that created a real problem. You could come back to us and say you have created a real problem and the people who are the most important component of this whole law are going to know in 2 or 4 years if they want this or not and we could end the discussion of limiting the growth of local government spending once and for all.

Terry Traynor, ND Association of Counties: The concern from local government is that the services that we would see impacted like social service, would have a direct impact on the people, which may be the people who could not make their concerns known as readily and would we be able to bring back the impact it had on those people. I don't know. There is a feeling among our members that the property taxes are a problem but it is not reflected at the ballot box. My concern is would we be sensitive enough in those areas that we have to cut, that we could tell you quick enough what is happening.

Representative Dave Weiler: You're assuming that it is not going to work. I am not sure that assuming this is not going to work is reality because it might work.

Representative Bette Grande: In looking at what Ms. Sprynczyntyk passed out and with the exceptions listed, in Bismarck, only 44% of the expenditures has would be affected by the 3% cap. What I would like to see is 6 or so counties and do the same type of look for us so I could put those numbers together.

Terry Traynor, ND Association of Counties: Yes.

Bill Wolkin, City Administrator for the City of Bismarck: We have looked at the 3% property tax cap bill as we did at the bill last week and we have some difficulties with it. Under this proposal the annual budget growth would be limited to 3% over the previous year's level counting for extra property that hadn't been taxed that been brought in above the 3%. While Bismarck has been able to accomplish less than the 3% that last several years we have added the new property into the market place not the inflation of the property. I can't say we could do that every year nor do I think every city could do this. We also hear the same comments about property taxes and we are sensitive to that and trying to keep our taxes to what people can afford and also provide the service that they demand. There are external and internal expenses that impact to the city. Internal for example would be building a fire station and needed equipment. The difficult part is staffing it. The

staffing cost us about \$850,000. As I see this bill, it would hand cuff us. The unknown as most recent is the 911 and the terrorist precautions, the impact in the western part of the state with oil causing major law enforcement and human services concerns, natural disasters, heavy winters, unman dated from the Federal Government and most of these times there is no time for elections or discussion simply the expenses have to be covered. I do have a procedural definition question on page 2 line 15 of the bill, levees for fire protection, law enforcement or emergency services are listed as exemptions if you will. I am not sure if that means a defined levy for that purpose or funds that are levied through the General Fund for that purpose.

Representative Dave Weiler: You mentioned the need for the new fire station, but the need for the new fire station is because of growth. If you would not have any growth you would not have needed another fire station. So are you telling me all the new growth we have had in North part of Bismarck and the property taxes being collected from that does not pay for the fire station?

Bill Wolkin, City of Bismarck: The problem comes in adding that staff for that fire station in any particular budget year. At some time we hope that the general levy would make it for emergency services. It usually doesn't. It usually is subsidized out of the General Fund. When you add that large of an expenditure for staffing the fire station in any particular year, it will kick out your 3%.

Representative Dave Weiler: So the new growth is not a good thing because it is too burdensome for local entities. Is that what I am getting from you?

Bill Wolkin, City of Bismarck: I would say you are misunderstanding my comment.

Chairman Wesley R. Belter: In the city of Bismarck, do you have elections every 2 years?

Bill Wolkin, City of Bismarck: We have 5 elected members all elected at large. They all stand for a four year term and are elected in a rotated bases. At one point 3 persons will be up for election, the mayor and two commissioners and then two years later the other two commissioners are up for election.

Representative Dave Weiler: We learned a week or so ago that the dollar amounts that the state gives back to the cities and the counties two years ago was 1.8 billion. We learned this at our caucus. The next year it was an increase of 500 million has gone back to the locals from the state of North Dakota. Where does that money go? Does that money go to the General Fund? How is that money used up?

Bill Wolkin, City of Bismarck: I don't know I can answer that question as we speak.

Representative Dave Weiler: I think I will skip that information and present that information to the committee at a later time.

Larry Severson North Dakota Township Officers Association: We dislike property tax as much anybody but it is our funding source. Most of our funds come from this source.

Townships meet at our annual meeting once a year and the people of our township set the budget. They decide what our priorities are. We hope you take this into consideration.

Chairman Wesley R. Belter: Closed the hearing of HB 1293.

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1293
February 14, 2011
Job # 14529

Conference Committee

Committee Clerk Signature *Mark Kuenzle*

Minutes:

1 Attachment

Chairman Wesley R. Belter: Open the hearing for HB 1293 which is Representative Kasper's property tax bill.

Representative Bette Grande: I have reviewed the pie charts that Ms Sprynczynatyk handed out. I find it interesting that when if you mark out the things that were listed as exempt from this you get down to a pretty small percentage of the tax that is capped. Only 44% of the budget in Bismarck is part of the cap, 39% of Grand Forks budget is affected by the 3% cap and 40% of Mandan is going to be affected by the cap.

Representative Mark S. Owens: I find it interesting that on the front page we limit them to 3% and on the back we tell them they have to go to the vote of the people and then we still limit them to 5% in 5 years. I am having a personal problem voting for it when we limit them on both ends, even when the people have spoken.

Vice Chairman Craig Headland: I also have a problem with that area. I was wondering if we could just eliminate four. I make a motion to eliminate four.

Chairman Wesley R. Belter: Representative Headland just made a motion on page 2 strike lines 23-28.

Representative Mark S. Owens: Seconded

Representative Dave Weiler: Are we removing the ability for the people to vote or are we removing the cap once they do have a vote? Once they have a vote there should not be a cap. I agree with that. By removing the whole section are we remove everything.

Vice Chairman Craig Headland: I do agree with Representative Weiler on that. I will withdraw my amendment.

Representative Patrick Hatlestad: Could we just get rid of the 5%?

Vice Chairman Craig Headland: If we got rid of the 5%, would that allow them to vote on any increase for up to five years?

Chairman Wesley R. Belter: So on page 2 line 24 would you strike up to 5% would that read right then?

Representative Patrick Hatlestad: I would like to have eliminated on Page 2 line 24, 25, 26 through the word District. I make a motion to amend.

Representative Mark Owens: Seconded

Representative Dwight Wrangham: I am going to oppose this amendment. If I understand this correctly, the purpose of these lines was so that was so this could be suspended for a period of time for emergency or special projects. If we eliminate the five year constraint, this would allow the citizens to vote and once it is voted on to go over the caps it could be forever.

Representative Dave Weiler: I was hoping that upon approval of 60% would eliminate the cap of 5%. If we eliminate the 5 years it is just what Representative Wrangham said. I would like to see us put some type of time table in here because once they vote than it is over.

Chairman Wesley R. Belter: Would you like to make a substitute motion?

Representative Dave Weiler: I would like to make a motion as follows: may be suspended up to 5 taxable years upon approval. Is that as simple as that is? I make a motion to further amend.

Vice Chairman Craig Headland: Seconded

Representative Mark S. Owens: I thought when these go on the ballot it had to state a time frame. I thought it could not be forever. We certainly could say that the amount and length of time be specified rather than the 5 years.

Representative Dave Weiler: I agree with Representative Owens because in some cases they may just want to do it for 2 years.

Vice Chairman Craig Headland: It could say up to five years.

Representative Dave Weiler: That is the problem. You know how the locals will spin that thing. They will take it to 5 year automatically.

Representative Shirley Meyer: I hate to bring up local control again but if you allow them to vote and you have 60% of the people to vote to do this, should we be micro managing them on state level? Either we have local control or we don't. If we have a vote and they say we want this cap removed and we say oh no this will be capped.

Vice Chairman Craig Headland: This just makes them revote every five years.

Representative Patrick Hatlestad: Could we just tack on the end: may include a sunset

Representative Dave Weiler: I oppose that too, as that means they would just include a sunset.

