

FISCAL NOTE
Requested by Legislative Council
02/21/2015

Amendment to: HB 1055

- 1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **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 1055 second engrossment changes all statutory references of "mills" to "cents" for property tax purposes.

- 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.*

This bill changes all the statutory references of "mill levies" to "tax levies" and requires the counties to compute county property taxes as cents rather than mills. The bill does not change property taxes; there is no direct fiscal impact.

The bill also proposes an interim study regarding the potential implementation of a uniform format among counties for all financial information made available to the public.

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.*

The counties will incur costs associated with making this change. These costs are currently not known or calculated.

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 02/23/2015

FISCAL NOTE
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Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 02/23/2015

FISCAL NOTE
Requested by Legislative Council
01/21/2015

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Revenues						
Expenditures						
Appropriations			\$50,000			

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Section 158 of Engrossed HB 1055 contains a \$50,000 appropriation to the Tax Commissioner for reimbursement of costs associated with the interim study and grants to counties for expenses associated with implementing the provisions of this bill.

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 01/21/2015

FISCAL NOTE
Requested by Legislative Council
12/19/2014

Bill/Resolution No.: HB 1055

- 1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
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Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 12/22/2014

2015 HOUSE FINANCE AND TAXATION

HB 1055

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1055

1/12/2015

#21831

☐ Subcommittee

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill relating to determination of taxable valuation and replacement of statutory references to mills with references to cents for property tax rate purposes; to provide for legislative council reconciliation of statutory references to mill levies and taxable valuation.

Minutes:

Attachment #1, 2, 3, 4, 5

Chairman Headland: Opened hearing on HB 1055.

John Walstad, Legal Director, Legislative Council: Introduced bill. Distributed testimony. See attachment #1. The concept in the bill was to see if we could figure out an easy way for people to understand how their tax bill is figured out. Right now we have four property classifications. Those are valued at their true and full value which is basically market value except agricultural property which is a productivity formula. After the true and full value is determined it's divided in half and the result is the assessed value. Under our constitution we have to have a value for assessed value because the constitutional debt limit for political subs is based on assessed value of property in the taxing district. After the 50% assessed value you take a percentage of that which is nine percent for residential, ten percent for commercial, Ag, and centrally assessed. Ten percent of 50% is your taxable value and that is the value that the mill rate of the taxing district is applied to. For most people, by the time you reach that level of calculation they're lost. Now we apply a mill rate to it which is a tenth of a penny per dollar and do the math to figure out the tax bill and that is a very nasty kind of math to have to do. Breaking down the property value to four and half to five percent of what it's actually worth and then throwing a mill rate against it to figure out the tax bill. The idea was to find a simpler way to do things. (Referred to the second page of the testimony with the chart on it.) This explains current law and what is in this bill draft. Residential is by itself because that is 9% of assessed value determination. Ag, commercial, and centrally assessed are treated the same here because they are 10% of assessed value to determine the taxable value. The effective tax rate is a percentage. The tax bill is of the true and full value of the property. We would eliminate the taxpayer having to understand how we broke the value down to five percent of what it's actually worth. The assessed value has to be preserved at half because the constitution declares that's the measure of debt limit. It's still half of what the actual value is. The one mill equivalent under this approach is a tax of \$.05 per \$1,000 of value. The bill draft was

required to replace the word mill and replace it with equivalent to the number of mills times \$.05 per \$1,000 of value.

Chairman Headland: Thank you for all the work you've put in to this bill. Are there any questions?

Representative Strinden: Is there a definition of mills in the tax code?

John Walstad: I don't think there's a definition of what a mill is but it's commonly understood. By defining that in code wouldn't change how the math is done under the current approach. We could define one mill as \$.05 per \$1,000 then we would need 100,000 pages of paper but then we would have the definition contrary to what a mill actually is.

Representative Froseth: If we leave that one reference of mill in century code and 20 years from now who's going to remember what a mill is?

John Walstad: That will not be your or my problem. It will still be in the dictionary.

Representative Mitskog: By comparison do you know how many states are using the mills?

John Walstad: I've forgotten the number but I know somebody who does know.

Vice Chairman Owens: Thirty three states currently use dollars rather than mills. In those 33 states some of them use a percentage of dollars; some use dollars per hundred and others use dollars per thousand. We would become the 34th state in the nation to eliminate the word mills from the vocabulary.

Chairman Headland: Any other questions for Mr. Walstad?

Representative Strinden: Would counties be required to change over or would they be able to use mills if they wanted?

John Walstad: No, it would require a change. The end result is that the math still works but there would be a change of what the true and full value of property is.

Representative Mitskog: Would home rule charter, cities and counties be required to make the change?

John Walstad: I think this would apply to home rule but I would have to read the chapters on home rule. I don't think home rule would allow a change in how tax was calculated but it would allow a change in the tax break.

Chairman Headland: There would be a simple fix to that; we could just eliminate home rule. Is there any other support? If not, is there any opposition?

Terry Traynor, Assistant Executive Director, Association of Counties: Submitted testimony of opposition. Please see attachment #2.

Chairman Headland: Any questions for Mr. Traynor? Further testimony in opposition?

Dawn Rhone, Morton County Auditor: Submitted testimony in opposition. See attachment #3.

Chairman Headland: The software updates keep getting referenced. There are some of us who believe we should be standardizing the software and the accounting procedures across the state. I'm wondering if that were to be passed and to give it time to occur would you have objection to going from mills to percentage.

Dawn Rhone: I would.

Chairman Headland: You just don't want the change at all?

Dawn Rhone: Maybe if the Governor's proposal passes and we re-visit this later down the road. I think the Governor's proposal is a wonderful thing and I am excited to get that implemented. All at once would be too much at once.

Chairman Headland: I understand you probably don't get contacted on the property tax and property tax statement but we as legislators do. We're looking for anything we can come up with to make it easier for the taxpaying citizens to understand their property taxes.

Representative Mitskog: It seems that the whole objective of the changes is clarity and better understanding of taxation. From a local municipal level my understanding was that mills are misunderstood and the math is complicated. Any change is going to take work and money. I'm wondering if this would make your job easier in the end. How much in tax time do you spend explaining mills to your taxpayers?

Dawn Rhone: Almost 1%. It's such a small percent. I don't really get that many questions.

Representative Haak: How often do taxpayers come in with questions on their property tax statements?

Dawn Rhone: I've only been in office for one term now but I can only think of five or six times when someone has come in and asked me. It doesn't happen often.

Chairman Headland: Any further testimony in opposition?

Dustin Gawrylow, North Dakota Watchdog Network: Chairman, would you allow testimony in support? I was in another hearing.

Chairman Headland: Sure.

Dustin Gawrylow, North Dakota Watchdog Network: Provided testimony in SUPPORT. See attachment #4.

Chairman Headland: Any questions? Further opposition?

Kevin Glatt, Burleigh County Auditor/Treasurer: Provided testimony in opposition. See attachment #5. The only reference to mill levy on this statement is highlighted in blue. The most interaction the treasurer and perhaps the auditor have in regards to property taxes is the statement we send out. Everything is in dollars. The net effective tax rate has been reduced in the last year.

Chairman Headland: Any questions? Further opposition?

Blake Crosby, Executive Director for North Dakota League of Cities: This change came out of the interim committee. The change was discussed because there was a great deal of confusion expressed by taxpayers and their ability to read their tax statements. The taxpayers I talk to read their statements and want to know what they paid last year and what they're paying this year. If it went up a bit they don't get too excited. If it went down a bit they think it's great. People just aren't very good at math. There is a great deal of concern among legislators about unfunded mandates coming down from the federal government. If you think this change is relevant then I think this is where the state needs to step in and give all the affected parties time to make sure it works. We need the clarity. I would ask that you do not pass this bill as it exists.

Chairman Headland: Do you think local elected officials use the mill levy as a means to try and convince property taxpayers they are lowering their taxes when in reality the taxes continue to go up because of the ability to lower the mills and generate more taxes.

Blake Crosby: No, I do not think so. That would not change whether using mills or percentages.

Chairman Headland: Questions? Further opposition?

Dustin Bakken, Property Tax Specialist for Tax Commissioner: I haven't gotten into all the details of this bill due to the size of this bill but I would be open to doing any research for this committee.

Chairman Headland: Thank you Dustin. We will probably be contacting you with regard to this bill. Hearing closed on HB 1055.

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1055
1/12/2015
21855

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill relating to determination of taxable valuation and replacement of statutory references to mills with references to cents for property tax rate purposes; to provide for legislative council reconciliation of statutory references to mill levies and taxable valuation.

Minutes:

No attachments

Chairman Headland: In my opinion I know the counties don't like it but I think it's important to make sure we can pass this bill on to the senate. This is a big reform that is important to make amenable to the counties to make this transition. The bottom line is when you have a county commission or state in a paper after they've decided their budget and lowered people's mill levy, people take that to mean that they've lowered their tax bill. That's just not a reality or it just hasn't been as of late. I would like to see this bill move forward. I would be open to any suggestion or ideas on how to bring the counties along without kicking and screaming the whole way. The bill draft tells them they have to start doing it by next year. Maybe that's an area we could give some ground on and give them more time to make the transition from mills to dollars. I don't think they're going to say it's very helpful but I think this is very important for the property tax payer.

Representative Hatlestad: Didn't we standardize the tax statement statewide? This gives dollars and mills.

Chairman Headland: Yes. This still refers to the taxation being done by mills.

Representative Hatlestad: It also has dollars. It's got both.

Vice Chairman Owens: I have a way to make them happy and still convert to dollars. The only problem is they would still be able to talk in mills. I'm afraid what happens is when anyone calls they wouldn't break them of that habit and they would still talk in mills. There's a way to make them happy but I'm not so sure I'm interested.

Representative Haak: Have they given you an estimate of what the cost to update their software would be?

Chairman Headland: It's funny you bring that up because all through the interim we've asked. We've tried to come up with a cost and they have been unwilling to do it. I don't know if they really know or if they've asked their software providers either. If they really want this they are going to have to show us how much it costs to do it then we can address it from there. They don't want change.

Representative Schneider: You commented that you favor consolidation of software and accounting procedures for all counties. Do you know if there's a bill to that affect or if that happens in the legislative session?

Chairman Headland: I was just up talking with Mr. Walstad in those terms. Last session I sponsored an amendment that would have forced eventual consolidation and standardization of practices across the state. It would be easier for people to understand in the long term. My question is whether we should incorporate that into this bill draft or not. The interim committee took up this study and they chose not to proceed with it because of the feedback from the counties. If we could figure out what it would cost to do it all then maybe the state could provide some type of aid in getting there. We can't just appropriate money for something without any idea what the true cost would be.

Representative Strinden: I'm sure many of you have had the conversation with Jerry. He basically pitched to me the idea that the state invest in software and then we license it out to the counties and cities. I'd be really interested in looking into this.

Representative Schneider: Is there any strategy to maybe holding off on this because it might be easier if there was some type of compensation for that consolidation.

Chairman Headland: There's always a possibility. We'd have to have the money to do it. We'd have to have some type of an idea of cost. We're always open to ideas.

Representative Mitskog: I think the push back we get from cities and counties when the state mandates that you need to do something, I think there would be less push back if there were appropriated dollars that would accompany some of those mandates. I wonder if the conversation would have been different if there were dollars or software tied to this that they could implement and use free of charge. Those changes will come at an expense to a city. We are always mindful to hold the line on taxes or lower our mills but when these changes occur how we pay for it without raising our taxes.

Chairman Headland: I couldn't disagree with that.

Vice Chairman Owens: A number of years ago we were looking for changes in software to standardize. It was a million dollars to have all of them converted over but it didn't pass.

Representative Strinden: If this bill passes this is really the time to be pushing the standardized software since we'll be forcing people to change anyway. If we don't include it right now we wouldn't be able to do it in the future; it would be too late.

Representative Kading: One concern is the mill rate. Just by changing over to cents I don't think solves a solution. They could still come out and say we lowered your cents but we increased your true and full value. Ultimately your property taxes increase anyways.

Chairman Headland: That's true.

Representative Trottier: When the Burleigh County presented they made reference how they were doing with their mill levy and if you look it's come down every year and left it at that. But when you go down to the bottom the taxes have gone up every year but he didn't refer to that at all. How hard is it for Burleigh County to give their programming to the neighboring counties? Is it costly or illegal?

Vice Chairman Owens: It's called copyright.

Chairman Headland: If you have ideas to present to the committee now is the time to get amendments.

Representative Froseth: Quite often we go to other states that have done this and find out what programs they needed and how much it cost. Why can't we go to some of our neighboring states and get this information. I would think legislative council could do that quite easily.

Chairman Headland: I think it's doable.

Representative Schneider: If that's one of your goals that would fit with other bills also. If there's an opportunity to look at a consistency package and implement it, it would take care of some other problems too.

Chairman Headland: The challenge is finding money. There's so much of it and everyone wants it.

Representative Haak: Do you remember when the million dollar appropriation was?

Vice Chairman Owens: It was the first session after we started having excess money. I believe it was 2007.

Representative Schneider: As our money has increased it would make it easier to have it passed. Also the cost of technology has gone done over that same period too. We might have a double win on that.

Chairman Headland: The trouble I can see with the state is when there are IT projects we've funded almost every one of them runs in to overruns and the costs become unimaginable. At times we've had to walk away from those expenses. When you're talking about IT it's never an easy proposition. When talking about software isn't there some sort of maintenance agreement?

Representative Toman: Yes. We typically deal with three to five years for the bulk of the software then you'll maybe upgrade from there to a different maintenance agreement. Maintenance agreements lower your cost because you're not paying for it every time.

Chairman Headland: With what we're talking about here could it be out of the realm of what could generally be part of a maintenance agreement? Would it demand new software?

Representative Toman: I'm not familiar with their software product but if it was capable then it would typically fall under that if it's not a substantive change to the software or storage of the data.

Chairman Headland: In reality you wouldn't think moving a decimal point a couple places would be that big of a software change.

Representative Toman: In this case it sounds like they might have bought the wrong software.

Chairman Headland: I think that will do it for today everyone.

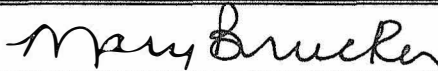
2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1055
1/19/2015
#22151

☐ Subcommittee
Conference Committee

Committee Clerk Signature



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A Bill relating to determination of taxable valuation and replacement of statutory references to mills with references to cents for property tax rate purposes; to provide for legislative council reconciliation of statutory references to mill levies and taxable valuation.

Minutes:

Amendment #1

Chairman Headland called the meeting to order and brought back HB 1055.

Chairman Headland: Distributed amendments (15.0066.03001). See attachment #1. This changes mills to cents, and asks for a study by the Association of Counties that would implement a uniform chart of accounts, like we have discussed. It also references a specific date that they would have to report their findings to an interim committee. Then the committee could find out the impact of the study. It seems to me that if we are going to go through the process of changing mills to dollars, then it would be an appropriate time for them to look at standardizing their chart of accounts.

Representative Froseth: Would this delay the implementation of mills to dollars?

