

**2013 HOUSE POLITICAL SUBDIVISIONS**

**HB 1213**

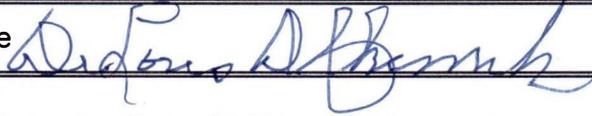
# 2013 HOUSE STANDING COMMITTEE MINUTES

House Political Subdivisions Committee  
Prairie Room, State Capitol

HB 1213  
February 7, 2013  
Job # 18543

Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to the real property tax exemption status of a housing authority; and to provide an effective date.

## Minutes:

Testimony #1, 2

**Chairman N. Johnson:** Opened the hearing on HB 1213.

**Rep. Kreun:** Introduced the bill. This bill is a cleanup bill. The only change in the bill is on line 8-10. There was an interrupted that this particular line prior to that if you used the property of an authority used for low income was deferred to taxes rather than special assessments. Through the process we had one of our political bodies interrupt that this particular housing authority should be taxed on all the property that has not utilized for housing. The housing authority by state and federal constitution is a body that equate to a city, county and nontaxed. After the 2005 amendment was made to include small communities into this century code it was interpreted to mean taxes rather than just special assessments. We feel this would clarify that now. We have brought this through the process all the way through the State Board of Equalization and they have agreed and we have copies of the determination if you would like from that board and five attorney general's opinions and they all agree with this.

**Rep. M. Klein:** Can you give me an example of this property you are relating to?

**Rep. Kreun:** You are correct; this would refer to office where the housing authority has its office. It would refer to a property that was acquired and not built on yet and having the process go through if it took two to four or five years to own a piece of property to get this into the low to moderate income portion. All of those pieces of property; they indicated it was not being used for low to moderate and that was the discrepancy. In our interpretation and the Attorney General's interpretation is that all property owned by the housing authority is non-taxed.

**Rep. M. Klein:** Then it goes on to say the authority may agree to make payments. Do you know of any that do?

**Rep. Kreun:** Yes, we do. I also chair the housing authority in Grand Forks. We do make payments in lieu of taxes when we feel we can afford those particular expenditures.

**Rep. M. Klein:** What type of payments do you make like for fire protection, police etc. Is there any specific area that you make those?

**Rep. Kreun:** We pay the taxes to the county and a portion that we feel we are capable and in some cases we paid the full amount of the taxes and that goes to the county and is distributed as the county sees fit.

**Rep. Hatlestad:** The group that taxed you, did they forgive the tax or does this need to be made retroactive?

**Rep. Kreun:** They will go back retroactive and forgive the taxes that were on there. After two years they did, after the process that we went through, which was district court and we felt that that wasn't necessary. Last session if you remember we gave the State Board of Equalization the power to indicate that it is law after it goes through that and to make those determinations. We went through the State Board of Equalization just last September is when the last decision came out in our favor and after that time that political body relented and voted to revert back.

**Rep. Klemin:** You are not going to tell us who that is?

**Rep. Kreun:** That was my former colleagues as I was the city council member at the time when this started and carried this through. It was our city council that had to dig deep to find these two words to trying to tax an entity that has never been taxed before. In the constitution this is not a taxable entity.

**Rep. Klemin:** You said low and then low to moderate income housing so that sounds like some additional property beyond what was in this initially?

**Rep. Kreun:** This is still referring to special assessments. That is where part of the confusion was. Payment in lieu of taxes was a special assessment and what they were doing is they wanted to exempt the special assessments on the low income, but able to special assess moderate income, in that definition by the federal government. So that is what this is directed towards is special assessments. The miss interruption is that this was for taxes for taxing property. This bill was put in to exempt low income from special assessments.

**Rep. Klemin:** So this chapter 23-11 deals solely with special assessments?

**Rep. Kreun:** That is exactly what it was designed to do.

**Rep. Klemin:** On line 13 where it says in lieu of taxes or special assessments; you're saying the word taxes shouldn't be in there?

