

2013 SENATE FINANCE AND TAXATION

SB 2253

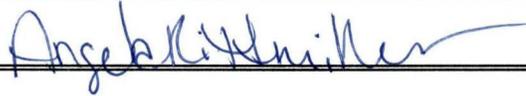
2013 SENATE STANDING COMMITTEE MINUTES

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

SB 2253
2/13/2013
Job Number 18891

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new subsection to section 57-02-08 of the North Dakota Century Code, relating to a property tax exemption for the primary residence of certain military service members called to federal active duty service; and to provide an effective date.

Minutes:

Testimony Attached

Chairman Cook opened the hearing on SB 2253.

Chairman Cook - The prime sponsor Senator Grindberg is on a plane headed to Bismarck right now. He will not be here to testify as to why he introduced this bill. I told him I would give him a chance to speak to the committee right after the floor session today.

John Jacobsen - See attached testimony 1 in favor of SB 2253.

Terry Traynor, North Dakota Association of Counties - I just wanted to comment on the way the bill was drafted. Unlike the credit for disabled veterans which is handled much like the homestead credit for elderly and disabled, the taxes are figured as they would be and then the difference is refunded to the jurisdictions by the state. This bill does not do that. This basically just shifts the tax; it reduces the tax on these properties thereby shifting the burden somewhere else. The last time we dealt with the disabled veterans exemption we did that and then came back 2 years later and rewrote it to be funded by the state and I wanted to stand up and just ask the committee to consider possibly going that direction now with the bill rather than later.

Senator Miller - We don't have anything like this at all right now. Somebody goes off to war; they have to pay their taxes on time every year. Do we have a delay or anything like that?

Terry Traynor - Not that I'm aware of.

Chairman Cook recessed the hearing until after floor session.

Chairman Cook opened the hearing on SB 2253.

Senator Grindberg gave some background on the reasons for introducing this bill.

Senator Oehlke - Basically, what we're doing for homeowners that are overseas or somewhere on active duty we are reducing their rent. Did you think about considering someone who is just renting an apartment or something? Do you see a discrepancy here between someone who is a homeowner and someone who is a renter? This one is providing a benefit to the homeowner but it doesn't address anything for the same person in the same predicament but rents? Should that be addressed at well?

Senator Grindberg - That did not come up in the discussion I had with the Military Affairs Committee but I understand your point exactly. That measurement that they were using with metrics state by state showed homeownership.

Senator Miller - The military when you're on active duty you get a housing allowance so to speak to maintain your apartment or residence back home right?

Senator Grindberg - I'm not sure.

Senator Burckhard - My familiarity with housing allowance with Minot Air Force Base is that money is only used for where they are living in Minot, if not on the base then it would go toward their rent or whatever house they are living in downtown. It doesn't have anything to do with a house in another town or state.

Dan Rouse - I am a colonel in the Air Force Reserve and I have been in the military for 23 years and I can tell you that if you live off base in a community you will receive a housing allowance over and above your salary that is designated for the expenses associated with renting or buying a home. In communities such as the east coast and west coast where we have military installations you also receive a locality adjustment which is a multiplier over and above to compensate for the local economic conditions so that you can actually afford to rent or purchase a home. That is a separate statement on your LES (leave earning statement) you get your basic pay and adjustment pay and then you get your basic allowance for quarters or BAH (basic allowance for housing) and then any locality adjustment. That is attributed to and designated for the community where you reside while you are performing your active duty military service as Senator Burckhard said.

Chairman Cook closed the hearing on SB 2253.

2013 SENATE STANDING COMMITTEE MINUTES

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

SB 2253
2/18/2013
Job Number 19124

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new subsection to section 57-02-08 of the North Dakota Century Code, relating to a property tax exemption for the primary residence of certain military service members called to federal active duty service; and to provide an effective date.

Minutes:

Committee Work

Chairman Cook opened discussion on SB 2253.

Senator Triplett - I have a problem with this bill in the sense that it talks about providing an exemption to a veteran's homestead but does not have any equal provision for people who rent. I am all for providing as many benefits as we can think of for our veterans but I think they should be provided fairly and across the board and I can't vote for a bill that provides an exemption for those who are probably in a better income place than the ones who are renting so we are providing a financial benefit for those who need it less than other veterans and that just does not seem fair to me.

Senator Miller - I like the spirit of the bill. I just don't think it's needed as I believe service people are compensated by the federal government to a point for their home while they are on active duty and I guess I just rather, we can maybe think of a compromise on that situation, give them a little bit of a tax break, but I think what it does, you're getting this money plus this tax exemption, well might as well invest in a little more property too then. It makes sense, and maybe that's not such a bad thing, they are doing good service, but, there is a difference in my opinion between a combat person, someone getting shot at, and somebody who is sitting at a desk in Washington D.C.