Chairman Headland: No, that wouldn't change that. I chose to leave that the same. This would allow for a little more time, up to 2017, for implementation of this program.

Representative Hatlestad: Is the \$50,000 anywhere close to making the transition?

Chairman Headland: They haven't told us what their cost is. We had to come up with a number. I don't know if it will be enough, but if we pass the amendment and put it on the bill, it is enough to rerefer the bill to Appropriations. Maybe they can come up with a truer cost and a more proper area of funding than just a direct appropriation from the General Fund.

Representative Hatlestad: The tax department worked with three main programming groups that dealt with the standardized property tax forms. Maybe we could ask the tax people who they worked with?

Chairman Headland: That's why we left it up to the Association of Counties to look at it. They are better suited to choose a vendor for that endeavor, than we are.

Representative Steiner: I really like this. When the governor laid out some of the other property tax changes, he did say that they would be given some time. I think this will do that, and I support it.

Representative Mitskog: I spoke with our city finance director, and she is open minded and willing. Her concern is all the changes at once. The changes that are proposed in the Governor's task force on property tax reform are too much at once. This is more palatable for them and gives them some time.

Chairman Headland: We wanted them to have the ability to come to the interim committee and report they haven't had enough time. That gave the interim committee time to adapt language and recommend it to the upcoming legislative session.

Vice Chairman Owens: I don't have a problem with this, so that they can understand and get their software in order to make the conversion. I just don't want to get to 2017 and have another delay tactic by those people.

Representative Haak: Does this require they do a study, or does it give them the option to do the study?

Chairman Headland: It was the intent to require them to do the study.

Representative Strinden: If they are supposed to do it, shouldn't it read they "shall" instead of "may"?

Chairman Headland: I don't believe we have the ability to tell them they "shall". This lets them know that this is what the legislature wants.

Representative Froseth: The only other way you could word it is to say "shall consider conducting" instead.

Chairman Headland: We have to remember that if this amendment passes and gets put on the bill, then it will pass on to the Senate. There will be another opportunity to change the language, strengthen it, or allow for more objections from the Association of Counties.

Representative Klein: As I said before that if we don't push this, they are going to delay it and delay it. Let's pass it and get it to them.

There was no further discussion.

Representative Klein made a motion to adopt the amendment (15.0066.03001) See attachment #1.

Representative Steiner seconded the motion.

Representative Trottier: What were the numbers that we heard that have not made the changes or didn't do the conversion on their tax reports? Some of them have done something, right?

Chairman Headland: I think you are confusing this with another bill.

Representative Trottier: Shouldn't we send a message to those that have done it, that from now on just wait until it is required.

Chairman Headland: This money isn't going to the counties per se. It will go to the Association of Counties to bring the counties together and get them to decide which vendor they want to choose. I think that the direction that this is going that they all should have the understanding that we want these types of services online.

Representative Dockter moved a DO PASS on amendment 15.0066.03001.

Vice Chairman Owens seconded the motion.

A voice vote was taken. All aye.

The motion carried.

Representative Kading: We use true and full value and multiply it by 90% to get taxable value. Is there a reason why we do that? Could we just use true and full value and use the cents per thousand on the true and full value?

Rep. Mark Owens: It is because if we did 10% like the other, and went with the 100% rather than 9%, it would be a tax increase in property tax. We currently only do 9% of the assessed value rather than 10% of the assessed value to come up with the taxable value. We had to make that distinction for residential at the 90%, so that it would be no gain or loss on either side.

Representative Dockter moved DO PASS on HB 1055 as amended and rerefer to Appropriations.

Representative Owens seconded the motion.

There was no further discussion.

A roll call vote was taken. Aye 14 Nay 0 Absent 0

The motion carried.

Representative Owens will carry HB 1055.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1055

Page 2, line 7, after the semicolon insert "to provide for a recommendation on implementation of a uniform chart of accounts for counties; to provide an appropriation;"

Page 133, after line 11, insert:

"SECTION 157. INTERIM STUDY. During the 2015-16 interim, the North Dakota association of counties may conduct a study of implementation of a system for a uniform chart of accounts for counties to the end that all financial information collected, compiled, and made available to the public by counties be in a uniform format. The study should examine and determine the cost to each county to implement a uniform chart of accounts. The association shall consult and may include in any committee established for this purpose county auditors and other officials, members of the legislative assembly, members of the state auditor's staff, members of the tax commissioner's staff, private practice auditors, and accounting software vendors. The state auditor shall provide technical assistance to the association as requested. The association shall report its finding and recommendations, together with any legislation required to implement the recommendations, by September 1, 2016, to an interim committee designated by the legislative management. Members of any committee established under this section, who are not employed by the state, are eligible for travel and expense reimbursement, as allowed for state officers and employees, from the funds appropriated under section 158 of this Act. State employee members are eligible for travel and expense reimbursement for conducting business of the state, as provided through their employment positions.

SECTION 158. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$50,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of travel and expense reimbursement authorized by section 157 of this Act and for providing grants to counties and cities to offset documented costs of implementing section 1 through 156 of this Act, for the biennium beginning July 1, 2015, and ending June 30, 2017."

Renumber accordingly

Date: 1-19-15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1055

House Finance and Taxation Committee

☐ Subcommittee

Amendment LC# or Description: 15.0066.03001

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep. Klein Seconded By Rep. Steiner

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND			REP HAAK		
VICE CHAIRMAN OWENS			REP STRINDEN		
REP DOCKTER			REP MITSKOG		
REP TOMAN			REP SCHNEIDER		
REP FROSETH					
REP STEINER					
REP HATLESTAD					
REP KLEIN					
REP KADING					
REP TROTTIER					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Yay - ^IAll
Nay -

Motion carried.

Date: 1-19-15
Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1055

House Finance and Taxation Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☒ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep. Dockett Seconded By Rep. Owens

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND	✓		REP HAAK	✓	
VICE CHAIRMAN OWENS	✓		REP STRINDEN	✓	
REP DOCKTER	✓		REP MITSKOG	✓	
REP TOMAN	✓		REP SCHNEIDER	✓	
REP FROSETH	✓				
REP STEINER	✓				
REP HATLESTAD	✓				
REP KLEIN	✓				
REP KADING	✓				
REP TROTTIER	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Owens

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

REPORT OF STANDING COMMITTEE

HB 1055: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1055 was placed on the Sixth order on the calendar.

Page 2, line 7, after the semicolon insert "to provide for a recommendation on implementation of a uniform chart of accounts for counties; to provide an appropriation;"

Page 133, after line 11, insert:

"SECTION 157. INTERIM STUDY. During the 2015-16 interim, the North Dakota association of counties may conduct a study of implementation of a system for a uniform chart of accounts for counties to the end that all financial information collected, compiled, and made available to the public by counties be in a uniform format. The study should examine and determine the cost to each county to implement a uniform chart of accounts. The association shall consult and may include in any committee established for this purpose county auditors and other officials, members of the legislative assembly, members of the state auditor's staff, members of the tax commissioner's staff, private practice auditors, and accounting software vendors. The state auditor shall provide technical assistance to the association as requested. The association shall report its finding and recommendations, together with any legislation required to implement the recommendations, by September 1, 2016, to an interim committee designated by the legislative management. Members of any committee established under this section, who are not employed by the state, are eligible for travel and expense reimbursement, as allowed for state officers and employees, from the funds appropriated under section 158 of this Act. State employee members are eligible for travel and expense reimbursement for conducting business of the state, as provided through their employment positions.

SECTION 158. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$50,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of travel and expense reimbursement authorized by section 157 of this Act and for providing grants to counties and cities to offset documented costs of implementing section 1 through 156 of this Act, for the biennium beginning July 1, 2015, and ending June 30, 2017."

Renumber accordingly

2015 HOUSE APPROPRIATIONS

HB 1055

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1055
2/12/2015
23788

- ☐ Subcommittee
☐ Conference Committee



Explanation or reason for introduction of bill/resolution:

Relating to determination of taxable valuation and replacement of statutory references to mills with references to cents for property tax rate purposes;

Minutes:

Chairman Jeff Delzer

Called the hearing to order.

Representative Craig Headland, District 29 spoke on the bill as chairman of the Finance and Tax committee (where bill originated). This bill makes the change from mills to cents. If the bill will be implemented, there will be major software to be purchased. We wanted language that requires the counties to move to uniform chart of accounts.

Chairman Jeff Delzer

Did you add the study or was that part of the original bill?

Headland: we added the study.

Chairman Jeff Delzer

It is policy, but why do you have an association coming forward with legislation on this; why no legislators involved?

Headland: we should have had a couple legislators; we thought that would add costs. This would allow them to bring the commissioners to town. It was for them to come together for a recommendation to the interim tax committee.

Chairman Jeff Delzer

The bill doesn't change it; it puts it in order to change? I see the effective date is December 31, 2015.

Headland: Yes that is true, but the additional burden with uniform chart of accounts, to force that on at the same time; so we chose to move that out.

Chairman Jeff Delzer

So, the study is just on the chart, after they do it. Did you have a way you came up with \$50K?

Headland: no, the association of counties was not that favorable on the mills to dollars bill, and this was a number that was adequate.

Representative Skarphol

We had talks with Cory Fong last session...to talk about this uniform system. His estimate to do the study to figure out the costs to put together the program was \$6.8M and the programs was anticipated to cost \$28M and also anticipated that seven cities or counties would not do it, because those large counties had already created their own systems. This is a complicated issue.

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1055
2/17/2015
24010

- ☐ Subcommittee
☐ Conference Committee

Mary Brucher

Explanation or reason for introduction of bill/resolution:

Relating to determination of taxable valuation and replacement of statutory references to mills with references to cents for property tax rate purposes.

Minutes:

No attachments

Chairman Jeff Delzer: This bill changes mills to dollars. This is something that has been talked about for many sessions. The amendment the house put on was \$50,000 and a study. I think we should take the \$50,000 out but leave the study in.

Vice Chairman Keith Kempenich: You don't want the amendment that the policy committee put on?

Chairman Jeff Delzer: Personally, I would just take section 158 out.

Vice Chairman Kempenich: You want to leave the study in?

Chairman Delzer: Yes.

Vice Chairman Kempenich: Made a motion to amend and leave out section 158 which is the appropriation of \$50,000.

Representative Pollert: Seconded.

VOICE VOTE: Motion carries.

Vice Chairman Keith Kempenich: Made a motion for a DO PASS AS AMENDED.

Representative Thoreson: Seconded.

Representative Hogan: In looking at section 157, the interim study will be conducted by the Association of Counties and they'll just report to the legislature.

Chairman Jeff Delzer: Yes.

Representative Hogan: Has that ever been done before?

Chairman Jeff Delzer: I think something like that has been done before. That's an issue for the senate side to discuss because this was an adoption of the House Finance and Tax Committee and I don't think it's our place to take it out. We deal with the money. There may have to be some money put in to pay the counties who are doing it. That will need to be discussed in the senate and then a conference committee.

Representative Hogan: I'm curious to know if they agreed to do this or if they're aware we are doing it to them.

Chairman Jeff Delzer: They are certainly aware of it. It will be a point of discussion in the senate.

Representative Skarphol: I would submit that not one person is going to be any happier about their property taxes because we passed this bill.

Chairman Jeff Delzer: That might be true but I think when you do dollars in the end it's probably easier to understand. It takes the issue of the evaluation and changes it. That's the policy out of the policy committee.

ROLL CALL VOTE: 16 YES 6 NO 1 ABSENT
MOTION CARRIES FOR DO PASS AS AMENDED

SL
2/18/15

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1055

Page 2, line 8, remove "; to provide an appropriation"

Page 134, line 1, remove "Members of any committee established under this section, who are not employed"

Page 134, remove line 2

Page 134, line 3, remove "employees, from the funds appropriated under section 158 of this Act."

Page 134, remove lines 6 through 11

Renumber accordingly

Date: 2/17/15Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1055**

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation:	<input checked="" type="checkbox"/> Adopt Amendment
	<input type="checkbox"/> Do Pass <input type="checkbox"/> Do Not Pass <input type="checkbox"/> Without Committee Recommendation
	<input type="checkbox"/> As Amended <input type="checkbox"/> Rerefer to Appropriations
	<input type="checkbox"/> Place on Consent Calendar
Other Actions:	<input type="checkbox"/> Reconsider <input type="checkbox"/> _____

Motion Made By: Kemperich Seconded By: Pollert

Representatives	Yes	No	Absent	Representatives	Yes	No	Absent	Representatives	Yes	No	Absent
Chairman Jeff Delzer				Representative Nelson				Representative Boe			
Vice Chairman Keith Kemperich				Representative Pollert				Representative Glassheim			
Representative Bellew				Representative Sanford				Representative Guggisberg			
Representative Brandenburg				Representative Schmidt				Representative Hogan			
Representative Boehning				Representative Silbernagel				Representative Holman			
Representative Dosch				Representative Skarphol							
Representative Kreidt				Representative Streyle							
Representative Martinson				Representative Thoreson							
Representative Monson				Representative Vigesaa							

Totals	
(Yes)	
No	
Absent	
Grand Total	

Voice Vote Motion Carried

Floor Assignment: _____

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

*Remove Sect 158 out of 1055
Remove to provide an approp
Page 134 - list 1 member --
134 - remove list 2
134 remove employees*

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1055**

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation:	<input type="checkbox"/> Adopt Amendment	<input type="checkbox"/> Without Committee Recommendation
	<input checked="" type="checkbox"/> Do Pass <input type="checkbox"/> Do Not Pass	<input type="checkbox"/> Rerefer to Appropriations
	<input checked="" type="checkbox"/> As Amended	
	<input type="checkbox"/> Place on Consent Calendar	
Other Actions:	<input type="checkbox"/> Reconsider	<input type="checkbox"/> _____

Motion Made By: Kempenich Seconded By: Thoreson

Representatives	Yes	No	Absent	Representatives	Yes	No	Absent	Representatives	Yes	No	Absent
Chairman Jeff Delzer	✓			Representative Nelson	✓			Representative Boe		✓	
Vice Chairman Keith Kempenich	✓			Representative Pollert	✓			Representative Glasheim		✓	
Representative Bellew	✓			Representative Sanford	✓			Representative Guggisberg		✓	
Representative Brandenburg	✓			Representative Schmidt	✓			Representative Hogan		✓	
Representative Boehning	✓			Representative Silbernagel	✓			Representative Holman		✓	
Representative Dosch	✓			Representative Skarphol		✓					
Representative Kreidt	✓			Representative Streyle			—				
Representative Martinson	✓			Representative Thoreson	✓						
Representative Monson	✓			Representative Vigasaa	✓						
	<u>9</u>	<u>0</u>	<u>0</u>		<u>7</u>	<u>1</u>	<u>1</u>		<u>0</u>	<u>5</u>	<u>0</u>

Totals

(Yes)	<u>16</u>
No	<u>6</u>
Absent	<u>1</u>
Grand Total	<u>23</u>

Floor Assignment: Repr. Owens

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

REPORT OF STANDING COMMITTEE

HB 1055, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (16 YEAS, 6 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1055
was placed on the Sixth order on the calendar.

