

FISCAL NOTE
Requested by Legislative Council
02/11/2015

Amendment to: HB 1147

- 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			\$5,800,000		\$5,800,000	
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).*

Engrossed HB 1147 expands the homestead tax credit program by increasing the maximum income limit from \$42,000 to \$52,000 and by including veterans age 60 and older who meet the income and asset limitations.

- 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.*

The current homestead tax credit program provides a state-paid credit against property taxes for persons age 65 and older, or persons who are permanently and totally disabled, with annual income less than \$42,000, and assets that do not exceed \$500,000. The credit applies to up to \$100,000 of taxable value, with a maximum reduction of 100% for those with annual income less than \$22,000. This bill would increase the maximum income level from \$42,000 to \$52,000 and expand the income brackets. This bill, as amended, would also extend eligibility to veterans age 60 and older, provided they meet the income and asset criteria.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The appropriation of \$27.8 million required to fund the homestead tax credit program, as proposed in this engrossed bill, is an increase of \$5.8 million over the estimated cost to continue the program with no change. The executive recommendation includes \$30 million for the homestead tax credit program in the recommended budget for the Tax Department (SB2006).

Name: Joe Morrissette

Agency: Tax Department

Telephone: 701-328-3033

Date Prepared: 02/12/2015

FISCAL NOTE
Requested by Legislative Council
01/08/2015

Bill/Resolution No.: HB 1147

- 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			\$7,500,000		\$7,500,000	
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).*

This bill expands the homestead tax credit program by increasing the maximum income limit from \$42,000 to \$52,000 and by including veterans age 55 and older who meet the income and asset limitations.

- 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.*

The current homestead tax credit program provides a state-paid credit against property taxes for persons age 65 and older, or persons who are permanently and totally disabled, with annual income less than \$42,000, and assets that do not exceed \$500,000. The credit applies to up to \$100,000 of taxable value, with a maximum reduction of 100% for those with annual income less than \$22,000. This bill would increase the maximum income level from \$42,000 to \$52,000 and expand the income brackets. This bill would also extend eligibility to veterans age 55 and older, provided they meet the income and asset criteria.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The appropriation of \$29.5 million required to fund the homestead tax credit program, as proposed in this bill, is an increase of \$7.5 million over the estimated cost to continue the program with no change. The executive recommendation includes \$30 million for the homestead tax credit program in the recommended budget for the Tax Department (SB2006).

Name: Joe Morrissette

Agency: Tax Department

Telephone: 701-328-3033

Date Prepared: 01/19/2015

2015 HOUSE FINANCE AND TAXATION

HB 1147

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1147
1/20/2015
22206

- Subcommittee
 Conference Committee

Committee Clerk Signature

Mary Brucher

Explanation or reason for introduction of bill/resolution:

A Bill relating to eligibility for the homestead property tax credit for veterans fifty-five years of age or older and increased income and asset limits for eligibility for the homestead property tax credit.

Minutes:

Attachment #1, 2, 3

Chairman Headland: Opened hearing.

Representative Klein: Introduced bill. Provided written testimony. See attachment #1. Adding veterans would add about \$4.8 million per biennium. Changing the percentages would roughly add about \$7.5 million. With what was left over and in addition to what the governor added and the tax department's budget of \$8 million we would still have more than enough reserves to handle what is proposed in this bill.

Chairman Headland: Are there any questions? We'll take testimony in support of 1147.

Senator Marcellais: Provided written testimony in support. See attachment #2.

Lonny Wangen, Commissioner of Veterans Affairs for North Dakota: I'm here in support of this bill for the veterans portion. Our Vietnam veterans average age right now is 58-65; the average life expectancy of a male in the United States is about 76 years old; the average life expectancy of a Vietnam veteran is about 65-66 years old. A lot of that has to do with the Agent Orange toxins they were exposed to and the other effects of life that come with the stressors of going to war. We are losing our Vietnam vets a lot younger and in looking at this it lowers that property tax exemption down ten years for the veterans overall. In looking into the future with burn pits and the other things that happened in Iraq and Afghanistan unfortunately we may be looking at a similar situation for our current war veterans. I ask you for a Do Pass on this bill.

Representative Schneider: Could we have those statistics in written form?

