17.0207.03000

FISCAL NOTE

Requested by Legislative Council
12/23/2016

Revised
Amendment to: HB 1056

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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 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.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 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 1056 expands the property tax credit for disabled veterans to include properties placed in trust for a surviving spouse.

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.*

Section 1 of HB 1056 enables a designated trustee to receive the disabled veteran property tax credit for residential property placed in trust for a surviving un-remarried spouse of a disabled veteran. If enacted, HB 1056 will increase state general fund expenditures by the amount of the property tax credit for qualifying trust-owned properties. The amount of the expenditure increase cannot be determined.

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.*

Name: Kathryn L. Strombeck
Agency: Office of Tax Commissioner
Telephone: 701.328.3402
Date Prepared: 01/12/2017

17.0207.02000

FISCAL NOTE

Requested by Legislative Council
12/23/2016

Revised
Bill/Resolution No.: HB 1056

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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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Cities			
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Name: Kathryn L. Strombeck
Agency: Office of Tax Commissioner
Telephone: 701.328.3402
Date Prepared: 01/12/2017

17.0207.02000

FISCAL NOTE

Requested by Legislative Council
12/23/2016

Bill/Resolution No.: HB 1056

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	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
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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.*

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Name: Kathryn L. Strombeck
Agency: Office of Tax Commissioner
Telephone: 701.328.3402
Date Prepared: 01/09/2017

2017 HOUSE FINANCE AND TAXATION

HB 1056

2017 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

1056
1/11/2017
26793

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Mary Brucker

Explanation or reason for introduction of bill/resolution:

A Bill relating to application of the property tax credit for disabled veterans to properties placed in trust for a surviving spouse.

Minutes: Attached amendment #1, 2

Chairman Headland: Opened hearing on HB 1056.

Representative Owens: Introduced bill. Distributed amendments. See attachment #1. In 2005 we started the Disabled American Veterans property tax exemption. These people protect us and some may come back injured or worse. Their income power to generate income is limited. This is a small token to show our appreciation and to replace that. The intent was not only to protect the veteran but also their unremarried surviving spouse. This would help the families going into the future get a little bit of that recognition. There is an issue where they can go into a revocable trust which uses the same taxpayer identification number it's not a problem and they can still have the exemption. But if the veteran's spouse has Alzheimer's or dementia or something like that the children then create an irrevocable trust to protect the assets of that individual to take care of them for the rest of their lives. The trustee has to act in their best interest. At that point it has its own tax id number and in this state we then eliminate this benefit for the individual. In other states they allow a section to be put into the trust that says as long as that home is maintained for the benefit of that individual that it was intended to be then the property tax exemption is still available and remains in place. If we go into an irrevocable trust in North Dakota, they immediately lose the benefit. I'm asking your consideration to add the language in there that this still applies to a revocable or an irrevocable trust in order for it to be maintained. We just recently talked with the Tax Commissioner's office and discovered that we needed to be more specific in the bill and include before the word "trust" throughout the bill "a revocable or irrevocable."

Chairman Headland: You can hand out your amendment and we will discuss as amended.

Representative Steiner: Do you know how many are using this benefit now?

Representative Owens: No, I do not. We wrote so the people who have had this happen or may have this happen can now utilize this piece of legislation. It will be no additional cost to the state because these people are already in the system and were already using it. The Tax Department may have the numbers of the people using it.

Representative Olson: Once it's transferred into the trust and it goes into the new tax id number, how do they follow up if the surviving spouse passes away? Would it automatically continue to receive the exemption?

Representative Owens: I believe it's in the bill but I will leave it to the Tax Department to clarify that for you.

Chairman Headland: Under subsection 6 it says, "the credit terminates at the end of the taxable year when the death of the applicant..."

Representative Steiner: When they cease to occupy.

Representative Owens: That's right. We deliberately took it out when they would move to the nursing home or something like that.

Chairman Headland: What is the property tax credit for the disabled veteran today?

Representative Owens: It's not on the bill as it wasn't being changed. On the first $125,000 of the property tax and equal to the compensated amount of the disability between 50 and 100 percent.

