

2013 SENATE FINANCE AND TAXATION

SB 2038

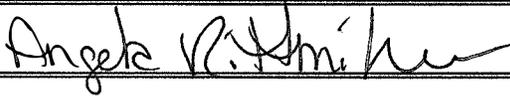
2013 SENATE STANDING COMMITTEE MINUTES

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

SB 2038
1/16/2013
Job Number 17210

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact subsections 2 and 3 of section 57-15-01.1 and sections 57-15-02, 57-55-01.1, 57-55-03, 57-55-04, 57-55-04.1, and 57-55-11 of the North Dakota Century Code, relating to synchronizing taxable years for mobile homes and real property; to provide a penalty; and to provide an effective date.

Minutes:

Testimony Attached

Chairman Cook opened the hearing on SB 2038.

John Walstad, Legislative Council - I served as council for the interim taxation committee where this bill originated. This bill was kind of a spin off from committee examination of providing property tax relief, and because mobile homes and real property are taxed differently that has always created a kind of a glitch that we have to stop and think "okay how does this work for mobile homes". The committee's suggestion was, would it be possible to make a change and synchronize the tax year for mobile homes and real property and that's what the bill is intended to do. To back up a little, mobile homes don't pay tax on the same basis as real property. When you pay your real property tax bill you are paying this year based on last year so you're paying 2012 tax in 2013. Mobile homes have always been treated differently. They pay forward. Mobile home tax payments due in January 2013 are for the 2013 tax year. Historically the reason for that was that mobile homes could disappear overnight. Times have changed. Mobile homes now, once they are put in place are very seldom moved. It's not like you can hitch it to your bumper and take off. It's a little more complicated than that. So, it appears it may be the time is right now to sync those years and the bill does that. Now, I won't go through all the provisions of the bill. The difficulty to be addressed with changing the year for mobile homes is mobile home taxes are paid forward. If we decide now a mobile home owner is going to pay tax for the previous year, there is an overlap. So, now let's take the 2013 year as our example, if January of this year mobile home owners pay a tax that covers the 2013 tax year. How do we go to a system where they would pay for the previous year? It isn't as complicated as it seems. In 2014 if this bill is enacted they will pay a tax based on the 2013 tax year. So it looks like they are paying tax for that year twice, but if it wasn't done that way they would get a year off and not pay a tax at all. Under this approach each year a tax will be due, it just happens that in the transition year that payment is looking back at the previous year's assessments and mill rates. There will be a difference in mill rates because mill rates of taxing districts vary somewhat every year. I think administratively this is workable, I see that

it's got a fiscal note statement attached indicating that no state agency has responsibly to maintain the information to do the fiscal note and perhaps that is correct, but I think Marcy Dickerson can give some insight into the fact that the fiscal effect of this is relatively small and would sync up the years without too much distress for any mobile home owner or for any tax administrators.

Chairman Cook - If I had a mobile home and I sold it January 1, I assume I would be liable for the tax up to January 1.

John Walstad - I think we've got a provision about that. There is a provision in here about moving a mobile home, if you decide to move your mobile home to another location you have to acquire a moving permit and if you move it outside of the state you have to pay the taxes due up to the date of removal.

Chairman Cook - Section 7, last 2 pages.

John Walstad - I was looking for the language about a sale during the tax year.

Marcy Dickerson, State Supervisor of Assessments - Section 3, this has about the tax permit being valid for the whole year.

John Walstad - Lines 29 and 30. I don't believe there is a provision where the purchaser is responsible to either pay the seller for that part of the years licensing, or otherwise make application. That certainly could be made a condition of the sale.

Vice Chairman Campbell - Two part question, on the average what does a mobile home person pay per year and then, I don't see anything broke here, why fix it? You indicated earlier that mobile homes are not so much mobile anymore and I'm wondering why do anything?

John Walstad - The part about why do something is the little complication that occurs in providing property tax relief because mobile homes pay a year ahead and everyone else pays last year's tax. So where does the property tax relief apply? It's harder for mobile home owners to obtain the property tax relief now. We didn't have any mobile home owners complain about the way this works and I'm guessing I we will not here a lot of complaints from mobile home owners if this is enacted. I think they will go on pretty much unaffected.