Representative Mark S. Owens: I would like to lay this out to read: Application of the percentage increase limitation under this section may be suspended upon approval by 60% or more of the qualified electorate of taxing district voting on the question at a special or regular election of the taxing district to agree to the amount and length to the tax levy increase. I make a motion for an amendment.

Representative Patrick Hatlestad: Withdrew his motion with his amendment.

Representative Mark S. Owens: Withdrew his second.

Representative Mark S. Owens: Made a motion from the above statement for an amendment. We keep line 23 so it ends with may be suspended. We delete everything down through district on line 26. We pick up there and we keep "upon approval by 60%" all across line 27 we keep 28 and add to agree to the amount and the length of the tax levy increase. They have to announce the length every time. They cannot say up 5 years and then it would be 5 years every time.

Representative Dave Weiler: Made a motion of Do Pass as Amended

Representative Mark S. Owens: Seconded the motion.

Representative Lonney B Winrich: I am thankful that there are no students in here watching this circus here this afternoon.

Roll Call vote was Yeas 10 Nays 4 Absent 0 Do Pass as Amended

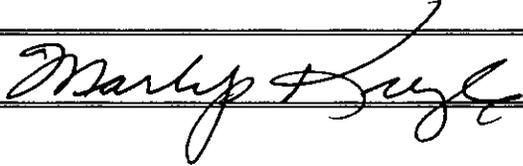
Representative Dave Weiler is the carrier of this bill.

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1293
February 18, 2011
Job # 14733

Conference Committee

Committee Clerk Signature 

Minutes:

You may make reference to "attached testimony."

Chairman Belter: A motion to reconsider HB 1293

Representative Dave Weiler: Made a motion to reconsider

Representative Owens: Second it

Representative Dave Weiler: During the last committee discussion when we passed this, there was a minor error. We talked about including the word dollar in front of the word amount. When the engrossed bill came back to us the word dollar was not included. We simply wanted to make sure that it was the dollar amount not mill levy amount. With that I move the amendment.

Representative Headland: second it

Representative Headland: I have written down that it does not work to cap each parcel of property. I also noted that if we pass a cap to have it inclusive or have a 3% cap on the budget. I did not have time to prepare the amendment so I will change the way I voted on it and will not support a do pass.

Chairman Belter: I also will not support this.

Representative Dave Weiler: I make a motion for a do pass as amended. If Rep Headland would want to make an amendment we could wait until Monday and discuss this further on Monday.

Chairman Belter: I have already discussed this with conferred with the leader and said we will not meet on Monday. This will be the last day.
The motion failed and we will need a new motion.

Representative Zeiser: We have a motion of Do Not Pass.

Representative Winrich: Second it

Do Not Pass as Amended Yeas 10 Nays 4 Absent 0 Carrier Representative Belter

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1293
February 21, 2011
#14772

Conference Committee

Committee Clerk Signature

Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to property tax levy dollar increase limitations; and to provide an effective date.

Minutes:

See attached amendments.

Vice Chairman Craig Headland: I mentioned an amendment that I wanted but didn't get and as it turned out I got it shortly after we adjourned. The amendment deals with the caps and how they are placed. The change would be that the overall cap would cap the overall budget and not on a per parcel basis. **Made a motion to reconsider on engrossed HB 1293.**

Representative Bette Grande: Seconded.

Voice vote taken to RECONSIDER ACTIONS ON ENGROSSED HB 1293—MOTION CARRIED.

Vice Chairman Craig Headland: Distributed amendments 11.0129.02002 and reviewed. The amendment will put a 3% cap on the budget.

Representative Bette Grande: Does this affect each of the political subdivision portions? We are looking at the city budgets and I know we had the exemption pieces that were in so is this going to affect those exemptions? How does it affect the school districts?

Vice Chairman Craig Headland: The way the amendment is drafted it will affect all taxing districts so that includes the city, county, park board, and school districts. I would be open to maybe exempting the school districts if that wouldn't be too difficult because they are already capped. I talked to Mr. Walstad about that and I think if he is here and willing I would ask him how difficult that would be.

John Walstad: It wouldn't be hard to do at all. The language that is used in this new section is taxing district. We could just plug in "for purposes of this section taxing district does not include a school district." Or anybody else you care to put in there.

Representative Bette Grande: I think it would be important to do this because if we're looking at doing something like that...I mean we've already got bills dealing with how we're trying to deal with property tax stuff and until we get out of that aspect of legislative involvement this kind of does what we're trying to work on with the other side.

Vice Chairman Craig Headland: If you notice, this amendment is under Representative Kasper's name and he said he would have no objection to exempting school districts from this particular area. If everybody understands what Mr. Walstad just added I will move the amendment .02002 with the new language Mr. Walstad inserted.

John Walstad: The language that I would add would be on page 1 line 11 after the period insert "For purposes of this section, taxing district does not include a school district." That would all be underscored as this is all new language.

Chairman Wesley R. Belter: We had a motion from Representative Headland and a second from Representative Grande to approve the 2002 amendment and add the verbiage to exclude school districts from this provision. Is there any discussion?

Representative Steven L. Zaiser: This includes all other political subdivisions with the exception of school districts, correct?

Chairman Wesley R. Belter: Yes.

A voice vote was made and MOTION CARRIED TO ADOPT THE AMENDMENTS WITH ADDED LANGUAGE.

Vice Chairman Craig Headland: I'll move a DO PASS ENGROSSED WITH AMENDMENTS.

Representative Bette Grande: Seconded.

**A roll call vote was taken: YES 4 NO 7 ABSENT 3
MOTION FAILED.**

Representative Steven L. Zaiser: Made a motion for a DO NOT PASS.

Representative Shirley Meyer: Seconded.

**A roll call vote was taken: YES 8 NO 3 ABSENT 3
MOTION CARRIED---DO NOT PASS AS AMENDED**

Representative Steven L. Zaiser will carry Engrossed HB 1293.

FISCAL NOTE

Requested by Legislative Council
01/11/2011

Bill/Resolution No.: HB 1293

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						
Appropriations						

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).*

HB 1293 limits the dollar increase in taxes levied by a political subdivision on a parcel of property to not more than three percent, with some exceptions. The limitations may be suspended and increased up to five percent upon voter approval.

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.*

It is not possible to estimate the fiscal effect of HB 1293. In cases where the market dictates a change in valuation of an existing property, a three percent limit on the increase in dollars levied could require either an increase or decrease in mills levied from year to year on that property.

The market may dictate a different change or no change in the value of another existing property in the same taxing district. In that case a different increase or decrease in mills levied on that parcel could be required to meet the requirements of HB 1293 for that individual parcel.

Statutorily, mills levied by a taxing district must be uniform throughout that district. It may not be possible to comply with this requirement and the requirements of HB 1293.

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.*

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.