Representative Trottier: This has to be applied to every year in order for the exemption to take place.

Representative Owens: That's correct.

Representative Grueneich: I currently get this credit. He is correct when he said the first 50% of the first $125,000 of taxable dollars. In Stutsman County I get a letter from Veteran's Affairs that gives a current rating then I have to take that in to Stutsman County. There is accountability and transparency.

Chairman Headland: Any other questions for Representative Owens? Is there any support for HB 1056? Is there any opposition? Any further questions?

Representative Steiner: I would like to hear from the Tax Department on how this is being used.

Kimberly Vietmeier, Office of State Tax Commissioner: I don't have that information but I can get that for you.

Chairman Headland: We'll take a short recess and wait for the information. We have the proposed amendment before you, does anyone want to make a motion?

Representative Olson: Made a motion to adopt the amendment 17.0207.02001.

Representative Hatlestad: Seconded motion.

Roll call vote: 14 yes 0 no 0 absent
Motion carried to adopt the amendment.

Chairman Headland: We will wait for the information from the Tax Department before we proceed.

Vice Chairman Dockter: Re-opened the hearing.

Linda Leadbetter, State Supervisor of Assessment from the Office of the State Tax Commissioner: Distributed the requested information. See attachment #2. The most important column to look at is the column labeled "Amt. Due 15", that was the amount based on the 2015 tax year and the total number of disabled veteran applications was 2989 that was eligible for the credit. It is based on the county and if there is a M listed by it then that designates it as a mobile home.

Vice Chairman Dockter: Are there any questions for Linda?

Representative Ertelt: Can you explain the drastic difference between 2015 and 2014?

Linda Leadbetter: That is not a full year. 2015 was the majority of everyone who applied. In 2015 when someone found they were eligible they would also think if they were eligible in 2015 they were probably eligible in 2014 so the 2014 includes those that were also picked up that were not captured in their very first year. 2015 is the primary year that you're reporting but the 2014, 2013, and possible 2012 would have been abatement applications that someone would have filed because they determined they could have been eligible for a previous year. Law allows you to go back by filing an abatement application by November 1 following the year it first becomes delinquent. That would have been an opportunity to capture some of those that did not apply their first year of eligibility.

Representative Ertelt: In your estimation would the previous years have a similar total for claims?

Linda Leadbetter: I would have to look at those. We propose a little increase each time. The year 2015 was the first time we had used land. 2015 would have had a larger increase than just the regular increase that was happening due to value and applicants. Prior to the 2015 assessment the disabled veterans credit was only applied to the home and in the 2015 legislative session it adopted it to also include the land.

Representative Howe: There are some counties listed twice with a M on there. Could you explain that?

Linda Leadbetter: That is considered a mobile home. Otherwise it would be considered to be real property.

Representative Olson: Is the amount due the amount they would have owed but they didn't pay that was excused under the law?

Linda Leadbetter: That is a credit. All the political subdivisions at the local level receive this money from the state; the amount that was considered consolidated tax for the individual was reduced by this amount then the payment was made to the county for them to distribute to those political subdivisions.

Vice Chairman Dockter: Are there any other questions for Linda? We will close the hearing for now and wait for Chairman Headland to return.

Chairman Headland: We'll bring this hearing back to order. We'll open this up for discussion.

Representative Hogan: Will someone from the Tax Department please go through this information? It seems like this tax exemption is used extensively.

Linda Leadbetter: It is used. We have a lot of administration in all the counties. On the backside of the page the column 15 is the taxable value that is being applied to this credit. The Amt. Due 15 is the amount due then based on the credit eligible for the 2015 tax year. As the 14 and 13 years are being addressed, those years would have been abatement so it is capturing those that would have been eligible for prior years that were not identified in the original year of filing. It's not that it has increased by those numbers from 13, to 14, to 15 but those are applications that were probably filed after the fact because they realized they were eligible so in 15 they went back and filed an abatement application to receive the credits so they received a refund on their taxes.