Vice Chairman Campbell - It wouldn't really be tax relief it would be tax deferred for one year and it would open up a can of worms I see when they are saying "oh wait a minute here" not relief but deferment correct?

John Walstad - That's essentially how it works in the mobile home situation.

Vice Chairman Campbell - Just to guess what would the average mobile home person pay annually?

John Walstad - Mobile home is assessed just like real property however the assessment is considerably lower because in most cases they don't own the land, in fact if they do own

the land then the whole thing is probably assessed as real property. But, the mobile home is assessed and obviously we will probably have a much lower value than a home would but the same mill rates of the taxing districts apply to that value so their tax bill is generally considerably lower.

Senator Miller - In the whole thing of property tax relief over the years have we ever seen a situation where mobile home owners have been skipped over in the past?

John Walstad - I think we had a situation where we forgot to include of property for which taxing districts would get reimbursement or the property tax relief for that kind of property. I don't think there has been an occasion where mobile home owners didn't receive the relief to their detriment. It's just that because they are taxed in a completely unique circumstance when the legislature is looking at property tax relief there is that little glitch that comes up and we have to remember mobile homes.

Senator Miller - I say that because I can see one problem that will arise and that is when they get 2 tax bills in the same year and they are wondering why am I paying so much tax.

John Walstad - They won't receive 2 bills in 1 year. In 2013 this law could not be in effect, they will receive a bill that is for the 2013 tax year and then if this bill becomes effective in 2014 they will receive a bill based on the 2013 tax year but it will be a property tax instead of a mobile home tax and then would be in sync with everybody else. One way of looking at it is your paying tax twice for the 2013 tax year; however, if we didn't have a 2014 tax bill looking back at 2013, then they wouldn't get any tax bill for 2014 so they would get a year off of paying taxes from the transition. I don't believe mobile home owners will come out much differently on their bills that they receive once per year except that there may be a difference in mill rates in that first year as property tax. Because of the valuation increases we have had in the state that might be to their benefit.

Senator Triplett - This really seems less like a tax reform bill for the benefit of mobile home owners and really more like a classic housekeeping kind of bill for the benefit of the legislature in the sense that it will make drafting of legislation and consideration of legislation in the future for your office and for legislatures. Is that kind of how you see it?

John Walstad - That's exactly how I see it. I don't think mobile home owners will see a detriment, and I think it will greatly simplify property tax relief efforts and it looks like we are going to be dealing with property tax efforts for quite some time now.

Senator Triplett - Based on Senator Miller's concern about the double taxation, would it be possible to add a separate section specific to the first year of implementation that would say they get their tax bill but whatever the tax bill is, if it's a tish up or a tish down based on valuation changes or whatever from the look back that they would just be included a credit for what they have already paid for 2013 so they wouldn't be double taxed in that year of transition but they would still get a tax statement and it might be a bill it might be a credit but it would avoid the notion of double taxation and then we'd be clear going forward.

John Walstad - That option could be pursued, the difficulty with that option is mobile home owners would get a significant reduction in that transition year and their taxes and a if a city

for example has a lot of mobile homes the city will be short that much revenue in that transition year. I think the way this is laid out, the subdivisions will barely see a ripple from the transition and the mobile home owners will barely see a ripple in their payments from one year to another.

Senator Triplett - Could you make a stab at what the subdivisions might lose or would you like to defer that to Ms. Dickerson?

John Walstad - Marcy would be better.

