

2015 SENATE FINANCE AND TAXATION

SB 2217

2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB2217
1/28/2015
Job #22736

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the filing of a financial report with the county auditor showing the ending balances of each fund held by an unelected governing body seeking approval of a property tax levy; and to provide an effective date.

Minutes:

Chairman Cook opened the hearing on SB2217.

Senator Jessica Unruh, State Senator Dist. #33

This bill is fairly simple. It is something that most political subdivisions are already doing but we realized, during the interim, it was not actually codified. That is what this bill attempts to do. It requires political subdivisions to report their ending fund balances to the county auditor and city auditors. For simplicity purposes, on page 17, starting on line 7, that is the crux of the entire bill. There were other sections that needed to be changed to make sure that this was reflected for each political subdivision. This requires the governing body of any county, city, township, school district, park district, recreation service district, rural fire protection district, rural ambulance service district, soil conservation district, conservancy district, water authority, or any other taxing entity authorized to levy property taxes or have property taxes levied on its behalf, in the year for which the levy will apply, must file with the county auditor of each county in which the taxing entity is located at a time in a format prescribed by the county auditor, a financial report for the preceding calendar year showing the ending balances of each fund or account held by the taxing entity during that year. I think this is an important thing to have in code. It provides additional transparency to the very complicated property tax system. Something that we are all striving for this session.

Senator Bekkedahl -- When you talk about, in a format prescribed by the county auditor, some of these reports could get quite lengthy because there are a lot of funds in the larger cities and maybe with the counties as well, is there an ability, in your mind, to work with the county auditor on those issues to make that happen?

Senator Unruh -- Yes, I believe it would be very appropriate for the political subdivisions to work with the county auditor to make this as simple of a process as possible. When I

spoke to my county auditor in Mercer County, I asked her about a form that the soil conservation district has to fill out for budgeting purposes and the number that we put on the form didn't necessarily reflect the balance of all of our different funds and accounts. When I asked her if we had to reflect that number on the form, she said no and there was nothing in code that would require political subdivisions to do so. Whatever the county auditor and the political subdivisions think is appropriate, I think we could work that in. If you think there needs to be some type of amendment to the way this is drafted, I would certainly be amenable to that. I would like the process to be easy but also very transparent.

No further testimony on SB2217.

Chairman Cook closed the hearing on SB2217.

2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB2217
2/11/2015
Job #23632 (no recording on Job #23630)

- Subcommittee
 Conference Committee

Committee Clerk Signature

Alicia Snow

Explanation or reason for introduction of bill/resolution:

Committee work

Minutes:

Chairman Cook opened the committee work on SB2217.

Senator Unruh -- I'll remind everybody what this bill does, basically it codifies a practice that should already be happening requiring all political subdivisions to report their complete ending fund balance to the county auditor, in their budget requests report in the Fall of the year. That's all it does. I don't think we had any opposing testimony to it, either, so with that being said, if it's appropriate, Mr. Chairman, **I would move a do pass on SB2217.**

Seconded by Senator Laffen.

Senator Dotzenrod -- There is only one purpose in this bill and that is any local taxing authority that has a right to impose a tax on property will have to report their end-of-year balances? Is this the one that requires them to have that go before an elected board?

Senator Unruh -- The elected officials being the only ones to levy mills, is in a different bill. This simply requires political subdivisions to report their ending fund balances. On page 17, section 21, that summaries what happens throughout the entire bill. There are other sections of the code that had to be updated for each political subdivision but section 21 is the same language that resonates throughout the bill.

Senator Laffen -- Is there a problem out there? Are there some just not reporting and we don't required them to, so they don't.

Senator Unruh -- Yes, there is a problem out there. There are political subdivisions that are not reporting all of their savings, all of their cd's, all of those other accounts that they have to the county auditor and the county auditor has no mechanism to require them to do so. This would give the county auditor's the authority to give them that information.

Chairman Cook -- This is part of another bigger issue. It's uniform chart of accounts for counties. These discussions have occurred in political subdivisions. They have occurred in the advisory commission on intergovernmental relations and in the tax committee and in the legislative body, especially in the house. First legislators need to figure out what information that we need. We've got to find a way to get that information readily available and then get rid of all of the other reports that we've required from political subdivisions over the years. That is an ongoing study that will go on, but this will help start leading us toward a uniform chart of accounts.

Senator Triplett -- If that is the goal, then why do all of the sections repeat the phrase, in a format prescribed by the county auditor? Should it then say, in a format prescribed by the county auditor's association so that then all counties are in uniformity?

Chairman Cook -- Maybe tomorrow or next year. That is the goal but we are not there yet.

Senator Triplett -- So we're saying that you have to report but we are not tough enough to say we want you to report on the same form?

Chairman Cook -- We're not there yet. The work is ongoing.

Roll call on a do pass on SB2217. 6-0-1.

Carrier: Senator Unruh.