Page 2, line 8, remove "; to provide an appropriation"

Page 134, line 1, remove "Members of any committee established under this section, who
are not employed"

Page 134, remove line 2

Page 134, line 3, remove "employees, from the funds appropriated under section 158 of this
Act."

Page 134, remove lines 6 through 11

Renumber accordingly

2015 SENATE FINANCE AND TAXATION

HB 1055

2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Lewis and Clark Room, State Capitol

HB1055
3/23/2015
Job #25230

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Alice Spore

Explanation or reason for introduction of bill/resolution:

Relating to determination of taxable valuation and replacement of statutory references to mills with references to cents for property tax rate purposes; to provide for legislative council reconciliation of statutory references to mill levies and taxable valuation; to provide for a recommendation on implementation of a uniform chat of accounts for counties; and to provide an effective date.

Minutes:

Attachment #1, #2, #3

Chairman Cook opened the hearing on HB1055. All committee members present.

Emily Thompson, Staff Attorney, Legislative Council-- appearing in a neutral capacity to explain the provision of HB1055. This was one of the bills brought forward by the interim taxation committee. Essentially, HB1055 serves to eliminate the use of mills in calculating property taxes. The bill converts the numerous references within the century code regarding use of mills for property tax determination into the use of a number of cents per \$1,000 of true and full value. Specifically, the equivalent is 5cents per \$1,000 true and full.

(meter 1:47-3:55)

Sen. Dotzenrod -- As far as the process that would be used under this new approach to go from true and full value to get your tax bill, the way we currently do it where we take that true and full value and cut it in half and apply a percentage to that and then apply the mills against that, is that going to be identical if we adopt this bill? Does that change any or stay the same?

Emily Thompson -- It would convert 1 mill to an equivalent of 5cents per thousand dollars and that's if the taxable valuations equal to true and full value for ag, commercial and centrally assessed and then 90% of true and full value for the residential property. So there is a little bit of difference there. And, if you flip to page 55 of the bill, you will see in section 75 that section addresses taxable value is now determined as a percentage of the true and full value. You can see the different percentages, how that is now calculated in that section. So there is a difference.

Sen. Cook -- Does Minnesota use mills, do you know?

Emily Thompson -- I'm not entirely sure if Minnesota does. I'd have to look that up.

We have noticed about 5 areas where mill has been overlooked in a title and other sections. If the committee would like, we would happy to draft amendments, legislative council can make those last corrections.

Sen. Cook -- I thought that was why you had section 1-56. You could just do that after we went home and you wouldn't have to ask for an amendment.

Emily Thompson -- If you'd like those prepared now, we would be happy to do so.

Sen. Cook -- But 1-56 would allow you to do that, right?

Emily Thompson -- I believe so. Yes, it would.

Sen. Cook -- Well, you might as well get some amendments drafted. We should do the best we can. Do you think that's the last ones?

Emily Thompson -- I hope so.

Pete Hanebutt, North Dakota Farm Bureau -- I am in support of this bill. Two years ago we did an internal study and talked about things that we would like to see reformed about our property tax system in this state, and my understanding of how that was all flushed out is that changing mills to dollars was one of the things that would bring openness to the process and that we like about it. We like this bill and we like some of the parts of the governor's initiative too.

Sen. Cook -- You've seen our property tax statement? Do you think this will make it easier to understand?

Pete Hanebutt -- I think it will make it more easily understandable at a glance for the common person. Compared to the property tax statement that I was used to in my former state, it seems phraseology that confuses people is not the right thing to do. I think this makes it more easily understandable.

Sen. Cook -- You thought that, in Indiana, it was easier to understand?

Pete Hanebutt -- It was. You got a statement and it was not as complicated. I'm not saying that this bill fixes all the problems with property taxes that the North Dakota Farm Bureau has, but it's a step in the right direction.

Sen. Cook -- Can you get us a copy of an Indiana property tax statement?

Pete Hanebutt -- I might be able to. I can check into that.

Sen. Cook -- See if you can.

Linda Svihovec, Auditor, McKenzie County (Attachment #1) Urge a do not pass

Sen. Bekkedahl -- When you look at the county real estate tax statement, everthing in there is in dollars. Where would this calculation change other than the software change, where would that make an impact on this statement that would be so different?

Linda Svihovec -- I don't think the outcome on the statement will necessarily have an effect, but it will have an effect on levy worksheets. All of our software incorporates imputing those rates at some point so that would all need to be changed. (meter 18:49-19:13)

Sen. Bekkedahl -- This is what the taxpayer sees, what you've shown us. The taxpayer doesn't see the levy calculation sheets that you use. (meter 19:22-19:44)

Linda Svihovec -- That would be correct. It won't change what you see on the statement.

Sen. Laffen -- Wouldn't the pink line, that says total mill levy, change?

Linda Svihovec -- That's correct. That line would not be there at all. My assumption would be, and I don't know that we've worked through what a statement would look like to replace that wording, that there would be some sort of percentage reference in there. (meter 20:17-20:34)

Sen. Cook -- We're going to know by the time we're over with.

Sen. Dotzenrod -- One of the things that I've gotten from your testimony is that you are saying that part of the problem you have with it is the timing. If it was done a session or two from now, it might be different. Your concern is that given all the things that we are moving around in the property tax law that to do this now is just too many changes coming at the same time. To do it now would create confusion. You are not saying that this is a bad bill.

Linda Svihovec -- That is very true. It is a lot to try to implement in 2 years. I just liked the process we went through in the governor's property taskforce bill, as tedious as it was, we really went through every possible scenario of how those changes were going to affect taxpayers, tax calculation. If I felt this was going to be a solution where a taxpayer, like my husband, came in and he would better understand how taxes were calculated, I would support this bill. We are still going to have to explain to our taxpayers why their taxes went up and it's going to be a percentage calculation. (meter 22:34-23:07)

Sen. Bekkedahl -- This tax statement is very descriptive. I applaud your industry for getting it out this way, but do you ever get questions on the school levy where people say, well how much of that is my geo-bond issue? What I'm getting to, from people that I've heard from, they say how much of that tax is because we just passed a bond issue? Can you see where it would be nice to separate out the school levy and then school construction bond?

Linda Svihovec -- Absolutely, yes. I will tell you that before we had to have all of this on the statement, there were several counties that actually did have room for that breakdown. When we went to a uniform statement that had to also show the property tax relief and try to fit that in and make room for the other legal requirements, some of that detail got left off. We tried and it was too much on one statement.

Sen. Cook -- I really like that net effective tax rate.

Linda Svihovec -- I do too.

Sen. Cook -- I wonder if I dare ask all the other auditors how many of them have a 52% effective tax rate?

Linda Svihovec -- You are welcome to live in McKenzie for that 52% tax rate.

Sen. Dotzenrod -- If there were specials on your property, would there be an additional line that we don't see here?

Linda Svihovec -- Yes, over here. And I believe it also shows. It would be added in.

Rep. Mark Owens -- I assumed the tax department would be explaining the bill for quite a while.

Sen. Cook -- Do you want to testify on the bill? Do you want us to go back to those in support of the bill?

Rep. Mark Owens, Dist. 17 -- All 2 of us, yes. I stand in support of HB1055. A bill to eliminate the word mills from our dialogue. We would become the 34th state to do such, if that was the case. They have eliminated the mills in various different ways. For example, you heard the previous speaker talk about percentages, some states do it based on a percentage of dollars. Other states do it based on the tax per hundred of true and full value and yet others do it based on per thousand of true and full value. The actual trick there is percentage, I agree, is not any less confusing than mills, other than at least it's a percentage of dollars but still it causes problems in understanding how to figure it. This is all based on the average taxpayer being able to say I understand the formula and I know where to go to find my taxes. (meter 26:57-28:55)

Sen. Cook -- Rep. Owens, you said 33 states no longer have mills. Are you saying that there were 33 states that once had mills and have switched away from mills or are these 33 states, do you know how many of them at one time had mills?

Rep. Owens -- I do not know how many at one time had mills. I know a good number of them. I did not investigate every one of them. I investigated about 12 of the 33 to see if, at one time, they talked about mills and moved away. There is 1 state out of the 33, that at the auditors level, use mills and when they finish their calculation they convert it to a per thousand.

Sen. Cook -- This bill does not allow that to happen.

Rep. Owens -- The way it is written right now, it does not allow that to happen. That is actually the simplest solution.

Sen. Laffen -- We've seen this in our county for 20 years, exactly what you said. The mantra that we did not raise mills this year and then you get your tax statement and its up another 10% because of valuation. I'm trying to understand how this bill would change that.

Rep. Owens -- You are absolutely correct. What we call the stealth increase and that's where they allow the value of the property to increase and they don't reduce the levy, just leave the levy alone and say, we didn't raise your taxes. This does nothing to correct that. This is about the individual understanding how the calculation is done. (meter 31:10-32:17)

Sen. Cook -- Rep. Owens, you don't have the statement in front of you. You can see here in pink, the last 3 years we have the total mill levy, that is the tax rate. What do you see that number being if we change this bill from mills to 5cents per thousand? Do you still see a number being there? Do you still see the tax rate being on the property tax statement?

Rep. Owens -- I haven't thought about redesigning this, to be honest with you, but to answer your question, I would imagine it would say something like, \$24.75 per thousand, or whatever it is.

Sen. Cook -- We've got to have a tax rate. Our challenge as we talk about property taxes, we describe them 3 different ways. Local government folks like to use the tax rate, the mill levy; legislators like to talk about the effective tax rate; taxpayers want one thing: dollars, total dollars owed. We can go home and say we just cut your property taxes, the effective tax rate has gone from .8 to .6.

Rep. Owens -- That would be very nice.

Sen. Cook -- The county commissioner can say we just cut your taxes. We lowered the mills from 225 to 200. In fact though, the person's taxes in dollars go up and they call BS on all of us. We are still going to have a rate on the report, I assume.

Rep. Owens -- Yes. What I've seen on other, for example, the tax statement of that state that still uses mills and then reports it in per thousand to the citizen, it has just the per thousand on there. It doesn't report the mills anywhere on there in that state.

Sen. Cook -- Before we go forward, Linda would you come up, please. And you are just here to answer some questions. You are neither for nor against the bill?

Linda Leadbetter, Office of State Tax Commissioner -- Correct.

Sen. Cook -- Statement. If we went to cents per dollars, have you ever given any thought, if this bill passes, what it would do to the statement?

Linda Leadbetter -- We actually did do a mock-up early during interim committee work just to try to see how it would be prepared and what I would say is right now, in essence, we

already are so many cents per thousand dollars of value. We would just have to change how the language is. It would not be a mill. It would be those dollars. We would calculate it based on dollars per value. (meter 35:52-36:29)

Sen. Bekkedahl -- When you look at that, as Rep. Owens testified, one of the states uses mills in calculations which would continue to do what everybody here does then, and then changes it in the statement to dollars. Could the process still stay the same, in its administrative level and that change, if in fact it made a difference in the taxpayers reading of the statement, can that be done merely for the statement purposes?

Linda Leadbetter -- I'm sorting through it in my head and I do believe that some of those statements made by Rep. Owens are true that there are states that do it that way. (meter 37:23-37:43) We would certainly be able to do that. The calculation behind the scenes could remain the same and report it differently on the statement. The most complicated part is not the mill levy, itself, it's not because a mill is still so many cents per thousand dollars of value. The complication comes when we are looking at the true and full value to the assessed value to the taxable value. If, when we look at this bill, we know that we are saying it's 100% of true and full or its 90% of true and full. (meter 38:05-38:49)

Sen. Cook -- If this bill passes, we are all still going to see mills this December of 2015 when we get our next property tax bill, right?

Linda Leadbetter -- I thought it did say January of 2015. Oh, it's 2016, yes, then it would still be mills on their statement.

Sen. Cook -- The first one that we would see as a change would be December of 2016?

Linda Leadbetter -- Correct.

Sen. Triplett -- We have had some conversation that no one has put a price to this yet. Have you thought about how much it would cost at the state level to implement the changes?

Linda Leadbetter -- What becomes questionable at the county level is that we know that there are certain vendors that charge a dollar amount for every hour that they do things, others say if it's required by law they have to do it so it is something that we can't quantify there. At the state level, it's administrative. It is something that we will have to fit into the work that we do currently.

Sen. Dotzenrod -- During the interim we had some property tax statements, you prepared some statements that showed us what it would look like under the provisions of this bill and you had the same statement on the way we've done it and it was interesting to see them side by side. Could we get some of those?

Linda Leadbetter -- Yes, we do have those. We would have saved them with our interim work. (meter 40:50-41:19)

Sen. Cook -- I'm tempted to ask Sen. Bekkedahl or Sen. Unruh to explain to the audience what a mill is, but I won't.

Debbie Nelson, Grand Forks County Finance and Tax Director -- (Attachment #2)
Urge a do not pass.

Sen. Laffen -- Would it be possible, on the tax statement, to go back and convert the previous 2 years, as well, to the new formula so they did all look the same, or is that just not possible to do?

Debbie Nelson -- It is possible. We could do that too.

Sen. Laffen -- I see Linda shaking her head back there, no. That would be very hard? Okay.

Sen. Cook -- Every time I see an auditor up here that actually read the whole bill and made the corrections that she did, I'd say she's got a lot of time to do it. I'm impressed.

Sen. Bekkedahl -- I am impressed, as well. The beauty of our system is that we have good people like you out there that do this work for us and bring the discrepancies to us. My comment would be that I think what's confusing to the public, and we have to remember that most of us in this room live this, but it's when you get to the true and full value, and then you have to get to the assessed value, then you get to a third term, which is 9% of the assessed value for the taxable value on residential or 10% on commercial and agricultural. (meter 51:07-51:33) Can you comment on that?

Debbie Nelson -- I agree. Assessed value, we get calls all the time, saying they would like to know the assessed value. This is from out-of-state, well, North Dakota assessed value is 50% of the true and full. Oh, I want the true and full. (meter 51:50-51:15)

Terry Traynor, Assistant Director, Association of Counties -- I would like to speak on behalf of all of our county officials in opposition to reengrossed HB1055. **(Attachment #3)**

Sen. Cook -- I'm trying to think back to the interim committee, maybe it was the advisory commission on intergovernmental relations, we passed 2 studies out of there; one was to study political subdivisions, and I thought the other one to study all the reporting requirements.

Terry Traynor -- That's my recollection, as well.

Sen. Cook -- Don't you think a uniform chart of accounts would fit in with all the reporting requirements?

Terry Traynor -- Certainly could, yes.

Sen. Cook -- I had a thought that that was where that study would be because that's how you eliminate reports, through a uniform chart of accounts.

Larry Syverson, North Dakota Townships -- We are opposed to HB1055. We hope that we don't have to see county funds being diverted from roads and bridges to do what we feel would be unproductive work. As many have said, it's not going to do that much to help the taxpayers understand their tax statements. We do support the idea of simply changing the way it looks on the tax statement without changing the background.