Marcy Dickerson, State Supervisor of Assessments - I worked quite a bit with John on this bill and as he has very eloquently expressed, the main reason is because of the difficulty in property tax relief the way things are set up now. I would like to also mention that I have checked with several other states and there are some that tax mobile homes the way we do for the upcoming year, there are some that tax for the previous year, but in all cases, they tax real property and mobile homes the same way. The cleanest example I can think of where we would have difficulty with property tax relief, assume you and that property tax relief were for 2014, you are going to take 10% off everyone's tax statement. Things like that have been proposed. That would be effective for years after December 31, 2013. Well that would be alright for the property tax, but by the time the 2014 payment... I should back this up because you are doing this in 2013. For real property say it dates after December 31, 2012, because December 31, 2012 is when you are going to be paying your 2012 tax, in January 2013. In January 2013 the mobile homes have already paid their 2013 tax. You can't give them any 10% relief now they have already gotten their tax bill they have already paid their tax bill. So then the only way to bring them up and make them whole would be to give them a refund of the amount that was already paid on their mobile home, and I've been told many times that a refund like that would be considered unconstitutional, it would be an unconstitutional gift. It might or might not be, it would certainly be an administrative issue to give individual refunds to all these people, so that would probably be the most difficult part of having the system the way it is. Also, a lot of mobile home owners, or at least some who also own other property, some own their land but if the mobile home is not permanently attached to it, it's not assessed as real property, it's still a catch to assess as a mobile home and they don't like getting two separate tax bills, one for this year one for that year, it's confusing to them. On homestead credit or veterans credit the law has to say 'effective for one year for real property and for the other year for mobile homes' one year that language was left out, we administered it as though the language were in there because that's the way it had always been done, it was just a clerical error. It would be so much cleaner if the mobile homes and the real property were assessed based on the same year. As far as the difference in revenue to the political subs I think it would be de minimis. State wide average mill levies for the past several years vary slightly so that 300 mills would be 302 onetime 299.9 another time, it would be just about insignificant for either the tax payer or the political subs. I just think this would clean everything up, as far as the 2 payments for 2013, just name one of them something different, transition tax payment, because they are only making one payment they have made or should have made already the payment for 2013. In 2014 they will make one payment and in 2015 they will make one payment because they already paid their 2013 tax now and 2014 if you put them on the prior year, yeah it will officially be a 2013 tax but it's still one tax January of 2012, one tax January of 2013, one tax January of 2014. Nobody is

going to pay twice. Any difference caused by changing the mill levy to the current year instead of the prior year as I say it is going to be insignificant.

Chairman Cook - This won't have any effect on one's federal income tax liability based on deductions for taxes paid in a year will it?

Marcy Dickerson - No it won't because it doesn't matter for which year you paid the tax, it's still going to be a deductible tax. A lot of persons like myself have to put 3 years taxes on one year's income tax to have enough money to get it greater than the standard deduction. So it won't matter what the name of the tax is, they would still deduct it the same for the year in which they paid it.

Senator Triplett - To follow up again on the theoretical idea of double payment, have you thought about it or done any analysis of how many mobile homes there are in the state that are not attached to real property that do pay the mobile home tax specifically and if you gave up one year what is the fiscal impact?

Marcy Dickerson - That is in our statistical report, I don't have the numbers with me. It's probably a couple of million dollars in tax per year. It's significant, it's cities the size of Bismarck, Minot, lots of mobile homes in these cities, so it's a decent piece of money that would be forgone, but at first we were looking at trying to give them, or state payment of their tax year or something, but we realized nobody will be made to pay twice. Forget the name of the tax; you're paying one tax every January. The only time it would make a difference if you discontinue the mobile home tax down the road, if someone wondered what they paid for, what year they paid for, of you discontinued it wouldn't make any difference because you wouldn't have it anymore. I don't think that is likely to occur. But I think it does make sense to tax mobile homes on the similar schedule with real property. The penalty and interest terms and everything have been changed to match the real property dates to make it a lot simpler to administer and simpler for the mobile home owner as well as for the people working with the tax.