Representative Hogan: As you looked back the last two to three years, is this a credit that most veterans know about and are utilizing? Is this the standard number or is this something that will continue to grow?

Linda Leadbetter: I believe it is growing because we see there are a lot more veterans returning from service. The program has expanded on the taxable value now including land and not just the homestead so there was an increase in 2015. We have also seen an increase in the eligible individuals. There are those who choose not to apply because they don't want the credit.

Representative Hogan: If they get this tax abatement what kind of implications is this having on local property tax and local governments?

Linda Leadbetter: This is a credit; it is not an exemption. The first years it was an exemption. This is now a credit. The property tax is still collected from all those political subdivisions; it's just that someone else is helping to pay the bill. No one is losing any of the revenue it is just paid from a difference source.

Chairman Headland: Could you remind the committee when this program was first implemented? I'm trying to show how it expanded throughout the years.

Linda Leadbetter: I don't have that information with me but I could get that for you. The value has not changed. The eligibility for the value of the taxable value of a property is $6,750 which equates to $150,000 home value. It changed to include the value of the land last session. Do you want the year that it was first implemented?

Chairman Headland: I don't think that's important.

Representative Trottier: How far back can you go and recapture the credit?

Linda Leadbetter: That is an explanation for an abatement of property tax. You must file your application for abatement by November 1 of the year following the year the tax became delinquent. Your 2016 property tax statement becomes delinquent October 1, 2017 so by November 1 of 2018 you must file and abatement application. You can go back two years.

Representative Howe: Does this include farm land?

Linda Leadbetter: Yes. In the definition it includes what a homestead is and a homestead is inclusive of the structures of all the land. In that statute it is defined as up to $100,000 but when this statute comes into play it supersedes that limit but still defines that as that site where the home is so it can be including a home that's on 160 acres to the taxable value limit of $6,750.00.

Representative Howe: This is your existing property. My concern is if a surviving spouse or disabled veteran qualified for the tax credit then the spouse requires more property and uses this tax credit in order to get that. Could you address my concern?

Linda Leadbetter: That would be a concern but I believe the definition of a homestead is very clear because it is still going to have to be where that homestead is. You can't have 25 lots in the city of Wilton and add all those and say that's all your yard. The local assessment official will look at the area to determine the yard then the rest would be just property they own. If it is on 160-acre quarter of land it can include that.

Chairman Headland: Is there any way this expands the credit? I'm trying to figure out how this is a benefit.

Linda Leadbetter: My determination is that an irrevocable trust is created to protect your assets. Once you've created an irrevocable trust you are not considered the owner. The disabled veterans credit does not have an asset test the homestead credit does. If this were irrevocable and gets into this one, then it could become what someone determines for homestead which would then allow unlimited assets to be placed into an irrevocable trust. Some things in this bill language would require certain certification. In this bill you may have to include something that identifies the individual in that homestead had a connection to what that trust was in the first place. We don't want it to be a way to cover something up and continue to grow a credit.

Representative Hogan: On section 6 page 2 when it talks about the surviving spouse ceases to occupy the property because that seems to be a critical variable and we may need to track that.

Linda Leadbetter: That is something we had discussed as well. In a smaller community it is easier to track. There is a statement in there that says if they are temporarily away.

Chairman Headland: Are there any other questions? Discussion.

Representative Hogan: My concern is on the unintended consequences.

Chairman Headland: I agree. We appreciate the service of our veterans. People who sign up for the military understand what they are getting into. They are not doing it to line up a bunch of benefits for themselves when they get older. We have a benefit on the books today. I don't know if I believe we need to do this. I would support disposing of the bill.

Representative Mitskog: Could I ask Representative Grueneich if there is any potential for abuses or things we may not see?

Representative Grueneich: I'm a bit torn because we are expanding on something that is already there. I think you would have to provide documentation to the state of North Dakota. I don't like that portion of it. I think we might be changing something that is working.

Representative Mitskog: Irrevocable trust can be very complex.