Blake Crosby, Executive Director, North Dakota League of Cities -- This is one of those bills that the more we looked at it, the less comfortable we are with it, as time has gone on. I want to key on one highlight that Mr. Traynor made and that is the possibility of error. For city auditors, we are seeing a turnover rate of 25% to 30%. You throw this on their laps, in addition to the changes that are going to be made with 2344, and the fact that once those budgets get certified, it's a done deal. I'm not very comfortable with going down that road. Ask for a do not pass on 1055.

Chairman Cook closed the hearing on 1055.

2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Lewis and Clark Room, State Capitol

HB1055
3/23/2015
Job #25274

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Alice Grove

Explanation or reason for introduction of bill/resolution:

Committee work

Minutes:

Attachments #1, #2

Chairman Cook opened the committee work on HB1055.

You should have a handout that came from Linda Leadbetter (**Attachment #1**). The question was asked by Sen. Dotzenrod, regarding the tax statement from the interim. This is the best one that we had in the interim. You can see the 18.385 that's the cents per thousand dollars. So the math that you would have to do to calculate the tax on this statement is true and full value is \$229,400, take that number times .9 and you get 206,460, you divide that by 1000 and you get 206.46 thousandths of true and full value; take 206.46 times 18.385 and you should get the tax of \$3,795. That would be the taxable calculation. The other way is true and full value divided by 2, times .9 times the mill rate.

Sen. Laffen-- I own our office in Minneapolis and so I have the actual tax statement coming for that property in downtown Minneapolis but what my partner sent me was their proposed levy and tax statement. (**Attachment #2**) I thought they did a nice job of the way they wrote that one out. The nice thing is it breaks down each one of the taxes down in the lower part, what last years was, what this years is, every address of every one of them and when all of their hearings are. That comes with the proposed tax statement and when all the hearings are. I also have a son who lives in Indiana and he is sending me his tax statement.

Sen. Cook -- We have another issue, if we want to make it an issue, and that is the notification to taxpayers regarding the tax increase: the truth and taxation bill if we wanted to try and improve that. I had a Minnesota statement handed to me on Saturday and that statement was step 1 of this Minnesota process and where the person just got their new value and it was well explained. The taxpayer said I like it. We get three statements, step 1, step 2, and step 3 up there. The way I understand it is they get a piece of paper in the mail and all 3 steps. The first step they get is the value that goes up or down and explains what are their rights and what they can do. The next step is the one that Sen. Laffen just handed us and that it what it looks like they taxes are going to be; and then the third step

will be the property tax statement. The next thing that I see that caught my eye here is the property tax statement doesn't come out until March. And it's due May 15.

Sen. Dotzenrod -- Over there they allow you to split the payment in half and pay half in May and half in October with no interest due, between the two payments.

Sen. Cook -- Anybody got a calculator close? Divide \$12,519 by \$330,000. 3.8. That's a pretty high effective tax rate.

Committee work closed.

2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Lewis and Clark Room, State Capitol

HB1055
4/14/2015
Job #26083

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Alice Grove

Explanation or reason for introduction of bill/resolution:

Committee work

Minutes:

Attachment #1

Chairman Cook opened the committee work on HB1055.

Sen. Cook -- We all know what this does: it goes from mills to cents. I don't know what everybody's wishes are on this bill, some of you may think it is a good thing to do. Oh, we have amendments (**Attachment #1**). We better put them on. I forget who offered these in their testimony. I think it was a county tax equalization officer, maybe from Burleigh County.

Sen. Unruh -- Move amendments 15.0066.05001 to reengrossed HB1055.

Sen. Laffen -- Seconded.

Sen. Cook -- I remember the testimony. Mr. Walstad agreed with it and offered these as friendly technical amendments. All in favor of proposed 05001 signify by saying aye. Motion carried.

Sen. Cook -- You have a property tax statement from Minnesota and to me, even though they copied us with the truth in taxation, I think we should seriously consider some of things that they do with this tax statement and the biggest thing I see is no reference to a tax rate on the statement. The only thing that you will see is dollars.

Sen. Laffen -- We have a study in another bill that could solve that. We heard this in the interim committee and I thought it was a great idea then. I love the idea of not confusing everybody with mills but the more that I listened to the testimony and the more I saw the way that Minnesota does it with an effective tax rate rather than the use of mills, I am not convinced that this is the right process to go through to get there. I am going to vote against the bill.

Sen. Cook -- I would say there is one reason to pass this bill and that is if we are convinced that it will make understanding a property tax statement easier for the taxpayer. I have not yet become convinced that it is going to make it easier. I think it is going to make it more confusing. Just getting the rate off of the statement, in my mind, is the way to simplify it.

Sen. Triplett -- I'd happy to make the do not pass motion.

Sen. Unruh -- Seconded.

Sen. Cook -- And that is as amended.

Roll call vote on a do not pass on HB1055. 7-0-0. Carrier.

Carrier: Sen. Cook

TD
4/14/15

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1055

Page 1, line 23, after the ninth comma insert "and"

Page 1, line 24, after the first comma insert "subdivision a of subsection 1 of section 57-20-07.1, sections"

Page 1, line 24, remove the second comma

Page 9, line 1, overstrike "~~Mill~~" and insert immediately thereafter "Tax"

Page 26, line 25, overstrike "mill" and insert immediately thereafter "tax"

Page 26, line 26, overstrike "mill" and insert immediately thereafter "tax"

Page 27, line 8, overstrike "mill" and insert immediately thereafter "tax"

Page 58, line 16, replace "sixty" with "thirty"

Page 58, line 22, replace "thirty" with "fifteen"

Page 58, line 27, replace "thirty" with "fifteen"

Page 110, after line 2, insert:

"SECTION 130. AMENDMENT. Subdivision a of subsection 1 of section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

- a. Include a dollar valuation of the true and full value as defined by law of the property and the total ~~mill~~tax levy applicable."

Page 118, line 22, overstrike "total" and insert immediately thereafter "tax rate"

Page 118, line 23, overstrike "ten mills" and insert immediately thereafter "fifty cents per one thousand dollars of taxable valuation of property in the county"

Page 129, line 31, replace "ten" with "five"

Renumber accordingly

Date: 4-14-15Roll Call Vote #: 1

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO HB 1055**

Senate Finance and Taxation Committee☐ SubcommitteeAmendment LC# or Description: 15.0066.05001

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Sen. Unruh Seconded By Sen. Laffen
voice vote aye. Carried

Senators	Yes	No	Senators	Yes	No
Chairman Dwight Cook			Senator Jim Dotzenrod		
Vice Chairman Lonnie Laffen			Senator Connie Triplett		
Senator Brad Bekkedahl					
Senator Dave Oehlke					
Senator Jessica Unruh					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 4-14-15Roll Call Vote #: 2

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1055**

Senate Finance and Taxation Committee☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☒ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
 Other Actions: ☐ Reconsider ☐ _____

Motion Made By Sen. Triplett Seconded By Sen. Unruh

Senators	Yes	No	Senators	Yes	No
Chairman Dwight Cook	✓		Senator Jim Dotzenrod	✓	
Vice Chairman Lonnie Laffen	✓		Senator Connie Triplett	✓	
Senator Brad Bekkedahl	✓				
Senator Dave Oehlke	✓				
Senator Jessica Unruh	✓				

Total (Yes) 7 No 0Absent 0Floor Assignment Sen. Cook

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

REPORT OF STANDING COMMITTEE

HB 1055, as reengrossed: Finance and Taxation Committee (Sen. Cook, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO NOT PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Reengrossed HB 1055 was placed on the Sixth order on the calendar.

Page 1, line 23, after the ninth comma insert "and"

Page 1, line 24, after the first comma insert "subdivision a of subsection 1 of section
57-20-07.1, sections"

Page 1, line 24, remove the second comma

Page 9, line 1, overstrike "**Mill**" and insert immediately thereafter "**Tax**"

Page 26, line 25, overstrike "mill" and insert immediately thereafter "tax"

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Page 118, line 23, overstrike "ten mills" and insert immediately thereafter "fifty cents per one
thousand dollars of taxable valuation of property in the county"

Page 129, line 31, replace "ten" with "five"

Renumber accordingly

2015 TESTIMONY

HB 1055

Some committee members expressed concern regarding the provision requiring site inspections as testimony indicated that most inspections are currently done through use of aerial imagery services. Concern was expressed that physical site inspections may place an unnecessary burden on assessment officials. The committee acknowledged the difficulties in developing a bill draft that would accommodate all of the assessment practices used throughout the state or resolve every concern regarding the application of modifiers. Despite these concerns, the committee determined the revised bill draft would be worth advancing for further consideration during the 2015 legislative session to help assure taxpayers that agricultural property assessments were being arrived at in a fair manner.

Electric Transmission, Distribution, and Generation Company Reports

The committee was informed that a representative of the Tax Department had discovered a deficiency in the statutory rules regarding reporting requirements for electric transmission, distribution, and generation companies. It was discovered that no statutory reporting requirement existed for electric generation company reports for location and rated capacity of wind generators and grid-connected generators within counties. It was suggested the committee consider a bill draft to require these reports at the time transmission and distribution company reports are required to be filed. Upon review of the bill draft, the committee determined the effective date would need to be delayed to 2016 as the legislation would not take effect early enough to require reports in 2015.

Recommendations

The committee recommends Senate Bill No. 2054 to replace existing assessor classifications with a single status of certified assessor. The bill requires all assessors to be certified and imposes the same 180 hours of training requirements for all certified assessors. The training requirements in the bill represent an increase in the amount of training required for township assessors and assessors of cities under a 5,000 person population. The deadline for assessors to receive certification under the new training requirements is 2017 to allow time for assessors to complete additional training. This bill was also reviewed and recommended by the Advisory Commission on Intergovernmental Relations.

The committee recommends House Bill No. 1054 to restrict use of modifiers in agricultural property assessments to those contained in a single schedule of modifiers adopted by the State Supervisor of Assessments. The bill provides that the single schedule of modifiers would be provided to all assessors as well as a copy of guidelines regarding how modifiers must be applied and instructions on how to use available soil survey resources. The bill requires a site inspection be conducted to confirm the existence of any conditions warranting a modification prior to an approved modifier being applied to reduce the soil type valuation of an area.

The committee recommends Senate Bill No. 2055 to provide reporting requirements for electric transmission, distribution, and generation companies. The bill includes requirements for electric generation company reports for location and rated capacity of wind generators and grid-connected generators within counties. The bill requires the reports be filed at the same time transmission and distribution company reports are required to be filed. The reporting requirements take effect starting in 2016. This bill was also reviewed and recommended by the Advisory Commission on Intergovernmental Relations.

TRUE AND FULL VALUE IN DETERMINING PROPERTY TAX RATES STUDY

Senate Concurrent Resolution No. 4030 (2013) directed the committee to study applying property tax rates against true and full value of property.

Background

In recent years, legislators have reported growing frustration among constituents with understanding how property tax bills and rates are determined because of the complexity of the current method of reducing true and full value to a taxable value amount and then applying local property tax mill rates. Due in large measure to these frustrations, Senate Concurrent Resolution No. 4030 (2013) was introduced as a constitutional amendment to revise relevant constitutional provisions to allow the Legislative Assembly to substitute use of the term assessed value for the current method of using the term true and full value to refer to the actual value of property. The measure as introduced would have reduced the constitutional debt limit rates by 50 percent to retain the same amount as a debt limit because the assessed value would have doubled under that change. During committee discussion of the resolution, it was suggested it may be very difficult to explain to voters why this change is needed and the necessity for a constitutional amendment could be avoided. This could be accomplished if the statutory definition of assessed value remains at 50 percent of the market or formula value of property and taxable value is redefined as 90 percent of true and full value for residential property and 100 percent of true and full value for commercial, agricultural, and centrally assessed property. It was suggested this change would allow the current mill rate method to be modified into a method of applying property taxes as a percentage of the full value for most property types. Following the discussion, the resolution was amended into a study resolution to examine the feasibility of making the proposed changes.

#1 p.2

Property Tax Rates Applied Against True and Full Value of Property

Under North Dakota law, property is required to be assessed at its true and full value for property tax purposes. True and full value of agricultural property is determined through an agricultural productivity valuation formula, and other properties are valued through assessment policies designed essentially to determine the current, correct market value of property. The current approach to applying property tax rates against property value was restructured by legislation enacted in 1981. The 1981 restructuring was intended to continue use of mill rates against property values to determine property tax liability.

Article X, Section 15, of the Constitution of North Dakota, provides the debt of any political subdivision may not exceed 5 percent of the assessed value of taxable property in that political subdivision. The constitutional provision also allows voters to approve an increased debt limit for cities and school districts. Because of the constitutional provision, the 1981 restructuring set a statutory definition of assessed value as 50 percent of true and full value to retain approximately the same debt limit for political subdivisions. The 1981 restructuring set the current rate of taxable valuation of commercial, agricultural, and centrally assessed property at 10 percent of assessed value and the taxable valuation of residential property at 9 percent of assessed value. These changes allowed a property tax mill rate of one mill to generate approximately the equivalent amount of property tax revenue as prior to the restructuring.

Testimony and Committee Deliberations

Beginning with the premise that assessed value is 50 percent of true and full value, the committee reviewed an example of property with a \$100,000 true and full value for purpose of illustrating how current law functions. In the case of a residential property with a \$100,000 true and full value, the taxable value would be equal to 9 percent of the property's \$50,000 assessed value, amounting to \$4,500. In the case of a property with a \$100,000 true and full value classified as something other than residential property, the taxable value would be equal to 10 percent of the property's \$50,000 assessed value, amounting to \$5,000. A one-mill tax on the taxable value of residential property would be a tax of \$4.50 and a one-mill tax on the taxable value of other classes of property would be a tax of \$5. Thus, a 300-mill tax on those properties under current law would result in a tax of \$1,350 for residential property and a tax of \$1,500 for other classes of property.

In attempting to eliminate the use of mills in calculating property taxes, the committee considered the desirability of converting a tax rate of one mill against the true and full value of property to a tax rate of .00005 per dollar of taxable valuation. The committee was of the opinion that a conversion undertaken in this manner would not make property tax calculations adequately understandable for taxpayers.

The committee also considered the option of converting a one mill tax rate to its equivalent rate of 5 cents per \$1,000 of taxable valuation if taxable valuation is equal to true and full value for agricultural, commercial, and centrally assessed property and 90 percent of true and full value for residential property. The committee received information indicating a tax rate based on cents per \$1,000 of value has been used in other states. The committee reviewed the following table comparing the current method and the optional method of converting a tax rate of one mill to a tax rate of 5 cents per \$1,000 in taxable value.