**Rep. Kreun:** If we want to and have the capability we still have the ability to pay specials and or taxes on this property. If we can't the law gives us the ability not to.

**Rep. Klemin:** But we are in the chapter with special assessments? If it was in lieu of taxes shouldn't it be in the chapter for taxes?

**Rep. Kreun:** If that is a situation we can certainly take that out, I think. We felt it was pretty evident that we just needed to clarify it that they have that authority. If you take a look at that and feel that it is necessary, I could live with that.

**Rep. Klemin:** Where it says other property would apply to the moderate income housing and any other property that the authority has?

**Rep. Kreun:** Correct.

**Rep. Klemin:** Why can't moderate income housing pay special assessments at least?

**Rep. Kreun:** If I read that right it is paying special assessments.

**Rep. Klemin:** Under the bill as amended though moderate income would come in under the exempt from all taxes and special assessment language.

**Rep. Kreun:** It is referring to special assessments and not taxes and that is where the differences come in.

**Rep. Klemin:** If I look at line 12 it says is exempt from all taxes and special assessments. If we include moderate income housing because it is other property then moderate income housing is also exempt from all taxes and special assessments unless they want to voluntarily pay it.

**Rep. Kreun:** I will refer to the legal counsel.

**Rep. M. Klein:** Right now do you pay special assessments that you are involved with?

**Rep. Kreun:** We do at some levels. I will let our director from our housing authority explain how that works.

**Terry Hanson, Executive Director, Grand Forks Housing Authority:** I am also the president of the ND National Association of Housing and Re developmental Officials (See testimony #1) I have an additional testimony from Lynn Fundingsland, Executive Director, Fargo Housing and Redevelopment Authority (See testimony 2) 15:01 - 19:00 ND Century Code 23-11 is not the special assessment law. It is the housing authority law.

**Rep. L. Meier:** What is the income threshold between low and moderate income?

**Terry Hanson:** Eight percent of area medium income is anything below that is considered low income. Moderate income is defined by the Department of Housing and Urban Development as 80-120% of area medium income.

**Rep. M. Klein:** Moderate income you do pay special assessments but on low income you don't?

**Terry Hanson:** That is correct. If you read the bill that is before you today the very last sentence of that main paragraph starting on line 17.

**Rep. Klemin:** I am not sure we are clarifying the ambiguity to the extent that you want to here. Does this include moderate income housing?

**Terry Hanson:** Prior to this amendment before you today what the bill stated was that low income housing is exempt from both taxes and special assessments and property used for moderate income housing is exempt from taxes, but not special assessments and left the all other property out of it. This rewrite today is bringing all other property in so the bill still includes property used for low income housing and property for moderate income housing and the addition would then cover all other property. The Grand Forks Housing owns our administration building, learning center that is providing educational opportunities to kids after school and we also own a building that is leased to the State of North Dakota and we own some vacant lots. That is all considered the other property of housing authorities. We own that within the ND Century Code 23-11.

**Rep. Klemin:** Did the state board of equalization all agree that these exemptions apply to all property that the housing authority owns?

**Terry Hanson:** The special attorney general that advised the State Board of Equalization presented to the state board that yes in fact housing authorities are a political subdivision and they both within the ND Constitution and ND Century Code are exempt from all taxes of any kind, but not special assessments.

**Rep. Klemin:** Like the learning center under current law is that subject to special assessments?

**Terry Hanson:** No. Under some jurisdictions it is thought to be.

**Rep. Klemin:** Being the city of Grand Forks?

**Terry Hanson:** Yes

**Rep. Koppelman:** Is the reason the bill doesn't have a fiscal note is we do not have any idea what effect this would have?

**Terry Hanson:** I believe this doesn't have a fiscal note because Grand Forks housing authority is the only housing authority in the state that pays any taxes on any of its property that it owns. In general most do not pay any taxes. They are all recognized by their local jurisdictions as being a political subdivision and being exempt from all taxes.