Lonny Wangen: I can email those to you.

Chairman Headland: Email would be fine. Any other questions? Further testimony in support of 1147? If not, we will take opposition to HB 1147. Are there any questions for the tax department?

Sara Meier, Property Tax Specialist, Office of State Tax Commissioner: I have a couple questions. On the last page there is a statement that the veteran has the same meaning as provided in 370140 and veteran does not include the disabled veteran who qualifies under 570208.8 which is the disabled veterans credit. We wanted to make sure that language is not excluding the disabled veteran who also qualifies on the homestead credit side from receiving the homestead credit on whatever is left over. We probably have 20 applicants who receive both the disabled veteran and the homestead credit on their property. The homestead credit really just picks up the land that's not covered by the vet credit or any of that additional taxable value that might be over the maximum that's allowed in the disabled vet credit so we aren't excluding the veterans from getting their full benefit under the homestead credit as well. The effective date for years beginning after December 31, 2015 so we would start applying this credit this year but with the mobile homes we ask that it be pushed back another year because mobile homes are pretty much done now; they are paid and taken care of. This is standard procedure and is what we ask for all of the homestead credits amendments for a fiscal date.

Chairman Headland: Would the tax department be able to craft that in the form of an amendment?

Sara Meier: Yes we would.

Representative Froseth: Representative Maragos' bill changed the word person to individual throughout and I see this was hasn't been changed. Is that something that should be changed?

Sara Meier: When the bills are passed and signed into law the code advisor makes sure all of them mesh. I'm assuming that language is somewhere else; there's another bill that is also carrying it so the code advisor is the one who would be in charge of making that change.

Representative Schneider: With mobile homes that are generally owned by lower income or moderate income families are they going to be disadvantaged by losing a year of the advantage that this bill provides or is there some way they catch up later if we follow your recommendation on mobile homes?

Sara Meier: There is an abatement process for that. Because the 2015 mobile homes are taken care of a person that qualifies for any of these credits would apply for abatement but it's just making sure the paperwork is being completed in a timely manner and we're not losing something in the mix. If they qualified in 2015 they could go through that abatement process but just not right now; it's a timeliness of that operation.

Chairman Headland: I have a hard time understanding how we can expand the program by 20% and then allow 55 year old veterans, and I'm not sure what that number would be

but it would not be exclusive to disabled veterans. I don't know how we can expand this program at a total cost of \$7.5 million. Is there something I'm missing?

Sara Meier: Do you have a copy of the fiscal note? The vet portion of it is just shy of \$5 million. The homestead credit portion expands beyond what it had been before by \$7.5 million. Is the total bill about \$24 million?

Chairman Headland: No, it has the \$7.5 million that is respective to the increase in brackets. It doesn't have the \$5 million that it takes to do this for the 55 year old vets. We will probably have to get an updated fiscal note.

Sara Meier: What I understood from Representative Klein was that there was almost \$5 million that is just the vet portion and the \$7.5 that's in addition to the homestead. This fiscal note needs a little more clarity.

Chairman Headland: It was just pointed out to me that there is language on the back page that I hadn't seen prior. Are there any other questions for the tax department? If not, we will close the hearing on HB 1147.

****Testimony distributed from Donald Flaherty, Dickey County Director of Tax Equalization in opposition of HB 1147. See attachment #3.**

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1147
2/3/2015
23132

- Subcommittee
 Conference Committee

Committee Clerk Signature

Mary Brucher

Explanation or reason for introduction of bill/resolution:

A Bill relating to eligibility for the homestead property tax credit for veterans fifty-five years of age or older and increased income and asset limits for eligibility for the homestead property tax credit.

Minutes:

Attachment #1, 2

Chairman Headland: Do you have your amendments?

Representative Klein: Distributed proposed amendments 15.0454.01001 and a copy of the bill from last session. See attachment #1. The amendment changes the veterans from 55 to 60 years of age. It will still include all of the Vietnam veterans because if you take the age and the number then everybody over the age of 18 would've gotten covered by the Vietnam era. It reduced the fiscal note. There is \$30 million in the homestead credit account; a little over \$7 million went out last year. Changing the categories adds about \$7.5 million then we reduce the fiscal note by \$1.7 million for the veterans. You're looking at about \$22 million and we're sitting at \$30 million in the total account.