Vice Chairman Campbell - Same question I asked Mr. Walstad, I'm a big one for don't change anything that's not broke. Is it that much of a hardship if we did nothing with this? I see this more of a tax burden or a change than it would be to the change to the consumer and it would actually cause some problems and that shift in that tax is, that would probably be more, I think, when somebody could expense it 2 years in 1 year and have a blank year, someone's that on deductibles with variable incomes, that could, I know in land taxes in our cases we did that one year and it caused a whole host of problems with land owners having 2 years of one tax because we wanted to prepay. That caused a lot of concerns, a lot of mix-ups, having 2 years in one and a blank in the other. And then your opinion on, if the economy ever went back to the bust areas of the 1980's, this law was implemented for a reason, mobile homes are mobile and it's boom times now and as Mr. Walstad said, trailer homes are probably more fixed, but yet, I'm concerned, environmental issues, or for whatever happens god forbid, but I wouldn't want to forget why this was implemented was because of the mobile homes and maybe the mobile home could start exiting and then we would be out this. Convince me why we should do anything.

Marcy Dickerson - I first would like to address your concern about the environment or something creating a change in our current boom. Most of the vehicles that people are living in now are temporary housing, not including man camps, but just, a guy comes in from Arkansas and is pulling his trailer behind him, or he's in a motor home, none of those are assessed as mobile homes. The don't qualify for the definition of a mobile home, but ones that licensed vehicles, which many of them are, the trailers and the motor homes and what have you, they wouldn't be affected by this at all because they are not taxed in that manner in that fashion. I agree that this isn't a major problem, it's kind of like the things that we usually put in our housekeeping bills, but we have been criticized a couple of times for putting something in a housekeeping bill and being told that it's too significant to be considered just housekeeping, that it's a policy type thing. So that is why we didn't even think about putting it in the housekeeping bill. There is one other thing that is potentially on the horizon. The national conference of commissioners on uniform state law is currently or has already drafted a manufactured housing act. These people now have a bill draft that they are going to be submitting to all states, I don't know if they've submitted North Dakota or not. But they are going to be trying to get this mobile home act effective nationwide and basically it will make mobile homes treated like real estate for everything.

Senator Oehlke - Would delinquent taxes be handled any differently than they are now?

Marcy Dickerson - Yes there is language in here that says that all the terms of real property taxes in the collection, in section 7.

Senator Oehlke - Does that mean that if someone doesn't pay their taxes it would be the same procedure for the county or the city getting that property back. Is it different right now for mobile homes?

Marcy Dickerson - Down at the end of page 6 of the bill there is language, 'of the director of tax equalization determines that any person is not complying to the provisions of this chapter', and then the old language 'directors opinion that taxes will be uncollectable if immediate action is not taken, then they notify the sheriff, the sheriff shall immediately, etc, collect taxes penalties and interest' so we still maintain that portion of the mobile home law where it probably came from when a mobile home could be hooked up to a bumper and hauled out. They still do have the option if there is evidence that the taxes will be uncollectable if someone doesn't go after them, they still have that same language that is in the existing law.

Chairman Cook - In other words, a mobile home owner could be delinquent up to 3 years?

Marcy Dickerson - I believe that is correct.

Chairman Cook - And that is not withstanding the language that says if there is concern that if action is not taken immediately that they may vacate it? They've still got 3 years.

Marcy Dickerson - I would defer to John on that, he's the attorney.

Chairman Cook - What do they have today? If I don't pay my mobile home taxes in January for the upcoming year, how long can I stay in that mobile home?

Marcy Dickerson - If any such person fails to comply within 10 days the director of tax equalization may be in civil action against such person. As far as the portion, I don't see where they have under existing law that they have the 3 years.

John Walstad - The bill adopts the provisions that apply to real property and that's one of the provisions that would be appropriated and it would be 3 years.

Marcy Dickerson - When we talk about mobile homes today we are talking about generally property that is less expensive than a house, but you can pay over \$100,000 for a mobile home for a big nice one. A lot of the 16x80's are in the \$50-\$70,000 class, double-wide's the sky is the limit.

Senator Dotzenrod - I want to go back to something I thought I heard you say a minute ago. A status that a home owner has as being taxed as a mobile home, does that have anything to do with whether or not they own the lot?

Marcy Dickerson - They can be or should be taxed a real property if the mobile home is permanently attached to a foundation and if the same person that owns the mobile home owns the lot. Now that is not necessarily followed correctly everywhere, especially in some of our lakeside communities. They've got situations where they started with a little old mobile home and they have built additions now, some they've turned into real property, some are left as mobile homes, the enforcement of that would be a major issue but that has nothing to do with this bill.