**Dan Rouse, Legal Counsel to ND State Tax Commissioner Cory Fong, ND Office of State Tax Commissioner, and also legal counsel to the State Board of Equalization:** You can blame me for the opinion that was given to the State Board of Equalization and

they adopted. They have asked me to be here today. That is comprised of the governor, tax commissioner, agricultural commissioner, state auditor and the state treasurer. They have all approved this bill and ask for your support of the concept. We did not have anything to do with the fiscal note but the question is unanswerable. Special assessments are the only real issues out there are a local issue. It is not something that is capable of being calculated or determined at a state level. Very few housing authorities have been subjected to this type of treatment throughout the state so there is very little data capable of being captured to formulate a number.

**Rep. Koppelman:** We do get fiscal notes that have impacts on local political subdivisions especially in this committee. Since this does only involve one you would think it would be easy to calculate.

**Dan Rouse:** I think it probably could have been calculated. Grand Forks in particular has a number of facilities that are not used for housing of people's bodies. They have an adult treatment center; the learning center. Those were the other properties that were involved. The question is does that clash with the existing exemption for moderate income housing? I believe that the language existing in the law if you would look at line 17 that specific exception to the exemption language that is being proposed continues to control and drives the point home that in fact the moderate income housing continues to be exempt from real property taxation, it is still subject to special assessments. We believe that existing language does not constricted or compromised by the proposed language on lines 8-10.

**Rep. M. Klein:** Could you give me some approximately figures what qualifies to low income and moderate income?

**Dan Rouse:** I am not a housing authority expert. I do not know the answer to that question.

**Rep. Hatlestad:** It is hard to argue with the learned list of people, but it would seem to me that we would be looking at owning a building, running a learning center and detox center which seems outside the definition of housing. It would seem to me that that would be taxable property. Why not?

**Dan Rouse:** Look at chapter 23-11 and you will see that the housing authorities have been given by the legislature some pretty broad area in which they can work and operate. It isn't limited to just housing physical bodies in low and moderate income housing. There are some components that have been built into that chapter of the century code and that are what they have used to their advantage and to the benefit to those citizens of the state who are enjoying the services that are provided. It is beyond just housing at this point. That has been in existing law for many years. This is one situation of many that I am aware of in the state where housing authorities have gone beyond just the physical housing component to provide social services. They have done so in conjunction with the State of North Dakota.

**Rep. Hatlestad:** Does this mean there are quite a few housing authorities within North Dakota that do own additional property that is non-taxed?

**Dan Rouse:** I don't think I would agree that there are quite a few. There are a number and it is probably on one hand that you could count it. The larger housing authorities have that capability because of their size and volume of activity as well as the need that exists in those various communities. Minot, Bismarck and Grand Forks are the areas where you are going to see additional duties that housing authorities have assumed under Chapter 23-11.

**Rep. J. Kelsh:** What do they do with the taxing money? Would they pay dividends to anybody or how does their structure work?

**Dan Rouse:** Under ND Constitution and state, and case law and attorney general's opinions they are a political subdivision.

Opposition: None

Neutral:

**Rep. J. Kelsh:** Is it traditional that one political subdivision can tax another political subdivision? I don't think the state taxes the counties?

**Dan Rouse:** No that is why this has rocketed all the way up through district, and state Supreme Court and the state board of equalization because this is so rare to see this. There was some conflicting opinions as to particularly with respect to the other properties that are involved. That property still falls under the housing authority property and because they are a political subdivision the property is exempt.

**Rep. Koppelman:** What determines something's status as a political subdivision?

**Dan Rouse:** Political subdivisions are creatures of the constitution and state law that you create. You have as a body recognized that housing authorities because of the nature of their activities fall within the Article 10 Section 5 category as a governmental entity providing essential public services. So we start at the top with the constitution and it says if you are this then you are that. We have taken it a step further in the property tax laws in title 57 and said because the constitution says this are the types of activities you get involved in such as what housing authorities do with charitable education or religious work; you are exempt. You all have taken it a step further and by creating chapter 23-11 you have said and we mean it when it comes to housing authorities your political subdivisions are exempt from property taxation.

Hearing closed.