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	01/19/2011

11.0129.01001
Title.02000

Attachment #1

Adopted by the Finance and Taxation
Committee

February 14, 2011

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1293

Page 2, remove lines 24 and 25

Page 2, line 26, remove "preceding taxable year may be approved for a taxing district"

Page 2, line 28, after "district" insert "to agree to the amount and length of the tax levy increase"

Renumber accordingly

11.0129.01001
Title.02000

Adopted by the Finance and Taxation
Committee

February 14, 2011

VR
2/14/11

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1293

Page 2, remove lines 24 and 25

Page 2, line 26, remove "preceding taxable year may be approved for a taxing district"

Page 2, line 26, after "approval" insert "of the amount and length of the tax levy increase"

Renumber accordingly

2-18-11

11.0129.01002
Title.

Prepared by the Legislative Council for
Representative Weiler
February 17, 2011

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1293

Page 2, remove lines 24 and 25

Page 2, line 26, remove "preceding taxable year may be approved for a taxing district"

Page 2, line 26, after "approval" insert "of the dollar amount and length of the tax levy increase"

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1293

Page 1, line 12, remove "against a parcel of property"

Page 1, line 13, remove "against that parcel of property"

Page 1, line 16, after the underscored comma insert "the amount levied in dollars in the previous taxable year by the taxing district must be adjusted to reflect the taxes that would have been imposed against"

Page 1, line 17, remove "is taxable without regard to the limitation under this subsection but"

Page 1, remove line 18

Page 1, line 19, remove "subsection 3 applies to those improvements"

Page 1, line 21, after the underscored comma insert "the amount levied in dollars in the previous taxable year by the taxing district must be adjusted to reflect the taxes that would have been imposed against"

Page 1, line 22, remove "is not subject to the limitation in this"

Page 1, remove line 23

Page 1, line 24, remove "property under subsection 3 applies to the property"

Re-number accordingly

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1293

Page 1, line 11, after the underscored period insert "For purposes of this section, "taxing district" does not include a school district."

Page 1, line 12, remove "against a parcel of property"

Page 1, line 13, remove "against that parcel of property"

Page 1, line 13, replace "three" with "four"

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Page 1, line 17, remove "is taxable without regard to the limitation under this subsection but"

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Page 1, remove line 23

Page 1, line 24, remove "property under subsection 3 applies to the property"

Page 2, line 24, after the first "the" insert "dollar"

Renumber accordingly

VK
2/21/11

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1293

Page 1, line 11, after the underscored period insert "For purposes of this section, "taxing district" does not include a school district."

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Page 1, remove line 23

Page 1, line 24, remove "property under subsection 3 applies to the property"

Page 2, line 24, after the first "the" insert "dollar"

Re-number accordingly

Date: 2-14-11
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1293

*No vote
motion only
withdrawn*

House Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
R. Headland's
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Headland Seconded By Rep. Owens

** Withdraw motion*

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 Streye					
Wayne Trottier					
Dave Weiler					
Dwight Wrangham					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

*Rep Headland withdrew amendment
Page 2 - Strike 23-28*

Date: 2-14-11
 Roll Call Vote # 2
motion only
no vote
withdrawal only

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 1293

House Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
by Rep. Hatlestad

Rerefer to Appropriations Reconsider

Motion Made By Rep. Hatlestad Seconded By Rep. Owens

*** WITHDRAW**

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) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 2-14-11
 Roll Call Vote # 3

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 1293

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. Weiler Seconded By Rep. Headland

** WITHDRAW*

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) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 2-14-11
Roll Call Vote # 3

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1293

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. Owens Seconded By _____

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 Streye					
Wayne Trottier					
Dave Weiler					
Dwight Wrangham					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

passed
VOICE VOTE
MOTION CARRIED

Date: 2-14-11
 Roll Call Vote # 4

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 1293

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. Weiler Seconded By Rep. Owens

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. Weiler

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

Date: 2-18-11
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1293

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 our actions

Motion Made By _____ Seconded By _____

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) _____ No _____

Absent _____

Floor Assignment _____

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

VOICE VOTE
MOTION CARRIED

Date: 2-18-11
 Roll Call Vote # 2

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 1293

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. Weiler Seconded By Rep. Zaiser

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 Trotter		✓			
Dave Weiler	✓				
Dwight Wrangham	✓				

Total (Yes) 5 No 9

Absent 0

Floor Assignment _____

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

Date: 2-18-11
 Roll Call Vote # 3

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 1293

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. Zaiser Seconded By Rep. Winrich

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 0

Floor Assignment Rep. Weiler Rep. Belter

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

Date: 2-21-11
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1293

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 actions

Motion Made By Rep. Headland Seconded By Rep. Grande

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) _____ No _____

Absent _____

Floor Assignment _____

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

VOICE VOTE

MOTION CARRIED

Date: 2-21-11
Roll Call Vote # 2

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1293

House Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
11.0129.0200a
w/additional changes.
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Headland Seconded By Rep. Grande

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) _____ No _____

Absent _____

Floor Assignment _____

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

VOICE VOTE

MOTION CARRIED.

Date: 2-21-11
Roll Call Vote # 3

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1293

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. Headland Seconded By Rep. Grande

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 Trotter		✓			
Dave Weiler					
Dwight Wrangham		✓			

Total (Yes) 4 No 7

Absent 3

Floor Assignment _____

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

MOTION FAILS

Date: 2-21-11
Roll Call Vote # 4

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1293

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. Zaiser Seconded By Rep. Meyer

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter	✓		Scot Kelsh	AB	
Vice Chair. Craig Headland		✓	Shirley Meyer	✓	
Glen Froseth	✓		Lonny B. Winrich	AB	
Bette Grande		✓	Steven L. Zaiser	✓	
Patrick Hatlestad	✓				
Mark S. Owens	✓				
Roscoe Streyle		✓			
Wayne Trottier	✓				
Dave Weiler	AB				
Dwight Wrangham	✓				

Total (Yes) 8 No 3

Absent 3

Floor Assignment Rep. Zaiser

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

REPORT OF STANDING COMMITTEE

HB 1293: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). HB 1293 was placed on the Sixth order on the calendar.

Page 2, remove lines 24 and 25

Page 2, line 26, remove "preceding taxable year may be approved for a taxing district"

Page 2, line 26, after "approval" insert "of the amount and length of the tax levy increase"

Renumber accordingly

REPORT OF STANDING COMMITTEE

HB 1293, as engrossed: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (8 YEAS, 3 NAYS, 3 ABSENT AND NOT VOTING). Engrossed HB 1293 was placed on the Sixth order on the calendar.

Page 1, line 11, after the underscored period insert "For purposes of this section, "taxing district" does not include a school district."

Page 1, line 12, remove "against a parcel of property"

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Page 1, remove line 23

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Page 2, line 24, after the first "the" insert "dollar"