Chairman Cook - I have never seen so many bills dealing with veterans. It seems like everybody wants to do something for veterans. God bless them. But I can tell you, as a result of that in the committee, probably one of the most important things that will come out will be a study requirement that we sit down and take a look at all of the benefit programs for veterans.

Vice Chairman Campbell - This is just a property tax exemption just when they are serving, right?

Chairman Cook - Yes

Chairman Cook closed discussion on SB 2253.

2013 SENATE STANDING COMMITTEE MINUTES

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

SB 2253
2/19/2013
Job Number 19173

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new subsection to section 57-02-08 of the North Dakota Century Code, relating to a property tax exemption for the primary residence of certain military service members called to federal active duty service; and to provide an effective date.

Minutes:

Committee Work

Chairman Cook opened discussion on SB 2253.

Senator Dotzenrod - I'm not sure I know what the genesis of the bill is but I do remember that during the housing bubble and we had some of these military people in Iraq and Afghanistan that when the housing crisis was going on there were people appearing on TV that the service member was in a foreign county on active duty and they were having trouble making these, getting caught in this mortgage crisis, but when the property taxes came that really created a problem. I think that is probably why we've got this bill here at this time. I think it came from some of the problems associated with service people being out of the country and then losing their house while they were gone. This isn't going to save the house but it's related in some way to the cost associated with being gone and trying to hang on to the house.

Chairman Cook - I would say it came from, listening to Senator Grindberg, his local chamber sitting down and wondering what type of tax policy to put forth and they took a look at a survey done and saw some states had this in place and we did not so they thought that would be a good idea to discuss. I wouldn't doubt some other states have it because of what you just said.

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

Seconded by **Senator Burckhard**.

Senator Triplett - I just can't support this because it's not equitable. I am passionate as anyone else in this body about wanting to do right by our veterans but this one really is a benefit to those veterans who are financially well enough off to own a house and it leaves without providing some equivalent benefit to those people who are renting, I just think it's

an inequitable bill. Unless someone wants to make the effort to try to amend it to provide a similar benefit to all veterans and as you all know we have struggled endlessly in this committee to figure out how to provide renters credits for property taxes in general and have not come up with a satisfactory response. I'm not saying that I know how to fix this bill, but I just don't think it's fair that we would give a tax break to a piece of them, what is the message we are sending to lower income veterans whose families live in rental housing? That they're not valuable, their service isn't as good because they don't have a house?

Senator Miller - Would it be constitutional if we just said if you're on active duty we are going to give you \$500?

Senator Triplett - We've done that before, it's fair across the board.

Chairman Cook - I agree completely with you but I would also argue that this is a federal government responsibility for the most part. It's federal government that's activating them and setting the salary and the compensation level while they are on active duty. I think too that there's a study that is going to move forward that we just take a look at all veteran programs and see what is available and where the state responsibility is and where the federal responsibility is.

Roll Call Vote 2-5-0

Chairman Cook - Is there a motion for a **Do Not Pass**?

Senator Miller - So moved.

Seconded by **Senator Oehlke**.

Roll Call Vote 5-2-0

Carried by **Senator Oehlke**.

Date: 2-19-13
 Roll Call Vote #: 1

**2013 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2253**

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 Dotzenrod Seconded By Senator Burckhard

Senators	Yes	No	Senator	Yes	No
Chairman 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) 2 No 5

Absent 0

Floor Assignment _____

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

Date: 2-19-13
 Roll Call Vote #: 2

**2013 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2253**

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 Miller 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) 5 No 2

Absent 0

Floor Assignment Senator Oehlke

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

REPORT OF STANDING COMMITTEE

SB 2253: Finance and Taxation Committee (Sen. Cook, Chairman) recommends DO NOT PASS (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2253 was placed on the Eleventh order on the calendar.

2013 TESTIMONY

SB 2253

NORTH DAKOTA VETERANS COORDINATING COUNCIL

My name is John Jacobsen. I am a member of the Legislative Committee of the North Dakota Veterans Coordinating Council. I am also a member of the American Legion and the Veterans of Foreign Wars.

I served in the North Dakota National Guard and the US Army Reserve for a total of 30 years. I retired in 1995 as a Colonel. I served on active duty in 1991 during Operation Desert Shield/Desert Storm in the Persian Gulf, stationed in the United Arab Emirates.

The Coordinating Council is made up of 15 members, 3 from each of the five veterans' organizations in North Dakota.

American Legion

AMVETS

Disabled American Veterans

Veterans of Foreign Wars

Vietnam Veterans of America

It is the policy of the Coordinating Council to support legislation that will benefit the welfare of the members of the Armed Forces. The committee MUST concur totally, that is all 15 members must agree on the legislation to be supported or else it does not get the support.

In this case, I have been instructed to recommend to this legislative committee that a "DO PASS" on SB 2253 is supported by the Veterans Coordinating Council.