# 2013 HOUSE STANDING COMMITTEE MINUTES

House Political Subdivisions Committee  
Prairie Room, State Capitol

HB 1213  
February 8, 2013  
Job # 18638

Conference Committee

Committee Clerk Signature 

## Minutes:

**Chairman N. Johnson** reopened the hearing on HB 1213. This bill is relating to the real property tax exemption status of a housing authority.

**Do Pass Motion Made by Rep. Klemin: Seconded by Rep. Beadle:**

**Rep. Kathy Hogan:** We had some discussion about the moderate income housing and I asked the housing authority people how many people have moderate income housing under their jurisdiction. Only one and that was put in because Strasburg has a housing unit that is a combination of low and moderate and the only one is Strasburg.

**Rep. Klemin:** I think this puts into the law what the Attorney General's and State Board of Equalization have been saying that you can't have one political subdivision trying to tax another political subdivision. This language in this bill that amends this section does clarify what is happening and I think it is a necessary clarification.

**Vote: 14 Yes 0 No 1 Absent Carrier: Rep. M. Klein:**

Closed.

## **FISCAL NOTE STATEMENT**

Senate Bill or Resolution No. HB 1213

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, school districts, or townships. 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.

Becky Keller  
Senior Fiscal Analyst

Date: 2-8-13  
 Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1213**

House Political Subdivisions 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. Klemin Seconded By Rep. Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Nancy Johnson	✓		Rep. Ben Hanson	✓	
Vice Chairman Patrick Hatlestad	✓		Rep. Kathy Hogan	✓	
Rep. Thomas Beadle	✓		Rep. Jerry Kelsh	✓	
Rep. Matthew Klein	✓		Rep. Naomi Muscha		
Rep. Lawrence Klemin	✓				
Rep. Kim Koppelman	✓				
Rep. William Kretschmar	✓				
Rep. Alex Looyesen	✓				
Rep. Andrew Maragos	✓				
Rep. Lisa Meier	✓				
Rep. Nathan Toman	✓				

Total (Yes) 14 No 0

Absent 1

Floor Assignment Rep. Klein

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

**REPORT OF STANDING COMMITTEE**

**HB 1213: Political Subdivisions Committee (Rep. N. Johnson, Chairman)** recommends **DO PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1213 was placed on the Eleventh order on the calendar.

**2013 SENATE FINANCE AND TAXATION**

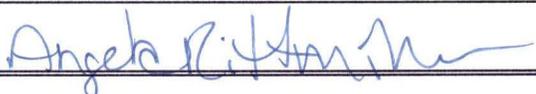
**HB 1213**

# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Finance and Taxation Committee Lewis and Clark Room, State Capitol

HB 1213  
3/6/2013  
Job Number 19496

Conference Committee

Committee Clerk Signature	
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### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 23-11-29 of the North Dakota Century Code, relating to the real property tax exemption status of a housing authority; and to provide an effective date.

### Minutes:

Testimony Attached
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**Chairman Cook** opened the hearing on HB 1213.

**Representative Kreun** - See attached testimony 1 in favor of HB 1213.

**Dan Rouse, Tax Department** - I'm legal counsel to the State Tax Commissioner but I'm also legal counsel to the State Board of Equalization and that board is comprised of the Governor, Tax Commissioner, Ag Commissioner, State Treasurer, and State Auditor. They have asked me to appear here personally on their behalf and ask for your support of HB 1213. I wrote the bill, and I also wrote the opinion that I provided to the State Board of Equalization last year that concluded and advised the board accordingly that housing authorities are indeed a political subdivision, they are exempt from taxation under the North Dakota constitution and a number of statutory references as well as a number of Attorney's General opinions. I have to say that this was a little bit of a duel of the opinions. This is an instance where the City of Grand Forks and the County of Grand Forks were adamant in their position that housing authority property should be subject to tax. We went back as part of the process of the State Board of Equalization reviewing this, we went back and looked at the original intent as Representative Kreun referenced and it was clear as the day that the intent was that this is a political subdivision, it's property should not be subject to tax and we sat and scratched our heads and said why is this issue even before us for a second time. This is the second time in 2012 that this issue had come before the State Board of Equalization. The board conclusively held that the housing authority property was exempt because the constitution and the statutes and the Attorney's General opinions so say, so it was a pretty easy decision from them, but what we (State Board of Equalization) did do is reached out to Representative Kreun and asked him to offer up this language to make sure that we foot stomp what the position should be across the state. And finally, there had been some question from some other political subdivisions over the last few years as to whether or not this property was truly exempt and our opinion and our recommendation as the State Board every time has been that it is exempt for the reasons I have mentioned.