Re-number accordingly

2011 TESTIMONY

HB 1293

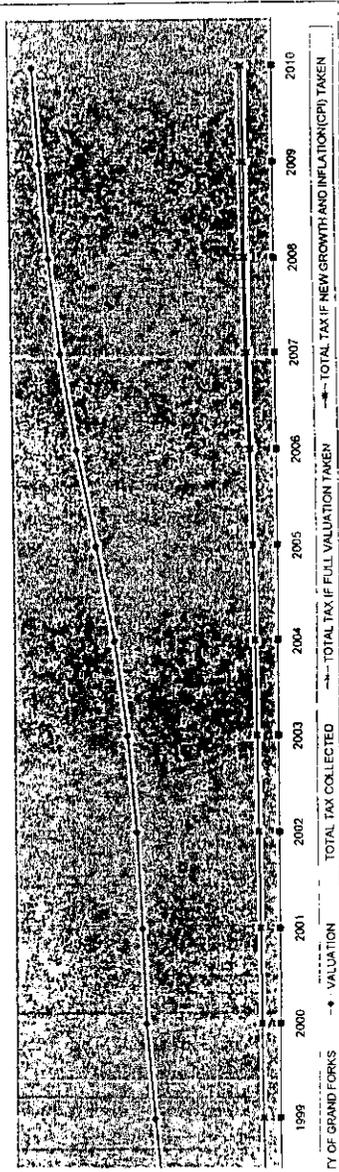
Given by Representative Curt Krause

Valuation/Total Tax Collection History City Only 1998 - 2010

(BUDGET YEARS 1999 - 2011)
(0 mill increase for 2011 Budget)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Average Per Year Over 12 Years
VALUATION	\$70,891,373	\$76,076,977	\$81,247,473	\$83,368,517	\$86,407,732	\$91,556,946	\$98,981,780	\$109,889,341	\$121,026,846	\$130,066,082	\$136,538,777	\$141,209,975	\$145,043,875	
TOTAL TAX COLLECTED	\$9,664,621	\$10,603,609	\$10,475,237	\$10,769,545	\$11,162,468	\$11,645,128	\$12,387,313	\$12,937,296	\$13,746,005	\$14,419,126	\$14,736,393	\$15,225,260	\$15,631,594	
INFLATION(CPI)	136.33	139.38	128.93	129.18	129.18	127.19	127.17	117.73	113.55	110.86	107.92	107.82	107.77	8.72%
	7.38%	7.32%	6.80%	2.61%	3.65%	5.96%	8.11%	11.02%	10.16%	7.44%	4.98%	3.42%	2.72%	5.15%
	3.65%	9.72%	-1.21%	2.81%	3.65%	4.37%	8.09%	2.78%	6.25%	4.90%	2.20%	3.32%	2.67%	
		7.76%	7.41%	5.66%	4.95%	5.70%	5.38%	7.12%	6.26%	6.52%	5.41%	0.33%	4.97%	
TOTAL TAX COLLECTED	\$9,664,621	\$10,372,071	\$11,077,372	\$11,366,492	\$11,781,368	\$12,483,538	\$13,495,953	\$14,983,207	\$16,505,501	\$17,733,510	\$18,616,012	\$19,252,894	\$19,775,890	8.72%
TOTAL TAX IF FULL VALUATION TAKEN	\$9,664,621	\$10,414,596	\$11,186,317	\$11,819,463	\$12,404,526	\$13,111,584	\$13,816,987	\$14,800,757	\$15,727,284	\$16,752,703	\$17,659,024	\$17,717,299	\$18,597,819	7.70%
	28.56	20.95%												

Valuation/Total Tax Collection History City Only 1998 - 2010



Authorized Personnel Positions

	Appropriated Positions 2003	Appropriated Positions 2004	Appropriated Positions 2005	Appropriated Positions 2006	Appropriated Positions 2007
General Fund	272.25	280.60	280.60	280.70	284.70
Total Classified (Permanent)	0.00	0.00	0.00	0.00	0.00
Total Classified (Grant Funded)*****	6.00	6.00	6.00	6.00	6.00
Total Contract Department Head***	2.00	2.00	2.00	2.00	2.00
Total Non-Classified (Project/Grant)**	2.55	3.30	3.50	4.00	4.40
Total Non-Classified (Seasonal)*	9.00	9.00	9.00	9.00	9.00
Total Non-Classified (Elected Official)*****	291.80	296.80	299.25	299.85	305.25
Special Revenue Funds					
Total Classified (Permanent)	41.50	39.25	37.30	37.90	37.00
Total Classified (Grant Funded)*****	15.84	14.61	11.93	13.15	12.25
Total Contract Department Head***	2.00	2.00	1.00	1.00	1.00
Total Non-Classified (Project/Grant)**	9.17	4.24	5.80	5.80	5.00
Total Non-Classified (Seasonal)*	5.75	5.75	4.70	4.70	4.70
Total FTE	74.26	65.85	60.75	62.55	59.95
Capital Project Funds					
Total Classified (Permanent)	0.75	0.50	0.25	0.25	0.25
Total Classified (Grant Funded)*****	0.00	0.00	0.00	0.00	0.00
Total Contract Department Head***	0.00	0.00	0.00	0.00	0.00
Total Non-Classified (Project/Grant)**	7.00	6.00	6.00	5.50	4.50
Total Non-Classified (Seasonal)*	0.00	0.00	0.00	0.00	0.00
Total FTE	7.75	6.50	6.25	5.75	4.75
Enterprise Funds					
Total Classified (Permanent)	117.50	115.00	116.00	113.80	112.45
Total Classified (Grant Funded)*****	0.00	0.00	0.00	0.00	0.00
Total Contract Department Head***	1.00	1.00	2.85	2.85	2.85
Total Non-Classified (Project/Grant)**	2.00	2.00	2.00	1.00	2.00
Total Non-Classified (Seasonal)*	5.60	8.40	9.10	11.12	8.80
Total FTE	126.10	126.40	129.95	128.77	126.08
Internal Service Funds					
Total Classified (Permanent)	8.00	8.00	8.00	7.00	7.00
Total Classified (Grant Funded)*****	0.00	0.00	0.00	0.00	0.00
Total Contract Department Head***	0.00	0.00	0.00	0.00	0.00
Total Non-Classified (Project/Grant)**	1.00	1.00	1.00	1.00	1.00
Total Non-Classified (Seasonal)*	0.00	0.00	0.00	0.00	0.00
Total FTE	9.00	9.00	9.00	8.00	8.00
Total Classified (Permanent)	440.00	439.25	442.15	439.65	441.38
Total Classified (Grant Funded)*****	15.84	14.61	11.93	13.15	12.25
Total Contract Dept. Head***	21.17	15.24	15.80	14.30	14.50
Total Non-Classified (Project/Grant)**	13.90	17.45	17.30	19.82	17.90
Total Non-Classified (Seasonal)*	9.00	9.00	9.00	9.00	9.00
Total Non-Classified (Elected Officials)*****	508.91	504.55	505.18	504.92	504.03
Total Authorized Positions					

**City of Grand Forks
2009 City Budget
Comparative Summaries (continued)
2004-2008 Real Property Taxable Valuation
2005-2009 Property Tax Levy**

Real Property Taxable Valuation

Valuation Year	2004	2005	2006	2007	2008(1)
	\$ 98,982	\$ 109,890	\$ 121,057	\$ 130,066	\$ 136,625

Property Tax Levy

Levy Year	2005	2006	2007	2008	2009(1)
City	\$ 12,588	\$ 12,937	\$ 13,746	\$ 14,419	\$ 14,736
Total-All Entities	\$ 50,784	\$ 54,047	\$ 58,527	\$ 63,047	\$ 64,703
City as a Percent of Total	24.79%	23.94%	23.49%	22.87%	22.78%

Effective Tax rate

Year of Valuation	2004	2005	2006	2007	2008(1)
Residential-City portion	0.57%	0.53%	0.51%	0.50%	0.49%
Residential-Total all entities	2.31%	2.21%	2.18%	2.18%	2.13%
Commercial-City portion	0.64%	0.59%	0.57%	0.55%	0.54%
Commercial-Total all entities	2.57%	2.46%	2.42%	2.42%	2.37%

Property Tax Burden by Taxing Entity

	2005	2006	2007	2008	2009(1)
Grand Forks School District Levy	237.12	230.11	224.11	218.66	213.66
City of Grand Forks Levy	127.17	117.73	113.55	110.86	107.86
Grand Forks County Levy	101.16	98.40	101.45	111.71	110.19
Grand Forks Park District Levy	45.61	43.59	42.36	41.50	39.87
State Levy	2.00	2.00	2.00	2.00	2.00
Total	513.06	491.83	483.47	484.73	473.58