Chairman Headland: Are you referring to the \$30 million in the governor's budget?

Representative Klein: There is an additional \$8 million in the governor's budget. Even without the \$8 million we're at a point where we are just about balancing.

Chairman Headland: Discussion?

Representative Klein: MADE A MOTION TO ADOPT THE AMENDMENT 15.0454.01001.

Representative Strinden: SECONDED

Representative Klein: Part of the change from the original was when we found out what was happening with the oil tax is to try and reduce the total amount. It does cover the Vietnam veterans.

Chairman Headland: I'm probably going to reject the amendment. We already have an existing program for disabled veterans and I'm not sure we need this extra program. We haven't used all the money we set aside in the past so why would we need to expand it?

Voice vote: MOTION CARRIED.

Chairman Headland: Distributed another amendment from the tax department dated January 28, 2015. See attachment #2.

Vice Chairman Owens: MADE A MOTION TO ADOPT THE AMENDMENT DATED JANUARY 28, 2015.

Representative Klein: SECONDED.

VOICE VOTE: MOTION CARRIED.

Representative Klein: MADE A MOTION FOR A DO PASS AS AMENDED.

Representative Strinden: SECONDED.

Vice Chairman Owens: I had a discussion with the state veteran's affairs prior to knowing about the bill. I can't support it when it's just for veterans and we still have disabled veterans we aren't covering. I'll be resisting the bill.

Representative Klein: This is just moving up by about 20% so it's just keeping the playing field level when property taxes and assessments have gone up by 20 percent.

Chairman Headland: Why isn't the program being fully utilized?

Representative Klein: I think a part of it was because a lot of people weren't aware of it. I don't think there's been enough information out there to inform people about it. Some just don't want to use it.

Chairman Headland: We have two other homestead tax credit bills as well.

ROLL CALL VOTE: 7 YES 6 NO 1 ABSENT

MOTION CARRIES FOR DO PASS AS AMENDED.

Representative Klein will carry this bill.

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1147
2/16/2015
23904

- Subcommittee
 Conference Committee

Committee Clerk Signature

May Bruckler

Explanation or reason for introduction of bill/resolution:

A bill relating to eligibility for the homestead property tax credit for veterans fifty-five years of age or older and increased income and asset limits for eligibility for the homestead property tax credit.

Minutes:

No attachments.

Chairman Headland: This bill was returned to us for further action. This creates the new program for retired veterans. In some of the discussions we've had with leadership they've encouraged me to bring this bill back and try to send it out with a do not pass because it creates a new program.

Representative Trottier: MADE A MOTION TO RECONSIDER OUR ACTIONS.

Representative Dockter: SECONDED.

VOICE VOTE: MOTION CARRIED.

Representative Dockter: MADE A MOTION FOR A DO NOT PASS AS AMENDED.

Vice Chairman Owens: SECONDED. I voted no the first time and I didn't change my mind. We still have disabled veterans we haven't taken care of. I would rather include all disabled veterans first.

Chairman Headland: I agree with you. I also want to remind everyone that of the \$7.5 million fiscal note here \$5 million of it is due to the veterans being added. We have another homestead tax bill coming out of the senate that I believe has been passed. This probably isn't the appropriate time to create a new program.

**ROLL CALL VOTE: 10 YES 3 NO 1 ABSENT
MOTION CARRIES FOR A DO NOT PASS AS AMENDED**

Representative Toman will carry this bill.

15.0454.01001
Title.

Prepared by the Legislative Council staff for
Representative Klein
January 29, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1147

Page 1, line 2, replace "fifty-five" with "sixty"

Page 1, line 10, replace "fifty-five" with "sixty"

Renumber accordingly

Prepared by the
North Dakota Office of State Tax Commissioner
House Finance and Taxation
January 28, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1147

Page 5, line 11, after "2014" insert ", for ad valorem property taxes and for taxable years beginning after December 31, 2015, for mobile home taxes"

JAC
2/10/15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1147

Page 1, line 2, replace "fifty-five" with "sixty"

Page 1, line 10, replace "fifty-five" with "sixty"

Page 5, line 11, after "2014" insert "for ad valorem property taxes and for taxable years beginning after December 31, 2015 for mobile home taxes."