**Chairman Cook** - You keep saying exempt from taxes, do you mean taxes or special assessments?

**Dan Rouse** - Taxes, there is specific language in 23-11-29 which is on the first page of the bill that clarifies on line 13 and then also on line 17.

**Chairman Cook** - Moderate income housing is exempt from special assessments or is not exempt?

**Dan Rouse** - Is not.

**Chairman Cook** - I don't understand what the problem is. Housing Authority is a political subdivision, who is trying to tax them?

**Dan Rouse** - You are in good company along with all the members of the State Board of Equalization because they didn't understand it either. The city of Grand Forks believed that certain properties, and none of these are income producing properties, they are properties that are owned by the housing authority because the laws allow them to own these properties such as an adolescent treatments center, those types of properties. The city and the county firmly believed that they were not used for housing per say but that is not entirely true because I believe the adolescent treatment center is, it has inpatient capability, but because they weren't housing in the traditional sense that 23-11-29 referenced in its current state that they ought to be subject to taxes. (7:44)

**Chairman Cook** - I keep going back to this SB 2227 that passed in 2005 and I remember it like it was yesterday. To me the problems that the passage of that bill has created just keep coming up all the time. We actually with the creation of that bill, we didn't expand current housing authorities we created a whole new type of housing authorities and to me that's the biggest part of our problem is we have 2 different types of political subdivisions out there now with 2 different functions and they are both called housing authorities. Prior to 2005 housing authorities no matter where you lived in the state North Dakota you are living in a housing authority in the jurisdiction of a housing authority and their function was to handle low income housing vouchers. They administered the HUD housing program. When 2005 came with SB 2227 we created another housing authority for the sole purpose of owning property to house moderate income people and there is no definition of moderate income simply so they could be exempt from taxes but not special assessments. To me the biggest problem is we should have called them something else. I think we need to go back and finally do what we should have done in 2005 is call them something else. They are simply an extension of a city. When I look at this bill the other thing that my memory of housing authorities, and I see the word Indian laws here is I would argue that an Indian housing authority is exempt from special assessments. I think there is a long history there too that has come out of the Attorney General's office regarding Indian housing authorities and I believe we have one in the state that's affected by it and it's Trenton. It creates a real problem when they own a lot of property and they go in there and they have to do a road project and they special assess the cost of the road projects on everybody in Trenton except that property owned by the Indian housing authority. Are we not creating that here when we put them into this section? That was my first concern when I saw subsection 29.

**Dan Rouse** - That is a good question that ought to be directed to the Attorney General's Office for their consideration. It's existing language. There very well may be an issue there because of the overlay of the federal laws and the exemptions that that status creates. I'm not aware of the problem I don't know that it exists. I would say that we would have to talk to the Attorney General about that.

**Chairman Cook** - There is an Attorney General's opinion out on that, I know there is, but we all agree that they shouldn't pay taxes; they need to pay special assessments, right?

**Dan Rouse** - Are you talking Indian?

**Chairman Cook** - I'm talking, not Indian, North Dakota housing authorities they do not, they are a political subdivision, they do not pay property taxes but they do pay special assessments.

**Dan Rouse** - On the moderate income housing, yes.

**Chairman Cook** - On all housing.

**Dan Rouse** - No, low is not subject to tax.

**Chairman Cook** - Special assessments?

**Dan Rouse** - Correct, that is the existing language on line 13. If the legislature went the extra step back in 2005 and said moderate is also exempt except they are subject to special assessments. That is where you see that on 18, 19 and 20. That has been existing law for a number of years.