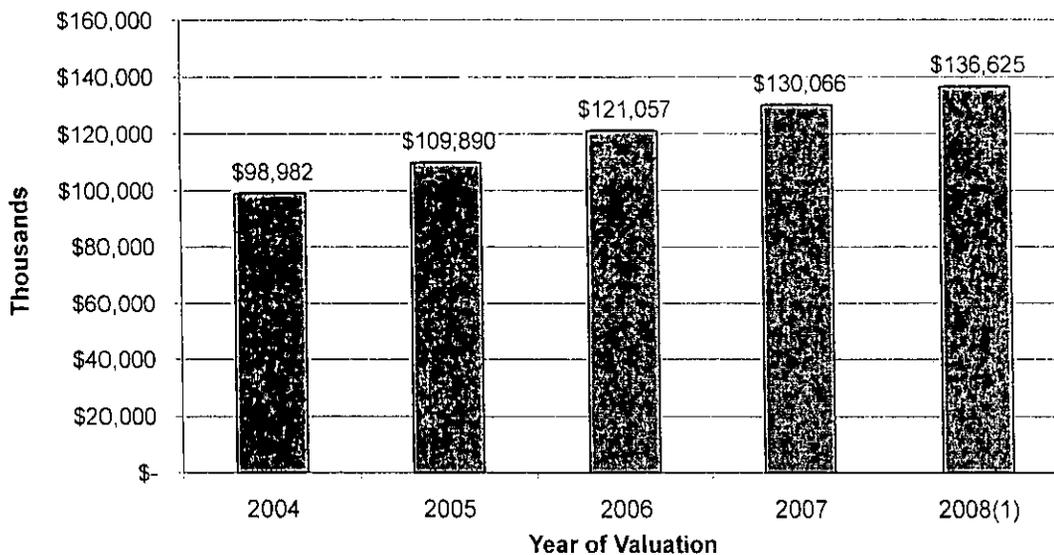
Median Value of Residential Property

	2004	2005	2006	2007	2008(1)
Taxable	99,700	113,550	124,300	131,100	134,700
Taxable value	0.045	0.045	0.045	0.045	0.045
Taxable value	4,486.50	5,109.75	5,593.50	5,899.50	6,061.50
Tax	2,301.84	2,513.13	2,704.29	2,859.66	2,870.61

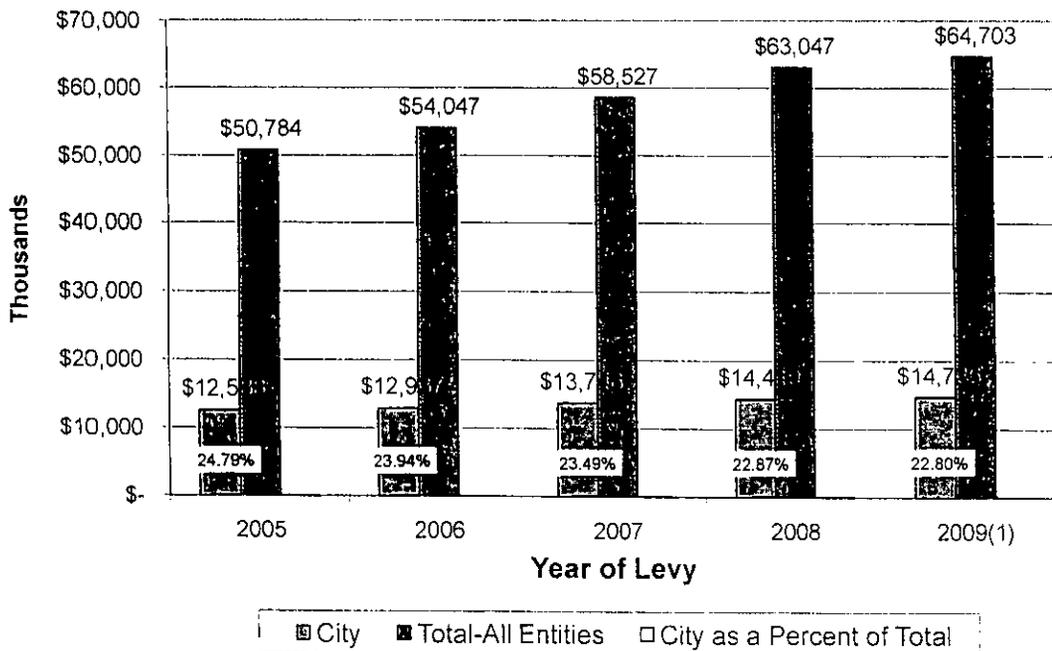
Property Tax Burden by Taxing Entity

	2005	2006	2007	2008	2009(1)	Percent increase
Grand Forks School District Levy	1,063.84	1,175.80	1,253.56	1,289.98	1,295.10	21.74%
City of Grand Forks Levy	570.55	601.57	635.14	654.02	653.79	14.59%
Grand Forks County Levy	453.85	502.80	567.46	659.03	667.92	47.17%
Grand Forks Park District Levy	204.63	222.73	236.94	244.83	241.67	18.10%
State Levy	8.97	10.22	11.19	11.80	12.12	35.11%
Total	2,301.84	2,513.13	2,704.29	2,859.66	2,870.61	24.71%