	Residential	Agricultural, Commercial, Centrally Assessed
Current Method		
True and full	\$100,000	\$100,000
Assessed	\$50,000	\$50,000
Taxable	\$4,500	\$5,000
One mill tax (.001)	\$4.50	\$5.00
300 mills tax (.3)	\$1,350	\$1,500
Effective tax rate	1.35%	1.5%
Optional Method		
True and full	\$100,000	\$100,000
Taxable	\$90,000	\$100,000
Assessed	\$50,000	\$50,000
One mill equivalent (5 cents per \$1,000) tax	\$4.50	\$5.00
300 mills equivalent (\$15 per \$1,000) tax	\$1,350	\$1,500
Effective tax rate	1.35%	1.5%

In reviewing a bill draft to convert the use of a number of mills for property tax determination into use of a number of cents per \$1,000 of true and full value, the committee learned that effectuating the change would require revisions to a substantial number of statutory sections. To ensure a detailed review of the changes to these sections, the committee received testimony from various interested parties. The committee received testimony from a representative of the North Dakota Auditor's Association who testified in opposition to the bill draft based on the opinion that little benefit would be realized from making the change and it would likely take counties two to three years to fully change over their

current systems. The committee also received testimony from a representative of the North Dakota Association of Counties who found the effective date concerning. Testimony indicated a 2016 effective date would be more acceptable to county officials. A revised bill draft was prepared to take into account effective date concerns.

The committee questioned whether a one mill equivalent of 5 cents per \$1,000 of taxable value was ultimately more user-friendly than a tax rate of one mill. However, the committee found it may be easier for taxpayers to understand a tax rate applied against "actual" value of property than a rate in mills applied against 4.5 or 5 percent of actual value.

Recommendation

The committee recommends House Bill No. 1055 to eliminate the use of mills in calculating property taxes. The bill converts the numerous references within Century Code regarding use of a number of mills for property tax determinations into use of a number of cents per \$1,000 of true and full value. The conversion would be effective starting January 2016.

CONTROLLING GROWTH OF PROPERTY TAX LEVIES STUDY

Section 10 of Senate Bill No. 2036 (2013) directed the committee to study controlling the growth of property tax levies, with emphasis on consideration of whether the level of property tax relief received by taxpayers has been commensurate with the amount of state funds distributed to benefit political subdivisions and provide property tax relief to taxpayers, the additional cost to the state of state assumption of funding for some social service functions previously funded by counties compared to the actual reduction in property taxes passed through to taxpayers in each county, whether voter approval through referral or levy and budget restrictions should play a greater role in local taxing decisions, and the feasibility of establishing more restrictive statutory property tax limits to manage the growth of property taxes.

Background

It is generally recognized that a large portion of the costs of owning and using property arise from property taxes levied by political subdivisions. Historically, property taxes have constituted the primary source of funding for local government services. Property tax relief and reform have been recurring topics of legislation in recent legislative sessions as taxpayers continue to express dissatisfaction with property tax burdens. In the 2013 legislative session, there were four constitutional amendments considered and more than 40 bills relating to property tax issues. In addition, an initiated measure to eliminate imposition of property taxes appeared on the June 2012 statewide primary ballot, which was soundly defeated but which heightened the public debate of local control of property tax levels and policy. In undertaking a study on controlling the growth of property tax levies, the committee reviewed the traditional controls placed on growth of property tax levies, recent legislation impacting property tax levies, data summarizing the total amount of property tax collections, and information compiling the cumulative amount of state assistance provided to political subdivisions.

Traditional Controls on Growth of Property Tax Levies

In studying the growth of property tax levies, the committee reviewed the traditional controls that serve to limit the growth of levies. These controls include state law, governing body self-restraint, and taxpayer and citizen participation. Various restricting factors are found in state law, including constitutional and statutory provisions imposing mill levy limits, voter-approval requirements, and debt limits. In addition, statutory provisions have provided for property tax relief and state assumption of program costs for some local government functions. Governing body self-restraint also serves as a traditional limiter on the growth of property tax levies. Local elected officials are presumed to act in the best interests of the political subdivision and taxpayers. Political considerations relating to being elected or reelected serve to restrain local spending to a level deemed acceptable by the majority of voters. Local elected officials are also taxpayers of the taxing district they serve and do not want an excessive property tax levy any more than other taxpayers. Another limiting factor related to governing body restraint involves taxpayer and citizen participation. Taxpayers subject to property tax tend to voice their preferences to elected officials both through direct communication and by casting votes on ballot measures relating to taxing and spending.

2007 Property Tax Legislation

Following a review of these traditional controls, the committee undertook a broad review of the recent history of property tax reform and relief legislation.

The committee reviewed Senate Bill No. 2032 which was the first legislative venture into direct property tax relief. The bill increased the maximum income for those 65 years of age or older to qualify for the homestead property tax credit from \$14,500 to \$17,500 and increased the maximum amount of property covered by the exemption from \$67,511 to \$75,000 of true and full valuation. The amount of an assessment increase for property which triggers the requirement for written notice to a property owner was reduced from a 15 percent increase to a 10 percent increase. The time the notice of assessment increases must be delivered to property owners was increased from 10 days to 15 days before the meeting date of the local board of equalization. After June 30, 2007, in any school district election

Testimony to the
House Finance and Taxation Committee
January 12, 2015
By the North Dakota Association of Counties
Terry Traynor, Assistant Executive Director

RE: HB1055 – Mills to Cents/\$1000

Mr. Chairman and members of the committee, I am Terry Traynor, assistant executive director of the North Dakota Association of Counties, and I would like to speak on behalf of our county official members in opposition to House Bill 1055.

While county officials recognize and certainly appreciate the goal we understand this bill was introduced to achieve – broader understanding of property taxes by our citizens – county officials do not believe it will do much to achieve that goal and will more likely further confuse the matter, at a significant cost to those very citizens.

I may be mistaken, but I believe this proposal was prompted by a concern that when property taxes are discussed (particularly in the media) there are often comments about “mill rates going down” when, in reality, a particular person’s taxes (in dollars) may actually go up. I want to make it perfectly clear – this proposal does nothing to change that reality. This bill replaces a tax rate expressed in mills (a percentage - 1/1000 of a dollar) with a tax rate expressed as a percentage (cents per dollar) – this bill moves the decimal and changes the name. Be assured that the media will still report “the tax rate was lowered by the county” and in some cases it will still result in the dollars paid by some taxpayers going up.

What this bill does accomplish is the inflation of taxable values by 100% to eliminate the assessed value calculation. On the short term, this is quite confusing and possibly concerning to taxpayers, and on the longer term it makes the difference in tax treatment between residential and other property tax types much more obvious.

I will be followed by someone that is much more knowledgeable in property tax administration that can talk about the specific challenges that this bill will create, but I want to close with the greatest concern of the county commissioners I represent – cost.

It must be admitted, that many (though not all) counties have software maintenance agreements with their tax software providers that require programming changes be made in response to legislative changes. For them, one would say their financial impact would be low, but we don't believe that is the reality. Their annual software maintenance costs are set by how much work it takes and this bill will undoubtedly, eventually, increase those rates for the future – and we don't expect they will go down once they are raised. One might say that it will be easy to move the decimal in the computer and be done – and it may be – but when has a wholesale system change turned out like that? There will need to be reprogramming, system testing, updating of linkages with other valuation and financial systems, and parallel system operation for at least a year. Somebody is going to pay for that technical staff time, and ultimately that somebody is you, me and the rest of the property taxpayers.

Software maintenance is the most direct expense this bill will drive, but the county staff time to explain and re-explain to citizens and other political subdivision staff and boards will also be significant. But now I would like to have one of those that will likely have to explain this if it is enacted, speak to it herself.

Mr. Chairman and committee members, the North Dakota Association of Counties urges a No Not Pass recommendation on HB1055.

Commissioners approve the first reading of budget

Bottineau County Commissioners increase overall budget, but decreases the mill levy while they look to increase property tax by over 5 percent

By Scott Wagar
Bottineau Courant

The Bottineau County Commissioners have approved the preliminary reading of the county's 2015 budget, which calls for a proposed increase in the overall budget from 2014, but a decrease in the levy by almost four mills. However, at the same time the county is holding a special public hearing to increase the 2014 property tax levy by 5.25 percent.

2015 COUNTY BUDGET

According to Lisa Herbel, auditor of Bottineau County, the proposed total budget is \$4,441,448, which is up from 2014 where the total number

was \$4,128,759. Although the total budget is up, mill levies are down in 2015 with 88.49 mills. In 2014, the mill levy was 91.36 mills.

When it comes to the general and special revenue funds, recommend mill levies are down in 2015 compared to 2014. Last year the mill levy was 82.39, for 2015 the mill levy will be at 77.99 mills.

PROPERTY TAX LEVY

Due to a long term flood control plan throughout the Souris River Basin, Bottineau County Commissioners have placed a proposal to increase the 2014 Bottineau

■ BUDGET Continued on 4A

■ BUDGET Continued from 1A

County property tax levy by 5.25 percent, or an additional \$100,000 to the county's budget.

The plan, which was approved by the state legislatures and calls for a two mill increase for joint water boards in Bottineau, McHenry, Renville and Ward counties, along with the city of Minot, to assist these counties in future flood protection from the Souris River.

"The legislature authorized joint water boards to have an additional two mill levy to provide local cost sharing and other local expenses necessary to move our flood control effort forward," said Dave Ashley, chairman of the Souris River Joint Water Resource Board.

Herbel stated that the increase in the overall budget is mainly due to water issues in Bottineau County, but she added it is also due to other expenses.

"The county budget includes the three water boards increased by \$312,652. A lot of the increase has to do with our problem with water in our county. The three water boards are asking for an increase of \$72,050, and we also added \$100,000 for the Souris Basin Joint Water Board," Herbel said.

General operating expenses also have increased as well as wages. A pay study was done by our human resource consultant, Tanya Wieler, and it showed some of our departments have fallen behind in comparison to other like counties. So, in an effort to keep our wages in line,

some positions were granted an increase and there was also 2 percent COLA given to all employees. We have really good hard working people at Bottineau County and we want to keep them.

"The remaining factor for a budget increase has to do with the fact that when our mill levy value increases, budgets increase. For example, last year our mill levy was \$49,000 and this year it's currently sitting at \$54,000," Herbel said.

"The Garrison Project gets one mill so there is an increase of \$5,900 just for the Garrison Project based on the fact that they get one mill. There are other budgets that are tied to set mill levy rates," she continued.

"For example, the farm to market mill levy is 10 mills, and if we don't levy 10 mills, we may lose state and federal funds. The budget has to increase in order to prevent us from losing state funding. I would personally like the legislation to look at a budget dollar amount rather than tying funding to levying a certain number of mills. It

forces us to increase our budgets or leave state money on the table. We will make every effort not to increase mill levies and keep the taxes down, but we also have to be progressive and take care of business at the same time."

Although the commissioners have placed \$100,000 into the budget for their share of the two mills, resident of the county will have a say if the additional money will stay in the budget.

"A public hearing to consider increasing the 2014 Bottineau County property tax levy by 5.25 percent for the general and special revenue funds will be held at the Bottineau County Courthouse Commissioner Room in Bottineau on Sept. 24, 2014, at 6 p.m.," said Herbel.

"Citizens will have the opportunity to present oral and written comments regarding the property tax levy."

Individuals who wish to see the 2015 Bottineau County Budget, can obtain a copy of the proposed 2015 county budget at the auditor's office in the courthouse.

64th Legislative Assembly

House Tax & Finance Committee

Testimony prepared by

Dawn Rhone, Morton County Auditor

January 12th, 2015

Regarding Mills to Cents per \$1,000

Chairman Headland and Committee members,

I'm Morton County Auditor, Dawn Rhone. While I'm not speaking on behalf of the County Auditors, the group at its annual conference voted unanimously opposing the mills to cents per \$1,000. The auditors have studied this and I am in agreement that this provides no significant benefit, but poses considerable risks and costs.

There is a likelihood of numerous errors that may occur while implementing this new tax system which will come at the cost of the taxpayers. The other costs that the taxpayers will be forced to bear will be software programming costs for counties along with educating and training for staff, all while we are diligently trying to lower taxes.

Due to the complexity of the 133 page bill, there will likely be errors in the bill itself that could take years to flush out.

If the Governor's consolidation bill passes along with this bill, that would be two major changes at once which would likely cause even more errors.

As other auditors and I have witnessed, when a taxpayer asks questions and hears an explanation of how taxes are computed using the current system, the taxpayer usually grasps the concept after the short conversation. Therefore, I believe the goal of this bill can be accomplished by educating taxpayers on our current property tax system without dismantling it. After all, the computations are just basic math.

If there is any further assistance I or Donnell Preskey with NDACo, who represents the auditors, can provide on this issue please let either of us know.

HB 1055 – Testimony by Dustin Gawrylow (Lobbyist #244) North Dakota Watchdog Network

Testifying in Support

HB 1055 seeks to replace the mill levy system with a dollar and percentages system.

This is a good first step towards actual property tax reform, and finally moving past the paradigm of shifting local property burdens from local taxpayers to state taxpayers and calling it relief.

As we finally move toward ideas for property tax reform, let me again reiterate the five other ways that property taxes can be reformed. Not necessarily by this bill, but in general.

None of these are new ideas.

Five Property Tax Reforms To Consider

1. Eliminate all discretionary local property tax exemptions, and replace all state-mandated exemptions with a single, flat, universal exemption of at least \$75,000 for every property — residential, commercial, and agricultural.
2. Standardize the property assessment process by putting the state tax department in charge of training and overseeing all property assessments statewide.
3. Eliminate the automatic tax revenue increases created by higher property values. When a local government wants more property tax dollars beyond those created by new construction, they should have to go on the record as raising residents' taxes.
4. End the threat of eviction by prohibiting local and state government from seizing private property from citizens. Instead, use wage garnishment as a means of recovering property taxes owed.
5. Freeze property values for taxation purposes after 18 years of consistent owner-occupancy.

January 19, 2015

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1-19-15
#1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1055

Page 2, line 7, after the semicolon insert "to provide for a recommendation on implementation of a uniform chart of accounts for counties; to provide an appropriation;"

Page 133, after line 11, insert:

"SECTION 157. INTERIM STUDY. During the 2015-16 interim, the North Dakota association of counties may conduct a study of implementation of a system for a uniform chart of accounts for counties to the end that all financial information collected, compiled, and made available to the public by counties be in a uniform format. The study should examine and determine the cost to each county to implement a uniform chart of accounts. The association shall consult and may include in any committee established for this purpose county auditors and other officials, members of the legislative assembly, members of the state auditor's staff, members of the tax commissioner's staff, private practice auditors, and accounting software vendors. The state auditor shall provide technical assistance to the association as requested. The association shall report its finding and recommendations, together with any legislation required to implement the recommendations, by September 1, 2017, to an interim committee designated by the legislative management. Members of any committee established under this section, who are not employed by the state, are eligible for travel and expense reimbursement, as allowed for state officers and employees, from the funds appropriated under section 158 of this Act. State employee members are eligible for travel and expense reimbursement for conducting business of the state, as provided through their employment positions.

SECTION 158. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$50,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of travel and expense reimbursement authorized by section 157 of this Act and for providing grants to counties and cities to offset documented costs of implementing section 1 through 156 of this Act, for the biennium beginning July 1, 2015, and ending June 30, 2017."