Date: 2-11-15

Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO 2217

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. Unruh Seconded By Sen. Laffen

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

Total (Yes) 6 No 0

Absent 1

Floor Assignment Sen Unruh

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

REPORT OF STANDING COMMITTEE

SB 2217: Finance and Taxation Committee (Sen. Cook, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2217 was placed on the Eleventh order on the calendar.

2015 HOUSE FINANCE AND TAXATION

SB 2217

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2217
3/16/2015
24870

- Subcommittee
 Conference Committee

Committee Clerk Signature

Mary Bruecker

Explanation or reason for introduction of bill/resolution:

A bill relating to financial reporting requirements for taxing entities authorized to levy property taxes; relating to the filing of a financial report with the county auditor showing the ending balances of each fund held by an unelected governing body seeking approval of a property tax levy.

Minutes:

No attachments

Chairman Headland: Opened hearing.

Senator Unruh: Introduced bill. This bill requires political subdivisions to report their ending fund balances in the form of a financial report to the county auditor. Section 21 is the crux of the bill and is a catch all to address all the political subdivisions. It states the governing body of any county, city, townships, school district, park district, recreation service district, rural fire protection district, rural ambulance service district, soil conservation district, conservancy district, water authority, or any other taxing entity authorized to levy property taxes or have property taxes levied on its behalf in the year for which the levy will apply must file with the county auditor in each county within which the taxing district is located at a time and in a format prescribed by the county auditor a financial report for the preceding calendar year showing the ending balances of each fund or account held by the taxing entity during that year. I think this is a pretty important piece of property tax reform providing an additional layer of transparency with the system. It is my hope you will give this bill a favorable consideration.

Representative Strinden: Why isn't there a requirement for the county auditor to then publish it or do anything with it after it's filed with them?

Senator Unruh: One step at a time. I thought we could try this and get this through. At this point in time it's important to have this balance available for people to look at if they wanted to get the whole picture of the financials of the political subdivisions.

Chairman Headland: With some of the measures we have taken in the past and what we've asked for online reporting requirements this information would all be public and easily found if that ever comes to fruition, correct?

Senator Unruh: Exactly. We have been working on a way to have all this information available for all counties online and easy for the taxpayer to utilize. This would just give the auditor the ability to ask for that information which they currently don't have.

Representative Froseth: It shouldn't be onerous to have the auditor report to the county commissioners.

Senator Unruh: I wouldn't think it would be but I can't speak for an auditor.

Representative Froseth: The county commissioners are the ones that would be the final decision makers and see if they have enough money in their accounts and if they need that full mill levy they are authorized to levy or reduce it.

Senator Unruh: That's exactly what I hope happens here. The form we currently complete as a soil conservation district has different line items for different things and that is what the county commission uses to justify the mill levy.

Representative Strinden: If I wanted to get this information from anyone could I make that request?

Senator Unruh: Yes but if you asked the county auditor in Mercer County for the soil conservation district's ending fund balance for this year you wouldn't be getting the total scope of the picture; you would just be getting the number that they gave to them. Political subdivisions may not report that whole ending fund balance.

Representative Strinden: Could I go straight to the soil commission then?

Senator Unruh: Yes, these are all public entities.

Chairman Headland: Is there testimony in support?

Pete Hanebutt, North Dakota Farm Bureau: We support the idea of this because of the openness involved and it will bring some clarity. I'm told this is something our bureau supported in the past.

Chairman Headland: Is there further testimony in support? Is there any opposition? Seeing none we will close the hearing on SB 2217.

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2217
3/16/2015
24904

- Subcommittee
 Conference Committee

Committee Clerk Signature

May Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to financial reporting requirements for taxing entities authorized to levy property taxes; relating to the filing of a financial report with the county auditor showing the ending balances of each fund held by an unelected governing body seeking approval of a property tax levy.

Minutes:

No attachments

Representative Strinden: I like the idea of this bill. I'm not sure what the county auditor would do with the information once they got it back because there is no requirement for them to do anything with it. Should it be the county auditor or should it be the county commissioner that they should be turning it in to? I'm going to vote for the bill if it stays like this but I just feel that it doesn't have a lot of teeth the way it is right now.

Representative Steiner: I agree with Representative Strinden but I think we should pass this and I'm sure the Association of Counties will promote this so it gets out to the public.

Vice Chairman Owens: It's not only about counties; it's also about the city elected officials who decide the levies. I'm going to support it the way it is and pass it. It's really less about the public and more about the decision makers, the ones who determine the approved levy authority.

Chairman Headland: I know there are counties that put all their account information online. I'm quite certain that when this information becomes available in Stutsman County that it will be available online. I believe we are eventually getting there.

Vice Chairman Owens: Made a motion for a do pass.

Representative Toman: Seconded.

Roll call vote: 14 yes 0 no 0 absent
Motion carried for a do pass.

Representative Strinden will carry this bill.

Date: 3-16-15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2217

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 Owens Seconded By Rep. Toman

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. Strinden

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

REPORT OF STANDING COMMITTEE

SB 2217: Finance and Taxation Committee (Rep. Headland, Chairman) recommends DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2217 was placed on the Fourteenth order on the calendar.