Chairman Cook - I'm reading subsection 2 at the bottom of page 6. 'The director of tax equalization shall make an inspection of each mobile home park'. Is that chapter or that section going to kick in 3 years later than it does today on the current law?

John Walstad - The requirement for the director to make an inspection in each park, this would not change; this would still have to happen continuing on. There wouldn't be any gap in doing those checks.

Chairman Cook - Right above that we are putting in new language that says 'taxes imposed by this chapter are subject to all the provisions of law relating to taxation of real property'. Does that right there all of the sudden put 3 years in front of this?

John Walstad - Yes, with regard to the foreclosure in redemption.

Chairman Cook - That gives them 3 years that they don't have today.

John Walstad - That's correct. As I was listening to the discussion I realized I explained a previous question upside down. The question about what happens if you sell your mobile home in the middle of the year. The situation I explained is the problem that exists now. You are paying your tax for the whole year, if you sell in the middle of the year, you're out the money, probably unless you can talk the buyer into paying you back. If this were treated like real property then, like your bank closing on buying a house, if there is bank financing involved they are going to say "okay, the closing date on this is such and such, that's so many days of the year, you need to pay the buyer that much that he can apply to the

property tax bill when he gets the bill in December". Right now the guy who gets the bill and pays it is the owner in January and has to pay it all the way forward. I think for sales situations it would probably be easier to treat them like real property.

Chairman Cook - Except for those people that sell their mobile homes in the year of the change, if we make this change...

John Walstad - That could be an issue.

Senator Miller - In that situation you are talking maybe a couple hundred dollars over the price of a \$10,000 trailer or whatever it might be, that's probably not something we need to really worry about.

John Walstad - There is always someone.

Senator Dotzenrod - A question for Marcy on the way the taxing is done on mobile homes. If you have a situation, we have a mobile home park and there is 20 mobile homes in the park, does the mobile home park owner own the lots in most cases and the people in there, own those mobile homes and there is a tax statement that comes to the mobile home park owner for those 20 lots, and those people that live in those individual mobile homes each get a tax statement for the tax on their mobile home?

Marcy Dickerson - That is the way it works.

Senator Dotzenrod - So under current law the person who owns the park is taxed the way we tax real property?

Marcy Dickerson - Correct

Senator Dotzenrod - But the people who live in the mobile homes, they pay their taxes for a different tax year.

Marcy Dickerson - That is correct.

Senator Dotzenrod - If you have a mobile home park where the person lives in that mobile home owns the lot, does that person get two tax statements, or one that has the mobile home and the lot together?

Marcy Dickerson - There are some mobile home parks like that where you do own your lot, in that case, assuming the mobile home is permanently attached to a foundation, in that case the mobile home and lot would be assessed together as real property. You would own the lot, you would own the mobile home they would become real property. In the courts where you rent the lot, the court owner pays the bill on all the land and the mobile home owner pays the bill on their mobile home and they are for different years.

Chairman Cook - I think it's safe to say that mobile home parks where you can own the lot are far and few between.

Chairman Cook asked for testimony opposed to SB 2038.

Al Vietmeier, Burleigh County Tax Director - See attached testimony 1 (prepared by Kevin Glatt) opposed to SB 2038.

Senator Oehlke - Do you see issues dealing with the difference in the time span on delinquent tax payments?

Al Vietmeier - Right now in Burleigh County we are doing it on a 3 year time frame anyway, we allow them to be 3 years delinquent before we send them to the sheriff's office but I know there is other counties that are on a 1 year basis. I know Morton County, if you don't pay your taxes in October, the sheriff is knocking on your door.

Senator Oehlke - A couple years ago perhaps there was kind of a nasty incident that happened in one of your parks in the community, does the owner of the park have any authority to allow law enforcement access more so than to a regular dwelling if it happens to be a mobile home in a park?

Al Vietmeier - I don't know how to answer that question other than I would say the park owner owns the land underneath so they do have some authority to allow them on to that physical property but entrance into the house, no, it's still someone's residence.