Chairman Headland: I think you bring up a good point. People bring up irrevocable trust to cover their assets for their children. I think there is a line that has to be drawn. When we start messing with trusts we may find it popping up in other parts of the code. Our hearts are in the right place for veterans but is this something that is needed?

Representative Olson: With the unintended consequence angle of allowing this credit to continue with an irrevocable trust, are we going to be encouraging people to set up these trusts? Would we see a reduction of payments that long term care facilities receive if they don't have access to the assets of some of the individuals that come into them if they're put in a shield ahead of time? That also concerns me.

Chairman Headland: It's a growing problem. The committee needs to understand who sets up irrevocable trusts, it's the people who have some assets they want to protect. Why are we providing a credit to somebody who doesn't really need it because they have the means to pay their tax like everyone else but because they served our country we feel the desire to do something. We have to draw the line somewhere and the line is pretty clearly defined today.

Representative B. Koppelman: The bill sponsor indicated the surviving spouse may have their ability to earn a reduced and this doesn't have a means test assigned to it. I see it as a beneficiary to the children more than anything. **MADE A MOTION FOR A DO NOT PASS AS AMENDED.**

Representative Steiner: SECONDED.

Chairman Headland: Any discussion?

Representative Grueneich: The irrevocable trust can be passed on to their children. Where would it end then?

Representative Olson: As I understand the trust is set up with certain trustees that are named and the trustees would most likely be the children so the assets are transferred into that many times tax free. It would be the property of the trust with conditions then about how the trustees could access that property and whether or not they could take it out of the trust.

Chairman Headland: That was a good explanation.

Representative Grueneich: Then it could never end.

Representative B. Koppelman: Having heard the conflicts of Representative Trottier and Representative Grueneich **I would move that we allow them to vote on this bill.**

Representative Steiner: Seconded.

Voice Vote: Motion carried.

Representative Steiner: I think it's an expansion and I don't want to go there at this time. I think we should defeat this bill.

ROLL CALL VOTE FOR DO NOT PASS: 9 Yes 5 No 0 Absent
MOTION CARRIED
Representative Trottier will carry this bill.

17.0207.02001
Title.03000

Adopted by the Finance and Tax Committee

January 11, 2017

1/11/17

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1056

Page 1, line 17, after "in" insert "a revocable or irrevocable"

Page 1, line 23, after "in" insert "a revocable or irrevocable"

Renumber accordingly

Date: 1-11-17
Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1056

House Finance and Taxation Committee

☐ Subcommittee

Amendment LC# or Description: ~~02000~~ 17.0207.02001 attached

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. Olson Seconded By Rep. Hatlestad

Representatives	Yes	No	Representatives	Yes	No
Chairman Headland	✓		Representative Hogan	✓	
Vice Chairman Dockter	✓		Representative Mitskog	✓	
Representative Ertelt	✓				
Representative Grueneich Greenike	✓				
Representative Hatlestad	✓				
Representative Howe	✓				
Representative Koppelman	✓				
Representative Olson	✓				
Representative Schobinger	✓				
Representative Steiner	✓				
Representative Toman	✓				
Representative Trottier	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment —

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

Date: 1-11-17
Roll Call Vote #: 2

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1056

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 ☒ Let the 2 Reps. vote after they voiced conflicts

Motion Made By B. Koppelman Seconded By Rep. Steiner

Representatives	Yes	No	Representatives	Yes	No
Chairman Headland			Representative Hogan		
Vice Chairman Dockter			Representative Mitskog		
Representative Ertelt					
Representative Grueneich					
Representative Hatlestad					
Representative Howe					
Representative Koppelman					
Representative Olson					
Representative Schobinger					
Representative Steiner					
Representative Toman					
Representative Trottier					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Voice Vote - Motion carried.