**2004-2008 Real Property Taxable Valuation
 (2005-2009 Tax Levy Year)**

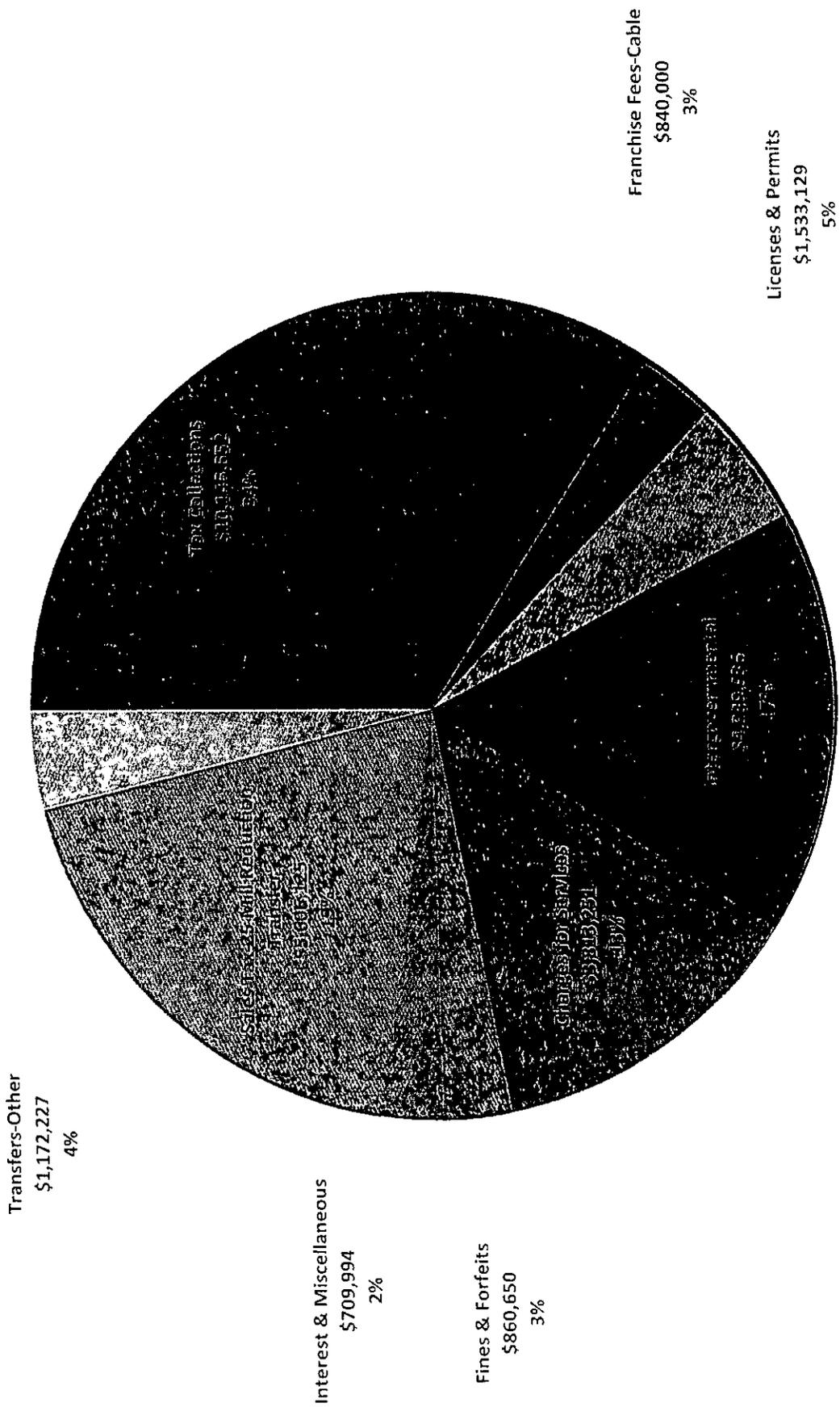


2005-2009 Property Taxes Levied

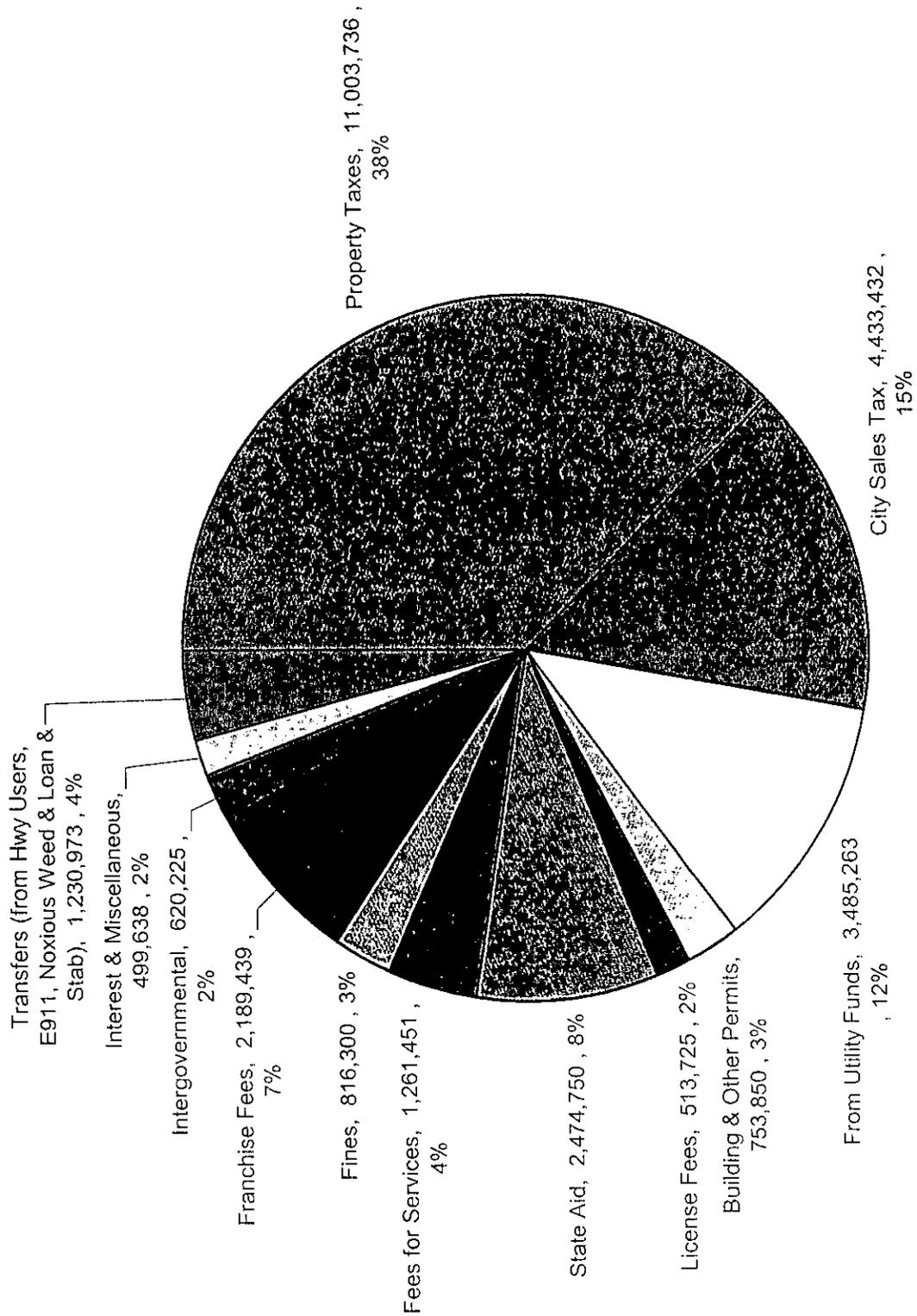


(1) These are projected values based on preliminary numbers available

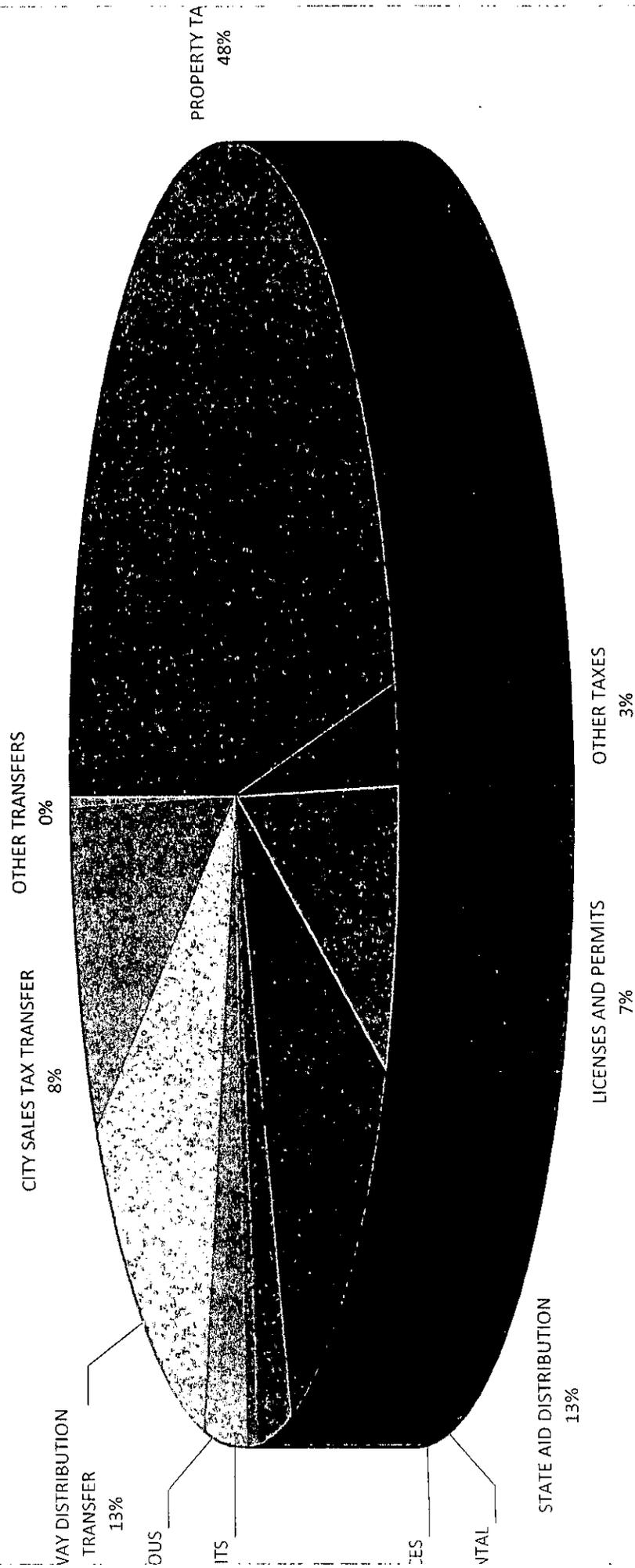
City of Bismarck General Fund 2010 Budget Revenues