Terry Traynor, Association of Counties - I have been getting a lot of emails from county officials, auditors, and tax directors primarily that they too feel that this is unneeded and may be premature particularly with the idea that there may be national model legislation moving this to real property. Really, this moves it to a real property cycle but it does not change the fact that mobile homes are personal property. Whereas with real property you can always go back and attach that property, it is very difficult with personal property because it's a personal debt. It's a personal tax. It's really a permit that we are asking these individuals to pay and it's very difficult to collect on a real property basis. Transfers are difficult; the bill addresses the out of state transfer, but what happens in state if you move it in the middle of the year from Burleigh County to Morton County? Then Morton County would collect the tax at the end of the year, Burleigh County would get nothing for the 6 months they were in Burleigh County. As a point of interest, I did look up on the tax department's website, there are 16,000 mobile home units the last tax year at a true and full value of \$266 million, and they paid \$3.5 million in personal property taxes. We feel that it would create more problems than it would solve. I understand the reason; I understand that providing property tax relief is more challenging when we have 2 different tax years. We want to work with the tax department in making that happen but we don't feel like the changes that this would cause are necessary for that. One of the concerns that were raised by one of our legal minds, is we will be taxing them for one tax year twice. Granted, it will be 12 months apart, but, of those 16,000 there are some owners that own many mobile homes individually. If they felt they were being taxed twice, it may be a good business decision to challenge that. Then who defends that? Then who pays if in fact the court would rule that we can't tax them twice. The local jurisdictions would all lose that revenue, so to me it's a bit of a risk. It's creating more problems, particularly if we are moving in the direction on the national level of calling this property real property and moving that way, I think that would solve a lot of problems.

Senator Triplett - Would you have a different attitude about the bill if we made an accommodation for the 2 year problem by simply not making them pay double, and then also reimburse the local jurisdiction for the gap in terms of what they would miss out on that year by them not paying double?

Terry Traynor - I would still have concerns. Our county officials for administering it would still have concerns. I think if you truly treated it like real property, turned it over to the local taxing district where they reside, make them responsible for that, there is also some problems with some of the dates in section 5, establishing a value December 1st when most counties have already prepared their tax statements. That is a minor change, but that would need to be fixed I think. As the bill stands just dealing with the 2 year issue would make it better, but we would still be opposed.

Chairman Cook - Did you weigh in on this during the interim?

Terry Traynor - I did not. As recent as a week ago I was not going to weigh in, but as more and more people read this and understood it, we had more and more information.

Senator Dotzenrod - Are tax statements and tax bills on mobile homes harder to collect? Is there a higher rate of delinquencies and late payments and uncollected payments? Is there some issue here with mobile homes being harder to collect taxes on?

Terry Traynor - I can't answer that factually.

Senator Miller - Some time back in the 1960's the state decided we needed to take this issue on and I am wondering why do we tax mobile homes? Why don't we just tax the mobile home park and then they can apply rent to their renters accordingly?

Chairman Cook - How would you put a value on the park?

Senator Miller - Sales, revenue.

Al Vietmeier - We are already doing that. We do assess the improvements on those parks so they are already paying a tax on the land and then they are paying a tax on the improvements, sewer, water...

Chairman Cook - I think Senator Miller is talking a higher tax to reflect the number of mobile homes.

Al Vietmeier - Because it's real property though we run into a, it would have to be called something completely different as a tax because if we get it above the market then they are going to come in, those same people that own all those mobile homes also own the courts. They keep up on that pretty well.

Chairman Cook - We've heard concerns that if a mobile home is moved from one county to another during a taxable year, one county isn't going to get any money. I'm trying to read this section about when a mobile home is moved from one county to another county. Did we miss something there to make sure that the money is prorated to the counties that...

John Walstad - My understanding is that if you pay your mobile home tax for the location for where it was, and move it another place in this county that the tax is good for the entire tax year. The county where it goes, you just have to show them a permit that you have paid your tax and then you have no obligation to that county...

Chairman Cook - That is how it is today.