Date: 1-11-17
Roll Call Vote #: 3

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1056

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. Koppelman Seconded By Rep. Steiner

Representatives	Yes	No	Representatives	Yes	No
Chairman Headland	✓		Representative Hogan	✓	
Vice Chairman Dockter		✓	Representative Mitskog	✓	
Representative Ertelt	✓				
Representative Grueneich		✓			
Representative Hatlestad		✓			
Representative Howe		✓			
Representative Koppelman	✓				
Representative Olson	✓				
Representative Schobinger		✓			
Representative Steiner	✓				
Representative Toman	✓				
Representative Trottier	✓				

Total (Yes) 9 No 5

Absent 0

Floor Assignment Rep. Trottier

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

REPORT OF STANDING COMMITTEE

HB 1056: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (9 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). HB 1056 was placed on the Sixth order on the calendar.

Page 1, line 17, after "in" insert "a revocable or irrevocable"

Page 1, line 23, after "in" insert "a revocable or irrevocable"

Renumber accordingly

2017 SENATE FINANCE AND TAXATION

HB 1056

2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

House Bill 1056
3/6/2017
Job #: 28736

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Jana Bellaney

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 57-02-08.8 of the North Dakota Century Code, relating to application of the property tax credit for disabled veterans to properties placed in trust for a surviving spouse; and to provide an effective date.

Minutes: Attachment #: 1

All Senators present.

Chairman Cook opened the public hearing on HB 1056.

(0:00:45-0:03:25) Representative Mark S. Owens, District 17: Introduced HB 1056. A law was passed in 2005, providing recognition to the disabled veterans, because of injuries that affected their abilities to earn income to their maximum potential, had they not been disabled for the rest of their lives, and that was the property tax exemption. The bill before you today seek to correct a small issue. If a trust is created, whether it's a revocable or irrevocable trust on the benefit of the disabled American veteran, that the benefit is still available to them as long as they occupy the home for their purpose. If they ever leave the home and no longer occupy it, they no longer get the benefit. If they turn it over to another family, no longer get the benefit, and obviously if they sell it, they wouldn't get it. That's what this bill seeks to do, to clarify the use of irrevocable trust as it relates to the disabled American veteran property tax relief. The fiscal note talks about an increase of state expenditures. The bill was written specifically to only include those already in the program. It wouldn't be an increase, would be a continuation of those that were in the program to begin with. I do not view it as an expansion.

Chairman Cook: No numbers on the fiscal note, so irrelevant. Irrevocable wasn't in the bill when it was introduced?

Representative Owens: Actually, nothing about trusts was in it when it was first introduced. If it's put into a revocable trust, it's still under the veteran's social security number. If it's put into an irrevocable trust, because it sets up a separate trust and tax id, the tax department viewed that as a different tax payer, ineligible for the tax exemption.

(0:05:25-0:07:20) Jim Nelson, Local Amvets Commander: Read a portion of a letter sent by Lonnie Wagnen. Only current past and eligible recipients that are affected by this bill, it does not expand the property tax credit. Only allows the unmarried surviving spouse to maintain the benefit if a revocable or irrevocable trust is put into place. The unmarried surviving spouse must remain living in the home. It does not expand the benefit to other family members. The un-remarried does not lose the important and much needed credit if it's placed into a trust. Without this bill, some of the property tax relief will be lost. The current person that is being affected, husband was Vietnam vet who passed due to Agent Orange.

(0:07:35-0:08:25) Darcie Handt, Executive Director, ND Cares Coalition: appeared in a neutral capacity with testimony #1.

Closed hearing on HB 1056.

Senator Laffen: Email received, asking to amend, the first amended changed it to revocable or irrevocable.

2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

House Bill 1056
3/8/2017
Job #: 28906

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Jana Bellamy

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 57 02 08.8 of the North Dakota Century Code, relating to application of the property tax credit for disabled veterans to properties placed in trust for a surviving spouse; and to provide an effective date.

Minutes: No Attachments

All Senators present.

Committee work on HB 1056.

Chairman Cook: I have had some conversations about concern about the trust being able to be used by children eventually. We'll need to have this passed out next week. Be sure you think about it.

Vice Chairman Bekkedahl: I didn't think about that because of the language that says for the unremarried surviving spouses' occupancy. When we look at that, that's what I need clarified.