Renumber accordingly

Testimony to the
Senate Finance and Taxation Committee
March 23, 2015
By Linda Svihovec, McKenzie County Auditor

RE: HB1055 – Mills to Cents per Dollar Bill

Good Morning Chairman Cook and members of the Senate Finance and Tax Committee. For the record, my name is Linda Svihovec and I am the Auditor for McKenzie County. HB1055 is a bill that attempts to clarify for taxpayers how taxes are calculated by using cents per dollar and percentages of value rather than mill levies applied to taxable valuation. Although I agree that some taxpayers have a difficult time understanding how their taxes are calculated, I am not convinced that this bill accomplishes what it sets out to do.

The North Dakota legislature has made some measureable improvements in the last few sessions to help property owners understand what they are paying for with their property taxes beginning with a Uniform Property Tax Statement, as well as improvements in the notices that are required to be sent if valuations are increased, and under the Truth in Taxation notice, public meetings are required if taxes are going to be increased by any particular political subdivision.

The new Uniform Property Tax Statement provides clear evidence as to what a taxpayer is paying for the current year and the two previous years to each political subdivision. It also shows a 3 year history of property valuation, and yes, a 3 year history of mill levies. The Uniform Property Tax Statement references mill levies in just one place on the statement, while the rest of the tax information on the statement is referenced in dollars. The Uniform Tax Statement also clearly

depicts the amount of legislative tax relief for each of the three years showing both the School District mill levy buy down amount as well as the 12% property tax relief credit. The most meaningful information on the Uniform Statement is most likely the "Net Effective Tax Rate", which is a percentage of tax paid in relation to property value. The net effective tax rate makes it easy to see whether you are paying more taxes per dollar of valuation or less.

1.2
HB 1055
3-23-15

Finally, the improvements made in the Governor's Property Tax Task Force bill in the way of levy consolidation will help streamline and clarify even more so, what taxpayers are paying for. The Governor's 87 page bill is a substantial change and cleanup of the ND property tax system, and it, along with a combined valuation notice for all political subdivisions will greatly alleviate the confusion as to how a change to a property owner's valuation will actually affect their property taxes.

From a County Auditor's perspective, I am greatly concerned that HB1055, in addition to all of the other changes to property tax levies and notice requirements in separate bills, will become an administrative nightmare and an open door for errors and miscalculations as all of this change is implemented over the next two years. We need to give the Governor's Property Tax Task Force bill time to work as well as a couple of more years for taxpayers to adjust to the Uniform Property Tax Statement, to see if we really need to make additional changes to property tax calculation. HB1055 is a drastic deviation from what is familiar to many and I am not convinced it will accomplish what it is intended to do, while creating an unknown expense for counties to make software changes in order to implement the changes in the bill.

Mr. Chairman and committee members, I urge a DO NOT PASS recommendation on HB1055.

2014 McKenzie County Real Estate Tax Statement

Statement No:

6055

1.3
H81055
3-23-15

Parcel Number:
20-25-02500

Jurisdiction
UNORG #4 150-98 SCHAFER

JAMES M & LINDA M SVIHOVEC JT

Physical Location
902 MULLIGAN AVE

Property Description

LOT- 5 BLK-002
ROLLING HILLS ESTATES
1.21 ACRES

2014 TAX BREAKDOWN

Net consolidated tax 2,155.08
Plus: Special assessments
Total tax due 2,155.08
Less: 5% discount (107.75)
if paid by Feb. 17th
Amount due by Feb. 17th 2,047.33

Or pay in two installments (with no discount):

Payment 1: Pay by Mar. 2nd 1,077.54
Payment 2: Pay by Oct. 15th 1,077.54

Legislative tax relief (3-year comparison):

	2012	2013	2014
State school levy reduction	1,091.79	1,268.62	1,059.15
12% state-paid tax credit	.00	266.85	293.87
Total legislative tax relief	1,091.79	1,535.47	1,353.02

Special Assessments

Tax distribution (3-year comparison):

	2012	2013	2014
True and full value	430,340	417,476	417,476
Taxable value	19,365	18,786	18,786
Less: Homestead credit			
Veterans' credit			
Net taxable value	19,365	18,786	18,786
Total mill levy	114.090	118.370	130.360

Taxes By District (in dollars):

	2012	2013	2014
State	19.37	18.79	18.79
County	482.38	323.31	420.05
City/Twp			
School	1,370.27	1,527.11	1,643.78
GARRISON	19.37	18.79	18.79
FIRE DISTR	96.83	93.93	93.93
WIL DISTR	29.05	28.18	28.18
DIST. RD.	192.10	213.60	225.43

Penalty on 1st Installment & Specials
March 3 3%
May 1 6%
July 1 9%
October 15 12%
Penalty on 2nd Installment
October 16 6%

	2012	2013	2014
Consolidated Tax	2,209.37	2,223.71	2,448.95
Less: 12% state-paid credit	.00	266.85	293.87
Net consolidated tax	2,209.37	1,956.86	2,155.08
Net effective tax rate	.51%	.47%	.52%

FOR ASSISTANCE:

Office: McKenzie County Treasurer

Phone: 701-444-3616 ext. 1

Email: treas@co.mckenzie.nd.us

Detach here and mail with your payment

2014 McKenzie County Real Estate Tax Statement

PAID BY ESCROW

Your canceled check is your receipt for your payment
No receipt will be issued.

DUPLICATE

Parcel Number: 20-25-02500 MP # 4348
Statement Number: 6055 Taxpayer # 4348

Total tax due 2,155.08
Less: 5% discount (107.75)
Amount due by Feb. 17th 2,047.33

Or pay in two installments (with no discount):

Payment 1: Pay by Mar. 2nd 1,077.54
Payment 2: Pay by Oct. 15th 1,077.54

MAKE CHECK PAYABLE TO:

MCKENZIE COUNTY TREASURER
201 5TH ST NW, SUITE 504
WATFORD CITY, ND 58854

JAMES M & LINDA M SVIHOVEC JT
PO BOX 1181
WATFORD CITY ND 58854

2014 McKenzie County Real Estate Tax Statement

Statement No:

6055

1.A
HB 1055
3.23.15

Parcel Number:
20-25-02500

Jurisdiction
UNORG #4 150-98 SCHAFER

JAMES M & LINDA M SVIHOVEC JT

Physical Location
902 MULLIGAN AVE

Property Description

LOT- 5 BLK-002
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1.21 ACRES

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Less: Homestead credit: Veterans' credit			
Net taxable value	19,365	18,786	18,786
Total mill levy	114.090	118.370	130.360

Taxes By District (in dollars):

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City/Twp			
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FIRE DISTR	96.83	93.93	93.93
WIL DISTR	29.05	28.18	28.18
UNST. RD.	192.10	213.60	225.43

Special Assessments

Penalty on 1st Installment & Specials	
March 3	3%
May 1	6%
July 1	9%
October 15	12%
Penalty on 2nd Installment	
October 16	6%

Consolidated Tax	2,209.37	2,223.71	2,448.95
Less: 12% state-paid credit	.00	266.85	293.87
Net consolidated tax	2,209.37	1,956.86	2,155.08
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Detach here and mail with your payment

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Your canceled check is your receipt for your payment
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MAKE CHECK PAYABLE TO:

MCKENZIE COUNTY TREASURER
201 5TH ST NW, SUITE 504
WATFORD CITY, ND 58854

JAMES M & LINDA M SVIHOVEC JT
PO BOX 1181
WATFORD CITY ND 58854

2.
3.23.15

March 20, 2015

RE: Second Engrossment Reengrossed House Bill 1055

Mr. Chairman and members of the Finance and Taxation Committee:

There are a few issues with House Bill 1055 I would like to point out today. I have reviewed all the calculations in this bill and I found a few errors:

Page 58, line 16 - should be 30% not 60%, unless the intention was to double the tax on centrally assessed wind turbine electric generators. See calculation below:

Current		New	
100,000	T&F	100,000	T&F
0.5			
<hr/>			
50,000	Assessed		
<u>3.00%</u>		<u>30.00%</u>	
1,500	TV	30,000	TV
0.35000	Mills	0.0175	Cents
<hr/>		<hr/>	
\$525		\$525	

Page 58, line 27 – should be 15% not 30%, here again, unless the intention was to double the tax. See calculation below:

Current		New	
100,000	T&F	100,000	T&F
0.5			
<hr/>			
50,000	Assessed		
<u>1.50%</u>		<u>15.00%</u>	
750	TV	15,000	TV
0.35000	Mills	0.0175	Cents
<hr/>		<hr/>	
\$262.90		\$262.50	

Page 129, line 31 should be five cents instead of ten, because it is currently one mill.

Page 26, line 25 and 26 refers to mills.

NDCC 57-15-01.1 is missing from HB 1055, this section refers to mills and conflicts with Section 83 of the bill. NDCC 57-06-09 is also missing; this section is a delinquent penalty for public

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utilities which is imposed by increasing **assessed value**. It would be difficult to impose the penalty if assessed value is eliminated. There may be other references in the Century Code that have been missed.

I have calculated my property tax bill based on this bill. I believe the taxpayer would be very confused by this bill. I would pay 17.6060 cents per \$1,000 valuation, my taxable valuation would be \$216,450, which would be 216.45 \$1000's of taxable value times 17.6060 cents per \$1000 or \$3,810.82, before the 12% state paid credit. Currently I am taxed at 352.12 mills which is .35212 cents per every taxable value dollar. I do not think the taxpayer will view this as a positive change. See calculation below.

	Current	New law		
True and Full Value	240,500	240,500		
Assessed Value	\$120,250			
Taxable Value				
Current law	\$10,823			
New law		\$216,450		
\$1,000's of taxable value		216.45		
Levy	Mills	Cents per \$1,000 of valuation	Tax \$ Old Law	Tax \$ New Law
County	108.35	5.4175	1,172.62	1,172.62
State Medical/Garrison	2.00	.10000	21.65	21.65
Soil Conservation	0.85	.0425	9.20	9.20
Grand Forks City	103.06	5.1530	1,115.37	1,115.37
Park District	40.50	2.0250	438.31	438.31
School District	97.36	4.8680	1,053.68	1,053.68
	352.12	17.6060	3,810.82	3,810.82

I am sure I have not found all the errors, the potential is great for missing something and I do not feel this would benefit the taxpayers. It also would be challenge to reprogram, test and implement the changes "for taxable years beginning after December 31, 2015" as required by the bill. For these reasons, I would encourage a **DO NOT PASS** on HB1055.

Thank you for your time.

Sincerely,

Debbie Nelson
Finance and Tax Director

Testimony to the
Senate Finance and Taxation Committee
 March 23, 2015
 By the North Dakota Association of Counties
 Terry Traynor, Assistant Executive Director

RE: Reengrossed House Bill 1055 – Mills to Cents/\$1000

Mr. Chairman and members of the committee, I am Terry Traynor, assistant executive director of the North Dakota Association of Counties, and I would like to speak on behalf of our county official members in opposition to Reeingrossed House Bill 1055.

While county officials recognize and certainly appreciate the goal we understand this bill was introduced to achieve – a broader understanding of property taxes by our citizens – county officials do not believe it will do much to achieve that goal and may further confuse the matter, at an increased cost to those very citizens.

I may be mistaken, but I believe this proposal was prompted by a concern that when property taxes are discussed (particularly in the media) there are often comments about “mills going down” when, in reality, a particular person’s taxes (in dollars) may actually

**Commissioners
 approve the first
 reading of budget**

Bottineau County Commissioners
increase overall budget, but decreases
the mill levy while they look to increase
property tax by over 5 percent

By Scott Wagar
 Bottineau Courant

go up. I want to make it perfectly clear – this proposal does nothing to change that reality. This bill replaces a tax rate expressed in mills (a percentage - 1/1000 of a dollar) with a tax rate expressed as a percentage (cents per \$1000) – this bill only moves the decimal and changes the name. Be assured that the media will still report “the tax rate was lowered by the county” and in some cases it will still result in the dollars paid by some taxpayers going up.

What this bill does accomplish is the inflation of taxable values by 100% to eliminate the assessed value calculation. On the short term, this is quite confusing and possibly concerning to taxpayers because of the way it necessarily must show up on the tax statement. On the longer term it makes the difference in tax treatment between residential and other property tax types much more obvious. It also will create a further

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confusion with the “effective tax rate” recently added to the standard property tax statement, as it will be a different relationship to property value because the effective tax rate is calculated after the state property tax reduction. We have attached a mockup (A) of what this tax statement might look like on one particular vendor’s tax system.

If the goal is simply to communicate to taxpayers a different relationship of their tax to their property value, this can easily be done by specifying how it is desired on the face of the statement – as this programmer has done. Restructuring the entire tax system for that goal seems to county officials to be recipe for mistakes and taxation errors.

A previous testifier has already identified several items that have come to light since the first hearing on this bill. Including:

- Page 26, lines 25 & 26, we see two “left-over” references to “mills”.
- Page 58, we find the apparent miscalculation of wind facility taxable value – essentially doubling their value (Line 16 and line 27), and their taxes.
- Page 129, there is a tax rate error, doubling the tax levy for the Garrison Diversion District.

Additionally, county officials have identified 14 sections of Century Code not currently in the bill that contain references to assessed value or mills that they feel would likely need to be amended to be consistent. Copies of these sections have been attached at the end of this testimony. While most aren’t of serious concern, several may be. The delinquent penalty for public utilities on 57-06-09 is imposed by increasing their assessed value; but since the assessed value isn’t part of the utilities tax calculation, it appears that it may be difficult to impose.

More concerning for the counties is the omission of 57-20-07.1, as this impacts the county’s tax statement and how the school district funding is addressed. Leaving this out of the bill appears to create a conflict with the amendments made to 57-15-01.1.

County officials do recognize that Section 156 of the bill provides the Legislative Council broad latitude to make such corrections to statutes that may be omitted or miscalculated, however state law does not give that latitude to the 2,500+ independent taxing authorities that may make similar miscalculations. Their miscalculations however, can result in a school district under levying to the detriment of their students, or a township over levying to the detriment of their taxpayers.

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Some members of this committee are well aware of what happens then – they become legislative matters. I have attached the results of two of the most recent situations (B & C). This happens (rarely) now, when officials have been using mills for more than a century. Local officials expect these situations to be much more frequent if this bill passes – at least for the first several years. As the excerpts from the most recent in a long line of Attorney General’s opinion reiterate (below), once certified, neither that governing body nor the county auditor can change a tax levy. So as you can see from the attachments, the Legislature had to address those miscalculations in separate bills. County officials anticipate a significant uptick in legislation if this bill passes.

LETTER OPINION (Excerpts)

2014-L-10

July 11, 2014

Mr. Ladd R. Erickson, McLean County State’s Attorney

“Can a county auditor correct clerical or human errors in political subdivision tax levy submissions under NDCC § 57-15-31.1 if those corrections increase the property tax levy?” Similarly, you ask, “In other words, is there a difference between a statutorily prohibited increase in a property tax levy after October 10th, and a correction of a property tax levy that was mistakenly conveyed to the county auditor wherein an auditor could determine that a mistake occurred by reviewing the school board minutes or other evidence?” Finally, you ask, “Does Attorney General Wefald’s opinion forbidding property tax levy changes extend beyond prohibited policy type tax levy amendments to the correction of human errors to avoid absurd or illogical results?”