City of Grand Forks, ND
2010 Budgeted General Fund Revenue

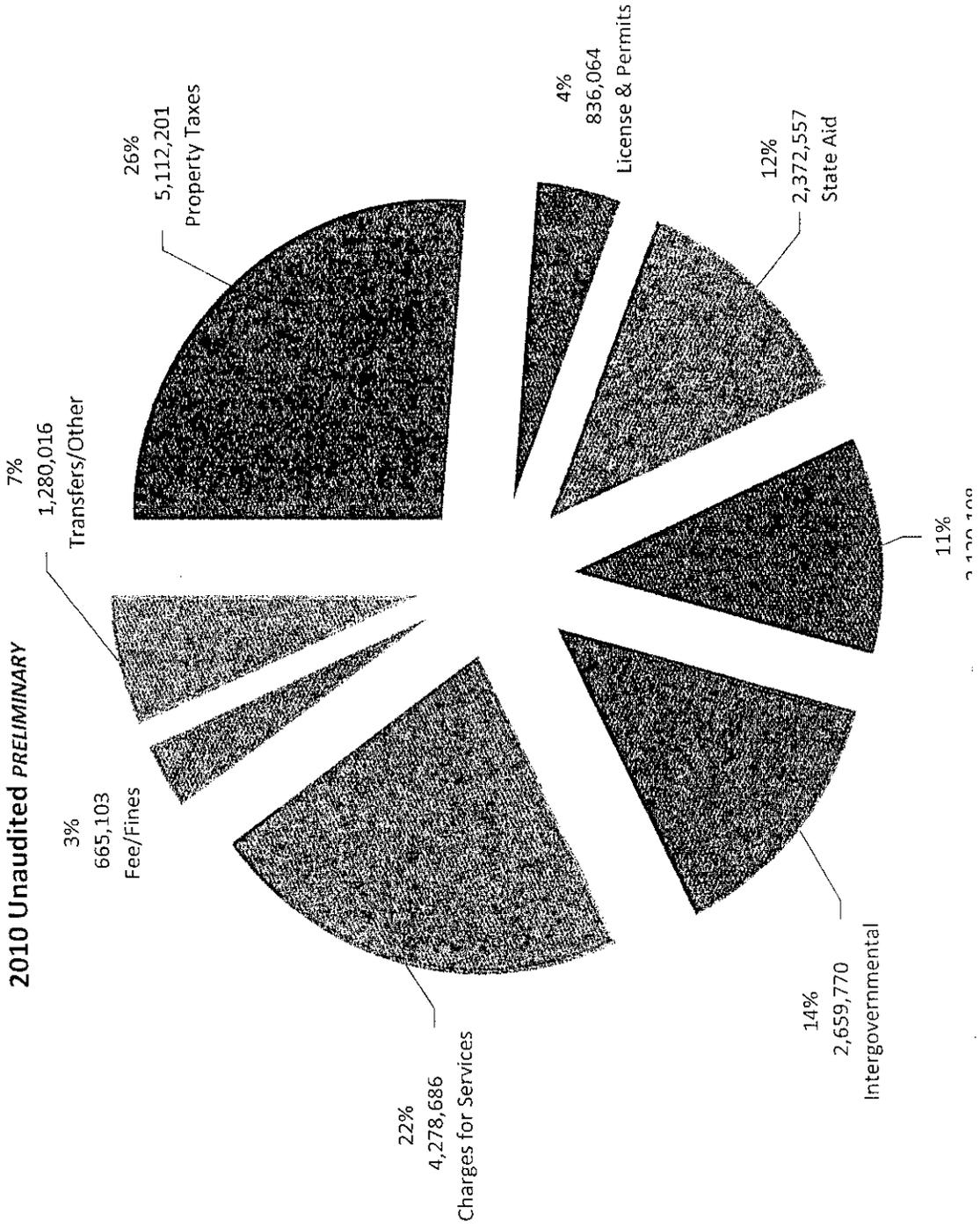


CITY OF MANDAN GENERAL FUND REVENUES



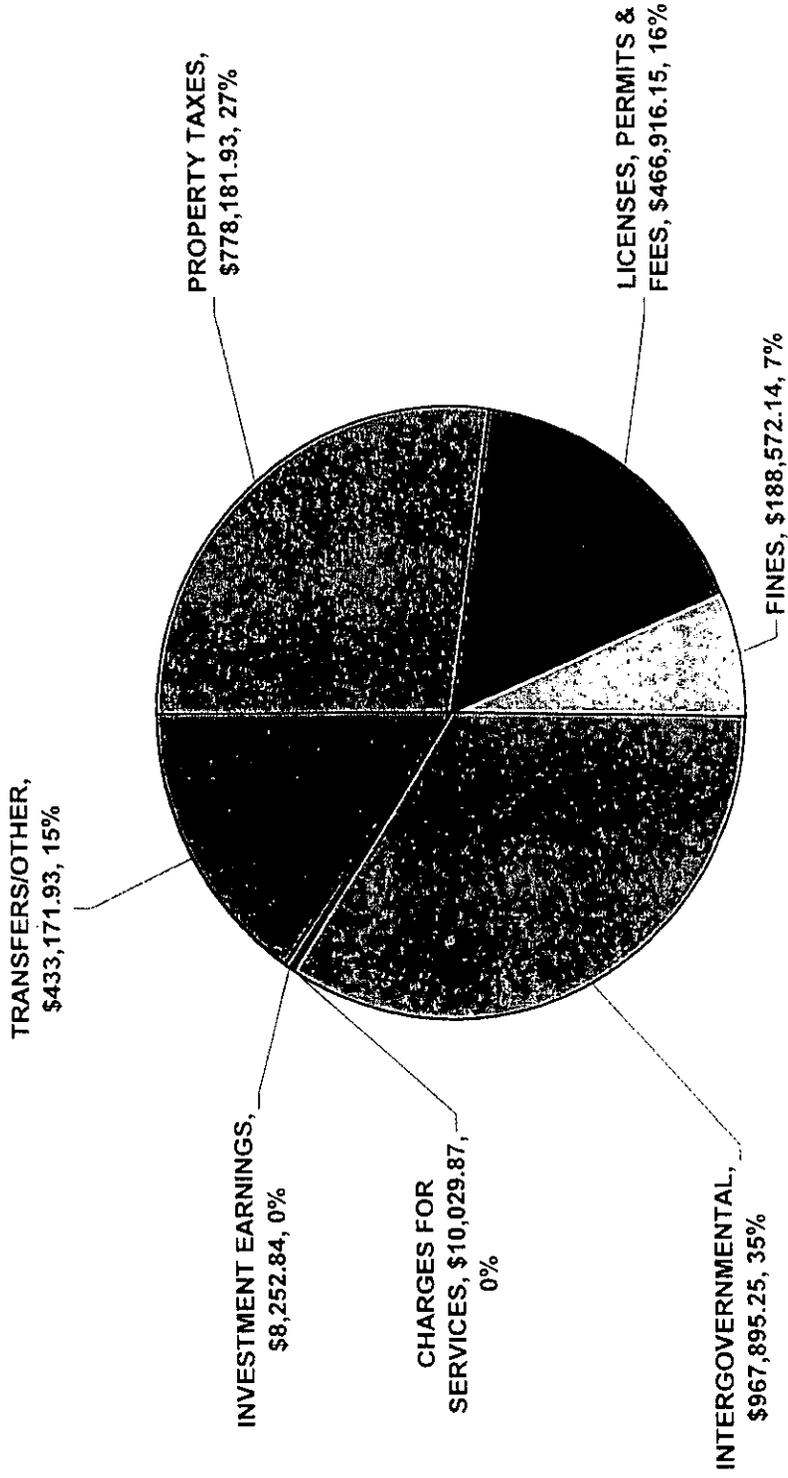
City of Minot, ND General Fund Revenue

2010 Unaudited *PRELIMINARY*

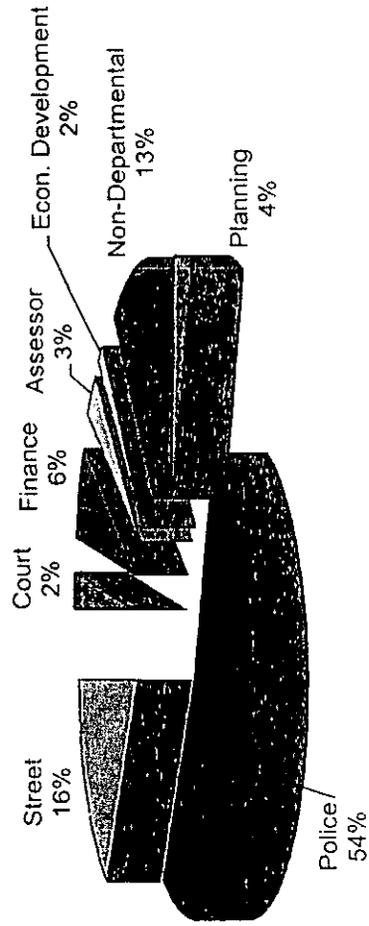




CITY OF WAHPETON 2010 GENERAL FUND REVENUE



City of West Fargo
 General Fund Expenditures
 for 2010



- Court
- Finance
- Assessor
- Econ. Development
- Non-Departmental
- Planning
- Police
- Street

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Testimony to the House Finance & Taxation Committee
Chairman Wes Belter
Prepared by Cindy K. Hemphill, Finance Director
City of Minot
Cindy.hemphill@minotnd.org

HOUSE BILL NO. 1293

Mr. Chairman, my name is Cindy Hemphill and I serve as the City Auditor and Finance Director for the City of Minot. I am representing the City of Minot to encourage a DO NOT PASS on House Bill 1293.

House Bill 1293 encompasses a number of tax issues, which cause me great concern due to the impact the bill will have on the City of Minot. Specifically, I would like to address section 1 – limitation on levies by taxing districts, which will no longer allow home rule cities to govern based on their home rule charters as voted on by their citizens.

House Bill 1293 states, “[property taxes in dollars levied in dollars by a taxing district against a parcel of property may not exceed the amount the taxing district levied in dollars against that parcel of property in the preceding taxable year by more than three percent . . .” The law goes on to include a number of exceptions.

Forecasting and budgeting costs for a municipality are difficult. So many factors come into play that are difficult to foresee and predict. For example, portions of North Dakota, to include Minot, are on their third year of record snow amounts. The past two years our emergency fund has been depleted by snow removal costs. Another unforeseen event was the 100-year rain-event in Minot June 17, 2010. The dollars necessary for this unplanned event required us to reduce our normal street maintenance program.

The City receives continuous calls from tax-paying citizens unhappy about snow removal and street repairs. These services are funded by property taxes. It creates quite a quandary on

Testimony #3 p. 2

how a city should proceed. The increase in my street department budget from 2010 to 2011 is 12.8 percent. A significant portion of the increase can be attributed to the increase in fuel, sand, cutting edges, and hot asphalt mix. We bid these items trying to obtain the lowest bid but the increases are still there.

To limit municipalities' abilities to levy dollars to overcome unforeseen shortfalls and to provide the basic services identified by the municipality, a municipality's financial viability quickly comes into question.

Without the ability to levy as necessary, the City will have to draw on our reserves. As soon as the reserves begin declining, it will affect the City's ability to borrow money. As the reserves decline, it will affect our bond ratings. The City will have to borrow at a higher interest rate, which will ultimately be passed on to the property tax owners.

House Bill No. 1293 will have a negative effect on our ability to borrow money for highway projects. The majority of our highway projects are financed through general obligation bonds, which are serviced by property taxes. With a cap of three (3) percent, it will not allow us much latitude to participate in highway projects.

When reviewing our General Fund expenses 51 percent are for public safety to include police, fire, communications, and the municipal court. It will be difficult to continue to provide services for public safety at the level we now maintain and we will not be able to respond to the incredible growth we are experiencing.

Again, we encourage a DO NOT PASS on House Bill No. 1293.

Testimony # 4 p. 1

**Testimony To The
THE HOUSE FINANCE & TAXATION COMMITTEE
Prepared February 1, 2011 by
Terry Traynor, Assistant Director
North Dakota Association of Counties**