Renumber accordingly

Date: 2-3-15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1147

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 15.0454.01001 - Rep. Klein

Recommendation: Adopt Amendment See attachment #1
 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. Strinden

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:
Voice vote = Motion carries.

Date: 2-3-15
Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1147

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: Jan. 28, 2015 Tax Department *Commissioner*

See attachment #2

- 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. Owens Seconded By Rep. Klein

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:

*Voice vote = Motion carries.
p. 5 line 11 insert language.*

Date: 2-3-15
 Roll Call Vote #: 3

**2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1147**

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 15.0454.01001 + Tax Commissioners
Jan. 28, 2015

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. Strinden

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	AB				

Total (Yes) 7 No 6

Absent 1

Floor Assignment Rep. Klein

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

Date: 2-16-15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1147

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 DO PASS AS AMENDED _____

Motion Made By Rep. Trottier Seconded By Rep. Dockter

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:

Voie vote = Motion carried.

Date: 2-16-15
 Roll Call Vote #: 2

**2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1147**

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

Other Actions: Place on Consent Calendar
 Reconsider _____

Motion Made By Rep. Dockter 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	AB				
REP KADING	✓				
REP TROTTIER	✓				

Total (Yes) 10 No 3

Absent 1

Floor Assignment Rep. Toman

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

REPORT OF STANDING COMMITTEE

HB 1147: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 6 NAYS, 1 ABSENT AND NOT VOTING). HB 1147 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "fifty-five" with "sixty"

Page 1, line 10, replace "fifty-five" with "sixty"

Page 5, line 11, after "2014" insert "for ad valorem property taxes and for taxable years beginning after December 31, 2015 for mobile home taxes."

Renumber accordingly

REPORT OF STANDING COMMITTEE

HB 1147: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (10 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). HB 1147 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "fifty-five" with "sixty"

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Renumber accordingly

2015 TESTIMONY

HB 1147

HB 1147
1-20-15
#1

HB- 1147

Testimony

Mr. Chairman and members of the Finance and Tax Committee;

For the record I am Representative Matt Klein representing District #40 in Minot, N.D. Basically HB- 1147 is an update of Legislation passed the previous Session to provide property tax relief to many of our senior citizens living on minimum fixed income. These are the people who struggled through the hard times and built this state.

We all know property taxes and appraisals have increased substantially each and every year. In the previous Session we allocated 20 million to fund that Bill, only some 7 million was utilized last year.

This Bill simply moves up the exemption numbers by about 22% and the value of total assets about 20%. Also this is following the Governor's proposal in his budget to take care of our most vulnerable citizens. In addition, this Bill would include veterans age 55 and up. We seriously need to recognize our responsibilities to these people who protect and defend us every day.

Mr. Chairman and Committee members, I would ask your favorable action on this Bill and will attempt to answer your questions. Thank you.



NORTH DAKOTA SENATE

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



HB 1147
1-20-15
#2

Senator Richard Marcellais
District 9
RR 1, Box 267A
Belcourt, ND 58316-9787
rmarcellais@nd.gov

COMMITTEES:
Education
Government and Veterans Affairs

Testimony for HB 1147

Relating to homestead property tax credit for veterans

Chairman Headland, members of the House Finance and Taxation Committee, for the record my name is Richard Marcellais, Senator from District 9, Rolette County.

Disabled American Veterans Organization is the most long-lasting veterans advocacy group in this country. We've watched this country change and grow, and we've grown along with it. Disabled American Veterans has never wavered in its core mission to fulfill our country's promises to the men and women who served. We invite everyone, veterans and civilian, men and women, young and old to join us as we stand up for those veterans who risked it all when they stood up for us, our country, and our ideals.

We are dedicated to a single purpose, empowering veterans to lead high-quality lives with respect and dignity. We accomplish this by ensuring that veterans and their families, can access the full range of benefits available to them; fighting for the interests of American's injured veteran heroes; and educating the public about the great sacrifices and needs of veterans transitioning back to civilian life.

Representing the interest of disabled veterans, their families, their widowed spouses and their orphans before the state legislature, as well as state and local government.

Extending Disabled American Veteran's mission of hope into the communities where these veterans and their families live through a network of state-level Departments and local Chapters.