Marcy Dickerson - When it moves to the new location it becomes taxed in the new location.

Chairman Cook - So it's where it's at February 1st is the county that is going to get the revenue. But today, if I own a mobile home, and I'm paying my taxes for the coming year and I move it in July to another county, does the county I move it to get any of the revenue from the county I paid my taxes to?

Marcy Dickerson - No

John Walstad - You are covered anywhere within the state boundaries.

Kevin Glatt, Burleigh County Auditor/Treasurer - My biggest concern with this bill is when they are moved. For example, let's say a mobile home with the new law, a mobile home is placed in a court in Bismarck today. The family moves in, 3 kids going to schools, they are using the park and rec facilities, they might be on social service programs, whatever. On August 1st they move that mobile home, they move it to Morton County, Morton County is going to collect the tax for the whole year.

Chairman Cook - No

John Walstad - Only the county where it is on February 1st.

Kevin Glatt - So now we are going to send a tax statement to this family who moved across the river, a Burleigh County tax statement for 2013 when their home is moved in August of 2013 to Morton County. I just don't know how we can administer that.

Chairman Cook closed the hearing on SB 2038.

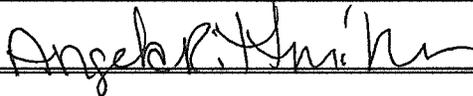
2013 SENATE STANDING COMMITTEE MINUTES

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

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Minutes:

Committee Work

Chairman Cook opened discussion on SB 2038.

Senator Dotzenrod - During the interim I had the impression that these things really aren't mobile to much degree anymore, but what we heard in the testimony is people saying yes they are pretty mobile. If that's true that these things are relatively mobile and that they are going to be moved around then we probably do have a problem.

Chairman Cook - I also heard in a comment after the hearing that some of these even have to be registered at the Department of Transportation.

Chairman Cook asked the intern to check in to that.

Senator Dotzenrod commented that hearing the testimony was rather sobering and maybe now isn't the right time.

Senator Triplett - The piece I had a real problem with is the notion of double taxing them for one year and if we were to pass this bill in any form I would want to deal with that piece of it. No matter how you cut it what they were describing was taxing a mobile home twice for the same year and that is a lawsuit looking to happen. That is a bad idea.

Senator Miller - I think my idea of just doing away with it and just taxing the mobile home park is the way to go.

Vice Chairman Campbell - I will move to **Do Not Pass**.

Seconded by **Senator Dotzenrod**.

Roll Call Vote 7-0-0

Carried by **Vice Chairman Campbell**.

FISCAL NOTE STATEMENT

Senate Bill or Resolution No. SB 2038

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

REPORT OF STANDING COMMITTEE

SB 2038: Finance and Taxation Committee (Sen. Cook, Chairman) recommends DO NOT PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2038 was placed on the Eleventh order on the calendar.

2013 TESTIMONY

SB 2038

TESTIMONY TO THE
SENATE FINANCE and TAXATION COMMITTEE
Prepared by Kevin J. Glatt, Burleigh County Auditor\Treasurer
1/15/12

SENATE BILL2038

Mr. Chairman and members of the committee, this testimony is in opposition to SB2038. First of all I do not see any reason for change. It is my understanding that Burleigh County has more mobile homes than any other county and things are working fine. What is the reason for this bill?

- How will we determine the base year? With mobile homes on a different year how do we resolve this?
- If the intent is to tax mobile homes like real estate then have the city & township assessors determine value. Present these values to the city & township boards of equalization; adhere to the notice of increase requirements, etc.
- I am concerned with the moving of mobile homes during the year and the loss of revenue to cities, schools, parks, counties, etc.
 - Can we require an estimate? What mill rate do we use? What if estimates are over/under?
- What is effective date? What does Section 8 mean? Do mobile homes go a year without paying taxes? How will this affect our delinquent tax collections?

Mr. Chairman, members of the Senate Finance & Taxation Committee, I respectfully request a do not pass for SB2038.

Thank You.

Kevin J. Glatt
Burleigh County Auditor\Treasurer