“It is my opinion the law and precedent are clear that a school district’s property tax levy may not be amended after the October tenth deadline found in N.D.C.C. § 57-15-31.1 regardless of whether the previous levy was made in error.”

From the county commissioners’ perspective, one serious concern with this bill is the potential for cost increases. It must be admitted, that some (though certainly not all) counties have software maintenance agreements that require programming changes be made in response to legislative changes. Some of these however have “hour limits” for such programming changes, after which it becomes a direct bill. For those with such agreements, one would say their financial impact would be low, but we don’t believe that is the reality. Their annual software maintenance costs are set by how much work it takes and this bill will undoubtedly, eventually, increase those rates for the future – and we don’t expect they will go down once they are raised. One might say that it will be easy to move the decimal in the computer and be done – but when has a wholesale system change turned out like that? One vendor provided the following response when queried about the level of effort to adjust their software for HB1055.

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3.23.15

Minimum of 15-20 programs and several files would have to be changed wherever a mill is displayed and stored, plus the calculation of those math issues.
Not to mention several reports, statements (tax dollar share calculations) would all be different, etc etc etc
Homestead Credit would be differententered as taxable and calculated
Vets Credit would be differententered as T&F now
Plus those reports
NOT to mention all the web-site import/export issues.

Clearly, there will need for extensive reprogramming, system testing, updating of linkages with other valuation and financial systems, and parallel system operation for at least a year. Somebody is going to pay for that technical staff time, and ultimately that somebody is you, me and the rest of the property taxpayers.

Software maintenance is the most direct expense this bill will drive, but the county staff time for testing and to explain and re-explain to citizens and other political subdivision staff and boards will also be significant.

The final point I wish to address is timing. An effective date of "*taxable years beginning after December 31, 2015*" is unrealistic on its own. With the anticipated implementation of SB2144 by virtually every taxing district except schools, the time frame becomes horrifying to local officials.

And my final, final point is the study section added in the House, for which the funding was ultimately removed. The study is almost completely unrelated to this (tax calculation) bill, and has a rather unique and odd design. While several county officials agree with the concept of a structured study of a more unified chart of accounts, possibly utilizing the newly proposed ACIR structure would be more appropriate.

Mr. Chairman and committee members, the North Dakota Association of Counties urges a Do Not Pass recommendation on Reengrossed HB1055.

3.5
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3.23.15 A

2015 DAKOTA TEST CNTY REAL ESTATE TAX STATEMENT

Parcel Number 01-0000-00010-000
Jurisdiction DAKOTA-01 TOWNSHIP

Statement No: 30

2014 TAX BREAKDOWN

Physical Location
123 102 MAIN NW KELLY STREET 0144030000
Lot: 9 Blk: 14 Sec: 18 Twp: 136 Rng: 48
Addition: KELLY ADDITION Acres: 40.00

Net consolidated tax 3,047.56
Plus: Special assessments
Total tax due 3,047.56
Less: 5% discount,
if paid by Feb. 15th 152.38
Amount due by Feb. 15th 2,895.18

Statement Name
ADDRESSEE, STATEMENT

Legal Description
E1/2 OF E1/2 OF SW1/4 18 136 48

Or pay in 2 installments (with no discount)
Payment 1: Pay by Mar. 1st 1,523.78
Payment 2: Pay by Oct. 15th 1,523.78
• PRIOR YRS ALSO DUE

Legislative tax relief

	2013	2014	2015
13-year comparison):			
School levy reduction	717.23	731.78	1,433.75
12% state-pd tax credit		477.77	415.58 SPC#
Total tax relief->	717.23	1,209.47	1,849.33

Special assessments:
AMOUNT DESCRIPTION

Tax distribution

	2013	2014	2015
13-year comparison):			
True and full value	212,500	216,800	229,400
Taxable value	9,563	9,756	229,400

Less: Homestead credit
Veteran's credit

Net taxable value-> 9,563 9,756 229,400

Total Tax per \$1000 301.93 301.93 15.10

ESCROW COMPANY NAME:
FIRST BANK OF ND

Taxes By District (in dollars):

	2013	2014	2015
COUNTY	1,973.44	1,772.93	1,542.14
TWSP/CITY	475.56	427.24	371.63
SCHOOL (reduction)	1,849.41	1,661.51	1,445.22
FIRE	118.60	106.55	92.68
STATE	14.68	13.19	11.47
OTHER1			
OTHER2			

NOTE:

5 lines of county "note"

Consolidated tax 4,431.69 3,981.42 3,463.14
Less: 12% state-pd credit 477.77 415.58

Net consolidated tax-> 4,431.69 3,503.65 3,047.56

Net effective tax rate-> 2.09% 1.62% 1.33%

FOR ASSISTANCE, CONTACT:
DAKOTA TAX COUNTY
9999 Main Ave
Best City, ND 12345
701-999-8899
www.bestcity.gov

[Detach here and mail with your payment]

2014 DAKOTA TEST CNTY REAL ESTATE TAX STATEMENT

• PRIOR YRS ALSO DUE

Your canceled check is your receipt for your payment.
No receipt will be issued.

Total tax due 3,047.56
Less: 5% discount 152.38

Parcel Number: 01-0000-00010-000
Statement Number: 30
District: 0144030000 Acres: 40.00

Amount due by Feb. 15th 2,895.18

Or pay in 2 installments (with no discount)
Payment 1: Pay by Mar. 1st 1,523.78
Payment 2: Pay by Oct. 15th 1,523.78

ADDRESSEE, STATEMENT
MAILING ADDRESS-1
MAILING ADDRESS-2
CITY - STATE - ZIP

MAKE CHECK PAYABLE TO:
DAKOTA TAX COUNTY
9999 Main Ave
Best City, ND 12345
701-999-8899
www.bestcity.gov

TOTAL TAX DUE IF PAID BY FEBRUARY 15th...ADDRESSEE, STATEMENT

--> 2,895.18

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B

**Sixty-first Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 6, 2009**

HOUSE BILL NO. 1505
(Representatives Conrad, Pinkerton, Wolf)
(Senator Horne)

AN ACT to create and enact a new section to chapter 57-15 of the North Dakota Century Code, relating to relevy by a township of property taxes omitted by mistake; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

(Effective through December 31, 2013) Mistake in township levy - Levy increase in later year - Levy reverts.

1. Notwithstanding section 57-15-01.1, 57-15-19, 57-15-19.4, or 57-15-19.6, if a mistake occurred in the 2008 tax year which resulted in a reduction of the amount intended and approved to be levied by a township, as of the October tenth deadline under section 57-15-31.1, not being levied and the mistake has been brought to the attention of the county auditor by February 1, 2009, the township may include the amount that was mistakenly not levied in the township's levy for a single tax year, or spread among one or more tax years, in tax years 2009 through 2013.
2. If the resulting levy for the tax year exceeds limitations otherwise established by law, the township need not comply with chapter 57-17.
3. After a tax year in which a township's levy increase authority under this section is exhausted, the township's levy must revert to the levy as it would have been determined without application of this section, plus any increase authorized by law or the township may elect to apply subsection 5 to determine its levy limitation.
4. Before any taxable year may be used as a "base year" under section 57-15-01.1, any amount included in that taxable year's levy under this section must be deducted.
5. A township that uses this section to determine its levy may use the amount it intended to levy in the 2008 tax year as its "base year" under section 57-15-01.1.

SECTION 2. EFFECTIVE DATE - EXPIRATION DATE. This Act is effective for taxable years beginning after December 31, 2008, and before January 1, 2014, and is thereafter in

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**Sixtieth Legislative Assembly of North Dakota
In Regular Session Commencing Wednesday, January 3, 2007**

HOUSE BILL NO. 1312
(Representatives Conrad, Wolf)
(Senator Horne)

AN ACT to create and enact section 57-15-63.1 of the North Dakota Century Code, relating to relevy by a school district of property taxes omitted by mistake; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-15-63.1 of the North Dakota Century Code is created and enacted as follows:

57-15-63.1. (Effective through December 31, 2011) Mistake in levy - Levy increase in later year - Levy reverts.

1. Notwithstanding sections 57-15-01.1 and 57-15-14, if a mistake occurred in the 2006 tax year which resulted in a reduction of twenty mills or more in the amount a school district intended to be levied, as of the October tenth deadline under section 57-15-31.1, not being levied and the mistake has been brought to the attention of the county auditor or county treasurer of any county with land in the school district by February 1, 2007, the taxing district may include the amount that was mistakenly not levied in the taxing district's budget and general fund levy for a single tax year, or spread among one or more tax years, in tax years 2007 through 2011.
2. If the resulting general fund levy for the tax year is above one hundred eighty-five mills, the taxing district need not comply with chapter 57-16.
3. After a tax year in which a taxing district's levy increase authority under this section is exhausted, the taxing district's general fund levy must revert to the general fund levy as it would have been determined without application of this section, plus any increase authorized by law or the taxing district may elect to apply subsection 5 to determine its general fund levy limitation.
4. Before any taxable year may be used as a "base year" under section 57-15-01.1 or a "prior school year" under section 57-15-14 and before any taxable year may be used as a basis for allocation of funds among school districts, any amount included in that taxable year's levy under this section must be deducted.
5. A school district that uses this section to determine its general fund levy may use the amount it intended to levy in the 2006 tax year as its "base year" under section 57-15-01.1 or as its "prior school year" under section 57-15-14.
6. In any allocation of funds among school districts in which the school district mill rate or levy in dollars is used, the 2006 tax year mill rate and levy in dollars for a school district eligible for a levy increase under this section must be replaced by the mill rate and levy in dollars that would have been levied without the mistake and the 2007 through 2011 tax year mill rates and levies in dollars for a school district applying a levy increase under this section must be reduced to the amount of the mill rate and levy in dollars without the levy increase under this section. The school district shall notify the tax commissioner and superintendent of public instruction of the amount the correct 2006 tax year mill rate and levy in dollars would have been.

SECTION 2. EFFECTIVE DATE - EXPIRATION DATE. This Act is effective for taxable years beginning after December 31, 2006, and before January 1, 2012, and is thereafter ineffective.

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NDCC Sections Not Included in Reengrossed HB1055

57-06-09. Penalty for failure to furnish report.

If any company refuses or neglects to make the report required by this chapter or refuses or neglects to furnish any information requested, the tax commissioner shall obtain the best information available on the facts necessary to be known in order to discharge the tax commissioner's duties with respect to the valuation and assessment of the property of the company. If any company fails to make the report required under this chapter on or before the first day of May of any year, the state board of equalization shall add ten percent to the assessed value of the property of the company for that year, but the tax commissioner, upon written application received on or before the first day of May, may grant an extension of time through the first day of June to file the required report. If any company fails to make the report required under this chapter on or before the first day of July of any year, the state board of equalization shall add an additional ten percent to the assessed value of the property of the company for that year. On or before the fifteenth day of July, for good cause shown, the tax commissioner may waive all or any part of the penalty that attached under this section.

57-09-06. Assessor's statement and return to auditor.

The assessor shall add and note the amount of each column in the assessor's assessment books after making the corrections ordered by the township board of equalization. The assessor also shall make in each book a tabular statement showing the footings of the several columns upon the page and shall add and set down under the respective headings the total amount of the several columns. On or before the fourth Monday in April in each year, the assessor shall make returns to the county auditor of the assessment books, and shall deliver the lists and statements of all persons assessed, all of which must be filed and preserved in the office of the county auditor. The returns must be verified by the assessor's affidavit substantially in the following form:

STATE OF NORTH DAKOTA

Page No. 1

County of _____)

I, _____, assessor of _____, swear that the book to which this is attached contains a full list of all property subject to taxation in _____ so far as I have been able to ascertain, and that the assessed value set down in the columns opposite the several kinds and descriptions of property in each case is fifty percent of the true and full value of the property, to the best of my knowledge and belief, except where and as corrected by the township board of equalization, and that the footings of the several columns in the book, and the tabular statement returned herewith, are correct, as I verily believe.

Assessor

Subscribed and sworn to before me on _____, _____.

Auditor of _____

11-11.1-05. Organization of authorities -- Temporary mill levy.

During 1985 only, the board of county commissioners of a county in which a job development authority has been formed shall levy and collect a tax of one mill on the dollar of taxable valuation of property in the county, and shall make payment of the amount collected to the board of directors of the job development authority which may expend the funds as provided in

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sections 11-11.1-02 and 11-11.1-03. Expense reimbursement of board members for meetings held before receipt of tax levy funds shall be made after the funds are received.

40-51.2-03. Annexation by petition of owners and electors.

Upon a written petition signed by not less than three-fourths of the qualified electors or by the owners of **not less than three-fourths in assessed value** of the property in any territory contiguous or adjacent to any incorporated municipality and not embraced within the limits thereof, the governing body of the municipality, by ordinance, may annex such territory to the municipality.

40-02-05. Petition for incorporation -- Contents -- Census and survey to accompany -- Hearing -- Notice.

A petition for the incorporation of a municipality under this chapter shall be addressed to the board of county commissioners of the county in which the proposed municipality is located and if such municipality is located in more than one county, to the board of county commissioners of the county wherein the greater part of the territory is situated, and shall be signed by not less than one-third of the qualified electors residing within the territory described in such petition, and by the owners of **not less than fifty percent in assessed value** of the property located within the territory described in such petition.

40-51.2-04. Exclusion by petition of owners and electors.

Upon a petition signed by not less than three-fourths of the qualified electors and by the owners of not less **than three-fourths in assessed value** of the property in any territory within the limits of an incorporated municipality and contiguous or adjacent to such limits, the governing body of the municipality, by ordinance, may in its discretion, disconnect and exclude such territory from the municipality. This section, however, applies only to lands that have not been platted under either sections 40-50.1-01 through 40-50.1-17 or section 57-02-39, and where no municipal improvements have been made or constructed therein or adjacent thereto. Further, in the event any property for which exclusion is petitioned has been within the limits of an incorporated municipality for more than ten years prior thereto and, as of the time of filing the petition, is not platted and has no municipal improvements thereon, the governing body of the municipality may disconnect and exclude such territory by ordinance from the municipality.

57-02.2-03. Tax exemption for improvements to commercial and residential buildings and structures - Property owner's certificate.

Improvements to commercial and residential buildings and structures as defined in this chapter may be exempt from assessment and taxation for up to five years from the date of commencement of making the improvements, if the exemption is approved by the governing body of the city, for property within city limits, or the governing body of the county, for property outside city limits. The governing body of the city or county may limit or impose conditions upon exemptions under this section, including limitations on the time during which an exemption is allowed. A resolution adopted by the governing body of the city or county under this section may be rescinded or amended at any time. The exemption provided by this chapter shall apply only to that part of the valuation resulting from the improvements which is over and above the **assessed valuation**, exclusive of the land, placed upon the building or structure for the last assessment period immediately preceding the date of commencement of the improvements. Any person, corporation, limited liability company, association, or organization owning real property and seeking an exemption under this chapter shall file with the assessor a certificate setting out the facts upon which the claim for exemption is based. The assessor shall determine whether the improvements qualify for the exemption based on the resolution of the governing body of the city or county, and if the assessor determines that the exemption should apply, upon

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approval of the governing body, the exemption is valid for the prescribed period and shall not terminate upon the sale or exchange of the property but shall be transferable to subsequent owners. If the certificate is not filed as herein provided, the assessor shall regard the improvements as nonexempt and shall assess them as such.