We may never be able to fully repay our veterans for the sacrifices they've made, but we must at least try.

That concludes my testimony in support of HB 1147. I will try an answer any questions. Thank You



OFFICE OF TAX EQUALIZATION
P. O. Box 393
Ellendale ND 58436
Phone: (701) 349-3249 Ext. 7
E-mail: dflaherty@nd.gov

January 19, 2015

2015 House Finance and Taxation Committee
Honorable Representative Craig Headland, Chairman
North Dakota State Capitol

Dear Representative Headland and Members of the House Finance and Taxation Committee:

My name is Don Flaherty and I am the Director of Tax Equalization for Dickey County. I am writing you today to speak against HB 1147. I believe that the proposed changes to NDCC § 57-02-08.1 to expand the Homestead Tax Credit by increasing the income and the asset limits are a step in the right direction, but opening the credit to another demographic simple based on reaching an age limitation does not help those who are in the greatest need.

While the proposed changes to the income and asset limits will result in very small increase of eligibility for the population of my county. I do believe that it is one component that will benefit other areas of our state. Another component that would be of benefit would be to increase the able value limit of the credit from 4,500 (100,000 T & F) to 6,750 (150,000 T & F). If the legislature truly wishes to help the veteran population of our state, then let's help those who need it the most and reduce the disability percentage for eligibility from 50% to 25% within the Disabled Veteran's Credit instead of adding an able bodied section of the population to the Homestead Credit.

HB 1262 and SB 2221 are prime examples of legislative changes that with a slight adjustment would better benefit the population with the greatest need within our state. Therefore I would strongly urge each of you to vote against HB 1147 in its current form and work to make changes to other legislation that will better meet the needs of the people of North Dakota.

Respectfully Submitted,

Donald W. Flaherty
Dickey County Director of Tax Equalization

15.0454.01001
Title.

HB 1147
2-3-15 #1
Prepared by the Legislative Council staff for
Representative Klein

January 29, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1147

Page 1, line 2, replace "fifty-five" with "sixty"

Page 1, line 10, replace "fifty-five" with "sixty"

Renumber accordingly

HB 1147
2-3-15
1p.2

**Sixty-third Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 8, 2013**

SENATE BILL NO. 2171
(Senators Klein, Sorvaag, Dotzenrod)
(Representatives Dockter, Headland, Schmidt)

AN ACT to amend and reenact subsection 1 of section 57-02-08.1 of the North Dakota Century Code, relating to the homestead property tax credit; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.
- b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.
- c. The exemption must be determined according to the following schedule:
 - (1) If the person's income is not in excess of ~~eighteen~~twenty-two thousand dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of four thousand five hundred dollars of taxable valuation.
 - (2) If the person's income is in excess of ~~eighteen~~twenty-two thousand dollars and not in excess of ~~twenty~~twenty-six thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand six hundred dollars of taxable valuation.
 - (3) If the person's income is in excess of ~~twenty~~twenty-six thousand dollars and not in excess of ~~twenty-two~~thirty thousand dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand seven hundred dollars of taxable valuation.
 - (4) If the person's income is in excess of ~~twenty-two~~thirty thousand dollars and not in excess of ~~twenty-four~~thirty-four thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand eight hundred dollars of taxable valuation.
 - (5) If the person's income is in excess of ~~twenty-four~~thirty-four thousand dollars and not in excess of ~~twenty-six~~thirty-eight thousand dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of nine hundred dollars of taxable valuation.
- d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the

property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

- e. This subsection does not reduce the liability of any person for special assessments levied upon any property.
- f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.
- g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person, ~~excluding the unencumbered value of the person's residence that the person claims as a homestead,~~ exceeds seventy-five five hundred thousand dollars, including the value of any assets divested within the last three years. ~~For purposes of this subdivision, the unencumbered valuation of the homestead is limited to one hundred thousand dollars.~~
- h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.
- i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

SECTION 2. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2012.

HB 1147
2-3-15
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Prepared by the
North Dakota Office of State Tax Commissioner
House Finance and Taxation
January 28, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1147

Page 5, line 11, after "2014" insert ", for ad valorem property taxes and for taxable years beginning after December 31, 2015, for mobile home taxes"