**Chairman Cook** - What other political subdivisions do pay special assessments?

**Dan Rouse** - School districts are one, I know housing authorities do for moderate income housing, parks do, and I can double check, I have a list at my desk.

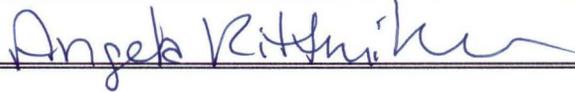
**Chairman Cook** closed the hearing on HB 1213.

# 2013 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee  
Lewis and Clark Room, State Capitol

HB 1213  
4/8/2013  
Job Number 20960

Conference Committee

Committee Clerk Signature	
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## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 23-11-29 of the North Dakota Century Code, relating to the real property tax exemption status of a housing authority; and to provide an effective date.

## Minutes:

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**Chairman Cook** opened discussion on HB 1213.

**Chairman Cook** - This is just an opportunity to fix a problem that exists. We have 2 political subdivisions out there, the 2 are completely different, they are each called housing authorities. It creates a lot of confusion, they serve different purposes. I thought it would be nice to put an amendment on here. I have thought about what we would call this second housing authority that was created, maybe if we just threw the word city in front of it, city housing authority we would alleviate all the problems.

**Senator Triplett** - I'll move a **Do Pass**.

Seconded by **Senator Oehlke**.

**Roll Call Vote 7-0-0**

Carried by **Senator Triplett**.

## **FISCAL NOTE STATEMENT**

Senate Bill or Resolution No. HB 1213

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, school districts, or townships. 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.

Becky Keller  
Senior Fiscal Analyst

Date: 4-8-13  
 Roll Call Vote #: 1

**2013 SENATE STANDING COMMITTEE**  
**ROLL CALL VOTES**  
 BILL/RESOLUTION NO. 1213

Senate Finance & 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 Senator Triplett Seconded By Senator Oehlke

Senators	Yes	No	Senator	Yes	No
Chariman Dwight Cook	X		Senator Jim Dotzenrod	X	
Vice Chairman Tom Campbell	X		Senator Connie Triplett	X	
Senator Joe Miller	X				
Senator Dave Oehlke	X				
Senator Randy Burckhard	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Triplett

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

**REPORT OF STANDING COMMITTEE**

**HB 1213: Finance and Taxation Committee (Sen. Cook, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1213 was placed on the Fourteenth order on the calendar.**

**2013 TESTIMONY**

**HB 1213**

#1



**GRAND FORKS**  
HOUSING AUTHORITY

ORAL TESTIMONY PROVIDED TO  
**ND HOUSE OF REPRESENTATIVES**  
**POLITICAL SUBDIVISIONS COMMITTEE**  
DURING THE 63<sup>RD</sup> LEGISLATIVE ASSEMBLY  
ON FEBRUARY 7<sup>TH</sup>, 2013  
**IN SUPPORT OF HB 1213**  
REGARDING THE  
**PROPERTY TAX EXEMPTION OF HOUSING AUTHORITIES**

Chairman Johnson  
Vice Chairman Hatlestad  
Members of the Political Subdivisions Committee

First, I wish to express my personal gratitude to Representatives Kreun, Devlin, Chairman Johnson and Glassheim as well as Senators Erbele, Laffen and Sorvaag for the introduction and support of this legislation. It is legislation that will finally bring to rest a long outstanding and ongoing point of contention between Grand Forks Housing Authority and the City of Grand Forks.

I am before you today to ask for your support of HB 1213. Representative Kreun's HB 1213 is legislation that is being introduced to clarify the intent of legislation adopted in 2005 that amended a number of sections of the Housing Authority Law including Section 23-11-29. In 2005, SB 2227 was enacted for the primary purpose of expanding the authority of housing authorities to include moderate income housing as well as to provide local jurisdictions the ability to pledge its General Obligation towards bonds issued by the authority for low and moderate income housing purposes.

Although it was in no way the intent of the 59<sup>th</sup> Legislative Assembly to initiate the taxation of any property owned by a housing authority, other than for special assessments on moderate income housing, the manner in which Section 23-11-29 was re-drafted provided for the potential of misinterpretation by local taxing jurisdictions resulting in unintended consequences for the housing authorities.