REGARDING HOUSE BILL No. 1293

Thank you Chairman Belter and committee members for the opportunity to address HB1293 on behalf of county government. As with a similar bill (HB1272) previously heard by this committee, county commissioners from across the State agree with the goal they understand the sponsors are seeking in this bill – that of a reduction in property tax growth that is equitable for all taxpayers. Unfortunately, they believe that this bill (as with HB1272), would not be fair to all taxpayers, would be difficult if not impossible to implement, and at the county level at least, would ultimately conflict with statutory and constitutional requirements.

The new language of the bill starting on line 11 limits the increase in taxes “on any parcel” to three percent. As this Committee understands, changes in true & full value, and therefore taxable value, vary greatly from parcel to parcel and year to year. Creating a “per parcel” limitation would have the effect of either forcing a reduction in overall tax collections each year or the creation of individual parcel-specific mill rates – a violation of the State Constitution’s requirement to provide equal taxation within property classes, and certainly not an equitable implementation of tax reform.

In either situation, the entire local government budgeting process would be reversed. Each jurisdiction, regardless of current service levels, emerging needs or emergencies, and even State and federal requirements, would have to begin their budgeting with the single parcel of the district with the greatest value increase for the year, and work backwards to ensure that this parcel (and therefore all parcels) did not see more than a 3% increase. The staff time and computer technology is currently unavailable in counties to budget in this manner.

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Even if the intention of this bill was an overall average three percent limitation, county officials believe the concept would have disastrous consequences for our citizens. Road material and construction costs have increased 50% over the last seven years. This winter, close to half of the counties have already experienced extraordinary snow removal costs rivaling the record-breaking 2008-09 winter. And, while PERS health premiums will only increase 8% next year, they have increased by 20+% each of the last two biennia. These costs are fairly obvious to our citizens and one could argue that the "5% more" allowed in the final subsection should be the answer. However, those are probably not the costs to worry about.

State mandated indigent defense of sex offenders is a cost that is 1000% higher than anticipated when enacted – how many counties would be successful in convincing voters to approve a tax increase for this state-mandated (and U.S. Constitutionally-protected) purpose? Together, the software, hardware, and consultants to value agland through soil classifications was a new \$2+ million investment that is still ongoing, resulting from 2007 Legislation. The state-mandated county share of foster care grants (25% of the non-federal amount) is driven by the FMAP and state court decisions, not by what county commissioners choose to levy. Staffing costs for food stamp eligibility, in-home care of the growing population of elderly, and the dozens of other human service programs counties are required to deliver; increase and decrease with the economy and federal mandates. If these costs rise by more than 3% and voters fail to approve a tax increase, what is a county's option under HB1272 – particularly a county with a stagnant (or shrinking) tax base?

For these reasons, our Association urges a Do Not Pass recommendation on House Bill 1272.

Attachment #1

February 14, 2011

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1293

Page 2, remove lines 24 and 25

Page 2, line 26, remove "preceding taxable year may be approved for a taxing district"

Page 2, line 28, after "district" insert "to agree to the amount and length of the tax levy increase"

Renumber accordingly