57-02-34. When and how assessment made.

The assessor shall perform the duties required of the office during the twelve-month period prior to April first in the manner provided in this section. The assessor shall determine both the true and full value as defined by law and the assessed value of each tract or lot of real property listed for taxation, and shall enter those values in separate columns, and the true and full value and assessed value of all improvements and structures taxable thereon in separate columns, opposite such description of property, and in another column shall show the total assessed value of the property by adding the totals of the two previous assessed value columns..

57-11-03. Duties of board - Limitation on increase - Notice.

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the assessed valuation thereof as is reasonable and just to render taxation uniform, except that the valuation of any property returned by the assessor may not be increased more than twenty-five percent without first giving the owner or the owner's agent notice of the intention of the board to increase it. The notice must state the time when the board will be in session to act upon the matter and must be given by personal notice served upon the owner or the owner's agent or by leaving a copy at the owner's last-known place of residence.

57-13-04. General duties and powers of board.

The state board of equalization shall equalize the valuation and assessment of property throughout the state, and has power to equalize the assessment, classification, and exemption status of property in this state between assessment districts of the same county, and between the different counties of the state. It shall:

1. Equalize the assessment of real property by adding to the aggregate value thereof in any assessment district in a county and in every county in the state in which the board may believe the valuation too low, such percentage rate as will raise the same to its proper value as provided by law, and by deducting from the aggregate assessed value thereof, in any assessment district in a county and every county in the state in which the board may believe the value too high, such percentage as will reduce the same to its proper value as provided by law. City lots must be equalized in the manner provided for equalizing other real property.
2. In making such equalization, add to or deduct from the aggregate assessed valuation of lands and city lots such percentage as may be deemed by the board to be equitable and just, but in all cases of addition to or deduction from the assessed valuation of any class of property in the several assessment districts in each county and in the several counties of the state, or throughout the state, the percentage rate of addition or deduction must be even and not fractional.

57-14-04. Board of county commissioners to hear complaints and equalize.

The board of county commissioners, at its regular meeting next after the assessment of any omitted property, shall hear all grievances and complaints thereon, and then shall proceed to review and equalize any such assessment so as to harmonize it with the equalized assessed value of other like property.

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57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. The tax statement must:
 - a. Include a dollar valuation of the true and full value as defined by law of the property and the **total mill levy applicable**.
 - b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.
 - c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 15.1-27 and under section 57-20-07.2. For purposes of this subdivision, legislative tax relief is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by **the number of mills of mill levy reduction grant** under chapter 57-64 for the 2012 taxable year **plus the number of mills** determined by subtracting from the 2012 **taxable year mill rate** of the school district in which the parcel is located the lesser of:
 - (1) Fifty mills; or
 - (2) The 2012 taxable year mill rate of the school district minus **sixty mills**.
2. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

57-22-21.1. Immediate assessment of personal property taxes.

It is the duty of the assessor, upon discovery of any personal property in the county, belonging to transients or nonresidents, the taxes upon which cannot in the assessor's opinion be made a lien upon sufficient real property, or upon discovery of personal property within the county belonging to a resident of this state but normally located in another state or province, to secure the payment of such taxes, as provided in section 57-22-21, to immediately, and in any event not more than five days thereafter, make a report to the treasurer, setting forth the nature, kind, description, and character of such property, in such a definite manner that the treasurer can identify the same, and the amount **and assessed valuation of such property**, where the same is located, and the name and address of the owner, claimant, or other person in possession of the same.

57-25-02. Appeal to board of county commissioners.

If any interested person is dissatisfied with the determination of the county auditor as provided in section 57-25-01, the person, within five days after such hearing and determination, shall file with the auditor a written request that the matter be considered by the board of county commissioners. The county auditor thereupon shall give notice, by certified mail, to all persons

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having an interest of record in such land, of the date when the matter will be heard by the board. Such date may not be less than ten days after the mailing of such notice. The hearing must be held at the next regular meeting of the board of county commissioners after said ten-day period has expired. Upon the date fixed, the board of county commissioners shall hear the parties interested and shall make a division of the assessed valuation of the tract of land in question and shall apportion the taxes thereon as said board deems fair and equitable.

ARTICLE X FINANCE AND PUBLIC DEBT

Section 10.

1. Upon the adoption of this amendment to the Constitution of the State of North Dakota there shall be annually levied by the state of North Dakota one mill upon all of the taxable property within the state of North Dakota which, when collected, shall be covered into the state treasury of the state of North Dakota and placed to the credit of the North Dakota state medical center at the university of North Dakota; said fund shall be expended as the legislature shall direct for the development and maintenance necessary to the efficient operation of the said North Dakota state medical center.
2. This amendment shall be self-executing, but legislation may be enacted to facilitate its operation.

2014 Best County Real Estate Tax Statement

Statement No : 1326

Parcel Number
00-99-138-82-97-234

Jurisdiction

Owner
I.M. Owner

Physical Location
9999 43rd Street
Best City, ND 00000

Legal Description

Best Addition
Norwest x Norwest
Lot A-Z

Legislative tax relief

(3-year comparison):

	2012	2013	2014
State school levy reduction	717.22	731.70	1,290.37
12% state-paid tax credit	0	477.77	455.51
Total legislative tax relief	<u>717.22</u>	<u>1,209.47</u>	<u>1,745.88</u>

Tax distribution (3-year comparison):

	2012	2013	2014
True and full value	212,500	216,800	229,400
Taxable value	9,563	9,756	206,460
Less: Homestead credit	0	0	0
Veterans' credit	0	0	0
Net taxable value	<u>9,563</u>	<u>9,756</u>	<u>206,460</u>
Total mill levy	<u>463.23</u>	<u>408.10</u>	
Total tax rate			<u>18.385*</u>

* Cents per \$1,000 of taxable valuation

Taxes By District (in dollars):

County	1,259.91	1,118.92	1,113.96
City/Township	1,185.27	1,071.99	1,138.11
Park	434.47	398.92	424.38
School (after state reduction)	1,514.00	1,357.05	1,085.36
Other 1	21.74	19.51	13.42
Other 2	16.30	14.63	20.65

Consolidated tax	4,431.96	3,981.42	3,795.88
Less: 12% state-paid tax credit	0	477.77	455.51
Net consolidated tax	<u>4,431.96</u>	<u>3,503.65</u>	<u>3,340.37</u>
Net effective tax rate	<u>2.09%</u>	<u>1.62%</u>	<u>1.46%</u>

2014 TAX BREAKDOWN

Net consolidated tax	3,340.37
Plus: Special assessments	0
Total tax due	<u>3,340.37</u>
Less: 5% discount, if paid by Feb. 15th	<u>167.02</u>
Amount due by Feb. 15th	<u><u>3,173.35</u></u>

Or pay in two installments (with no discount):

Payment 1: Pay by Mar. 1st	1,670.19
Payment 2: Pay by Oct. 15th	1,670.18

Special assessments:

Principal	0
Interest	0
Installment payment due	0
Remaining balance due	0

FOR ASSISTANCE, CONTACT:

Office: Best County Treasurer
9999 Main Ave, Best City, ND
Phone: 701.999.999
Website: www.bestcity.gov

▲ Detach here and mail with your payment ▲

2014 Best County Real Estate Tax Statement

Your canceled check is your receipt for your payment.
No receipt will be issued.

Parcel Number : 00-99-138-82-97-234
Statement Number : 1326

ADDRESSEE
MAILING ADDRESS
CITY, STATE, ZIP

Optional barcode area

Total tax due	3,340.37
Less: 5% discount	<u>167.02</u>
Amount due by Feb. 15th	<u><u>3,173.35</u></u>

Or pay in two installments (with no discount):

Payment 1: Pay by Mar. 1st	1,670.19
Payment 2: Pay by Oct. 15th	1,670.18

MAKE CHECK PAYABLE TO:

Best County Treasurer
Mailing Address
City, State, ZIP
Phone: 701.999.9999



Hennepin County

A-600 Government Center
300 S. Sixth Street
Minneapolis, MN 55487-0060
612-348-3011 www.hennepin.us

Proposed levies & taxes

2014 values for taxes payable in 2015

2015

VERMONT AVENUE LLC
801 WASHINGTON AVE N #120
MINNEAPOLIS MN 55401-4102

THIS IS NOT A BILL — DO NOT PAY

Property ID NO: 22-029-24 21 0114
801 WASHINGTON AVE N 120

Property taxes statement schedule

1

Value & classification

TAX YEAR PAYABLE	2014	2015
CLASS:	COM PREFERRED	COM PREFERRED

Estimated Market Value:	\$330,000	\$330,000
Homestead Exclusion:	\$0	\$0
Other Exclusion/Deferral:	\$0	\$0
Taxable Mkt Value:	\$330,000	\$330,000

Step 2

Proposed levies & taxes

2014 TAX	\$13,081.07
2015 PROPOSED	\$12,519.79
Percent change	-4.3%

Now is the time to provide feedback on proposed levies.
It is too late to appeal your value or classification without going to Tax Court.

3

Property tax statement

Coming March 2015, due May 15, 2015 and Oct 15, 2015

Addresses for correspondence	Actual 2014	Proposed 2015	Meeting date & location
Hennepin County A2400 Government Center Minneapolis MN 55487 612-348-3011	\$2,042.56	\$1,921.04	Dec 2, 2014 6:00 PM Commissioner Board Room A2400 Government Center Minneapolis MN 55487
City of Minneapolis Park Board: Remainder of City Tax: Budget Director Room 325M City Hall Minneapolis MN 55415 311	\$528.08 \$2,428.41	\$499.95 \$2,234.55	Dec 10, 2014 6:05 PM Room 317 City Hall 350 5th Street S Minneapolis MN 55415
STATE GENERAL TAX	\$3,051.36	\$2,983.50	No meeting required
School District 001 Voter Approved Levy: Other Local Levies: School District Total Finance Department 1250 West Broadway Minneapolis MN 55411 612-668-0197	\$373.22 <u>\$1,304.13</u> \$1,677.35	\$388.80 <u>\$1,190.69</u> \$1,579.49	Dec 9, 2014 6:00 PM Davis Center Board Room 1250 West Broadway Minneapolis MN 55411
Metro Special Taxing Dist. Metropolitan Council 390 Robert Street North St Paul MN 55101-1805 651-602-1647	\$132.99	\$119.63	Dec 10, 2014 6:00 PM Metropolitan Council 390 Robert Street North St Paul MN 55101-1805
Other Spec. Taxing Dist: Equal Disparity Tax: Increment Tax:	\$183.01 \$3,037.31	\$165.71 \$3,015.92	No meeting required No meeting required No meeting required
TAX EXCLUDING SPECIAL ASSESSMENTS	\$13,081.07	\$12,519.79	

Check out the convenient payment options available to pay NEXT YEAR's property taxes
<http://www.hennepin.us/propertytaxpayments> or call 612 348-3011

Learn about property taxes: www.hennepin.us/propertytaxes

THIS IS NOT A BILL — DO NOT PAY

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Now is the time to provide feedback on proposed levies

Your local units of government have proposed the amount they will need for 2015.

You are invited to attend meetings and express your opinion regarding the 2015 budgets and 2015 proposed property taxes for the county, your city (if population greater than 500), school district and metropolitan special taxing district. School boards will discuss 2014 budgets. Meeting dates and locations are listed on the other side.

Some circumstances could change the proposed amounts:

Upcoming referenda

Legal judgments

Natural disasters

Voter approved levy limit increases

Special assessments

Property tax notices: Steps 1, 2 and 3

Each year property tax payers receive three notices that provide information on the valuation of the property, proposed tax amounts, meetings about proposed levies and budgets, and the amount of taxes due.

Step 1: Valuation and classification notice

Step 1 The first notice, a valuation notice, is sent in March each year. It shows the property classification and the market value that taxes will be assessed at. Properties can be classified in a variety of ways, but the most common are residential and commercial. The market value of your property is determined by the assessor and is based on the classification and market conditions.

This is the time when you can appeal or question how your property is classified or valued. The valuation notice includes details about the appeal process.

Step 2: Proposed levies and taxes

Step 2 The second notice you will receive is for proposed tax amounts for the following year (this notice is also called a Truth-in-Taxation notice). Sent in November, it shows the proposed tax levies for the county, city, school district and other

taxing authorities, such as a watershed district. This statement also shows the amount you will owe, based on your property valuation and classification, if the proposed levies and budgets are passed.

This statement includes the meeting dates where you can provide input on the proposed levies for the county, your municipality, your school district, and other taxing authorities. These meetings must occur after November 24. Once the budgets and tax levies are approved, your property tax is finalized. This amount may be different from the amount in the proposed tax statement.

Step 3: Tax statement

Step 3 The final notice you receive is your tax statement. It shows your property tax value, the amount of taxes due, and when they are due. It also includes payment coupons which can be used when making your tax payment. This statement is mailed in March before the first half of your property tax is due in May (the second half is due in October).

When you receive this notice, you will also want to check with the Minnesota Department of Revenue to see if you qualify for a property tax refund.

Agricultural homestead

SUPPLEMENTAL AGRICULTURAL HOMESTEAD CREDIT

Agricultural homesteads may have received a supplemental agricultural homestead credit in October 2014. This credit was a reduction in property taxes payable in 2014.

Minnesota Laws 2014, Chapter 308, Article 1, Section 14

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1055

Page 1, line 23, after the ninth comma insert "and"

Page 1, line 24, after the first comma insert "subdivision a of subsection 1 of section 57-20-07.1, sections"

Page 1, line 24, remove the second comma

Page 9, line 1, overstrike "**Mill**" and insert immediately thereafter "**Tax**"

Page 26, line 25, overstrike "mill" and insert immediately thereafter "tax"

Page 26, line 26, overstrike "mill" and insert immediately thereafter "tax"

Page 27, line 8, overstrike "mill" and insert immediately thereafter "tax"

Page 58, line 16, replace "sixty" with "thirty"

Page 58, line 22, replace "thirty" with "fifteen"

Page 58, line 27, replace "thirty" with "fifteen"

Page 110, after line 2, insert:

"SECTION 130. AMENDMENT. Subdivision a of subsection 1 of section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

- a. Include a dollar valuation of the true and full value as defined by law of the property and the total ~~mill~~tax levy applicable."

Page 118, line 22, overstrike "total" and insert immediately thereafter "tax rate"

Page 118, line 23, overstrike "ten mills" and insert immediately thereafter "fifty cents per one thousand dollars of taxable valuation of property in the county"

Page 129, line 31, replace "ten" with "five"

Renumber accordingly