HB 1213 clarifies the intent of the 59<sup>th</sup> Assembly which was to not grant exemption of special assessment taxes on moderate income housing developed by housing authorities, without affecting the long standing exemption of all other property "solely owned by the authority and used to conduct the powers granted to the authority" in NDCC 23-11.

Thank you in advance for you favorable consideration of HB 1213 and Thank You for all you do.

Respectfully submitted,

Terry Hanson  
Executive Director



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Testimony on HB 1213

#2

**House Political Subdivisions Committee**

Chairman - Representative Nancy Johnson

Feb 7<sup>th</sup> 2013

Submitted by: Lynn Fundingsland – Executive Director – Fargo Housing and  
Redevelopment Authority

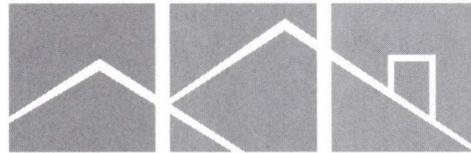
Chairman Johnson and members of the Committee, thank you for the opportunity to provide testimony on this bill.

It seems apparent that the intention and spirit of NDCC 23-11-29 is recognized and honored by this proposed amendment. NDCC 23-11-29 recognizes the importance of affordable housing to the economic and social fabric of our communities and, the importance of a local contribution in support of that.

It is obvious too, that affordable housing needs to be managed like any other residential rental properties and, that management will require either on or off-site offices in order to conduct its business. Those offices are of course financially supported by the rents derived from the low and moderate income households served.

The applicable Century Code seeks to reduce the rent burden on these households via local property tax exemption. If a management office were to be a part of an existing exempt residential property it would be off the tax rolls. If that same office happens to be next door or across town doesn't it follow that the intent of the statute still applies? HB 1213 seeks to further clarify the intention and remove any ambiguity in the original statute.

Thank you for your consideration and your support of HB 1213.



**GRAND FORKS**  
HOUSING AUTHORITY

ORAL TESTIMONY PROVIDED TO  
**ND SENATE**  
**FINANCE AND TAXATION COMMITTEE**  
DURING THE 63<sup>RD</sup> LEGISLATIVE ASSEMBLY  
ON MARCH 6<sup>TH</sup>, 2013  
**IN SUPPORT OF HB 1213**  
REGARDING THE  
**PROPERTY TAX EXEMPTION OF HOUSING AUTHORITIES**

Chairman Cook  
Vice Chairman Campbell  
Members of the Finance and Development Committee

First, I wish to express my personal gratitude to Representatives Kreun, Devlin, Johnson and Glasheim as well as Senators Erbele, Laffen and Sorvaag for the introduction and support of this legislation. It is legislation that will finally bring to rest a long outstanding and ongoing point of contention between Grand Forks Housing Authority and the City of Grand Forks.

I am before you today to ask for your DO PASS recommendation of HB 1213. Representative Kreun's HB 1213 is legislation that is being introduced to clarify the intent of legislation adopted in 2005 that amended a number of sections of the Housing Authority Law including Section 23-11-29. In 2005, SB 2227 was enacted for the primary purpose of expanding the authority of housing authorities to better serve the citizens of their local jurisdictions.

Although it was in no way the intent of the 59<sup>th</sup> Legislative Assembly to initiate the taxation of any property owned by a housing authority, other than for special assessments on moderate income housing, the manner in which Section 23-11-29 was re-drafted provided for the potential of misinterpretation by local taxing jurisdictions resulting in unintended consequences for the housing authorities, which are, by the way, political subdivisions of this state.

HB 1213 clarifies the intent of the 59<sup>th</sup> Assembly which was to exclude the exemption of special assessment taxes on moderate income housing developed by housing authorities, without affecting the long standing exemption of all other property "solely owned by the authority and used to conduct the powers granted to the authority" in NDCC 23-11.

Thank you in advance for you DO PASS recommendation of HB 1213 and Thank You for all you do.

Respectfully submitted,

Terry Hanson  
Executive Director



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