Chairman Cook: The other problem we have is the person who is going to make the decision as to whether or not the person is a surviving spouse is the tax equalization officer of the county. It's not going to be at the state tax department, it's going to be made at the local level. The veteran is going to apply for it and the tax equalization officer will give it or not. Revocable and irrevocable trusts are not a small document to read. They're many pages.

Senator Dotzenrod: I'm trying to determine if the filing of the request has to be done every year. Section 3, there starting on line 11, it looks like they have to claim the credit but I don't know if it is every year or once they get it. It says on line 18 on the subsequent year.

Chairman Cook: It's every year.

Senator Dotzenrod: This question about irrevocable trust, I am puzzled by. I got a call from a man with a handicapped wife and he has these things he hangs on the mirror and they wouldn't allow him to get a handicap license plate because at his age he's got everything in

an irrevocable trust. The vehicles he owns are owned by the trust and the DMV will not give a handicapped license plate to a vehicle owned by an irrevocable trust. What I found out that the handicapped community in general would not support that. There worried that when this person dies, then that vehicle transfers and were more concerned the plate will go with it. Irrevocable trust you have to be careful with and whenever you turn anything over to the trust, you're really no longer personally the owner anymore and have the immediate personal access to some of the privileges.

Chairman Cook: You've got trustees.

Senator Dotzenrod: If it's owned by irrevocable trust I suppose it would still work.

Chairman Cook: Closed the discussion on HB 1056.

2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

House Bill 1056
3/15/2017
Job #: 29252

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Jonabellamy

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 57-02-08.8 of the North Dakota Century Code, relating to application of the property tax credit for disabled veterans to properties placed in trust for a surviving spouse; and to provide an effective date.

Minutes: No attachments

All Senators present. Committee work on HB 1056.

Committee Discussion:

(0:00:07-0:04:20) Revocable and irrevocable trusts, what they are and why they would be used was the main point of discussion. A concern is that once the veteran and surviving spouse have both become deceased, the trust will continue to receive the exemption.

(0:04:21-0:07:56) Questions regarding a certification process were brought up. Terry Traynor, Association of Counties was present and verified that there is a form that has to be filled out every year. An initial demonstration of the degree of disability is required. An application must be completed every year stating that they still live in the house and wish to receive the tax credit.

(0:07:58-0:10:31) Different type of tax risks and capital gain taxes. Asset distributions. The language needs to be tightened up to show proof of eligibility, annually.

Senator Unruh: It's hard to do something for one person. **Move a do not pass on Engrossed House Bill 1056. Motion failed, due to lack of a second.**

(0:11:40-0:16:16) The mathematics of how to figure out what a credit amount would be was explained.

(0:16:17-end) Plans were made to find out more information.

No Action was Taken.

2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

House Bill 1056
3/21/2017
Job #: 29496

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Jana Bellamy

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 57-02-08.8 of the North Dakota Century Code, relating to application of the property tax credit for disabled veterans to properties placed in trust for a surviving spouse; and to provide an effective date.

Minutes: No Attachments

All Senators present. Committee work on HB 1056.

Senator Unruh moved a do not pass on Engrossed HB 1056.

Senator Laffen seconded.

(0:01:01-0:04:25) Committee discussion: It's a small benefit for people who are spouses of disabled veterans. It passes to the surviving spouse and doesn't affect very many people and is not very expensive. There are rather generous tax benefits for placing property into an irrevocable trust. If that's the way of managing property, there are tradeoffs when you decide to get tax benefits from one type of structure and have to give up benefits under a different structure. Where would it end? Would the trust just keep on going?

Roll Call Vote was taken: 4 ayes, 2 nays, 0 absent.

Motion passed.

Senator Unruh will carry the bill.

Date: 3-21-17

Roll Call Vote #: 1

2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 1056

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 Unruh Seconded By Laffen

Senators	Yes	No	Senators	Yes	No
Chairman Dwight Cook	X		Senator Jim Dotzenrod		X
Vice Chair Brad Bekkedahl	X				
Senator Lonnie J. Laffen	X				
Senator Jessica Unruh	X				
Senator Scott Meyer		X			

Total (Yes) 4 No 2

Absent 0

Floor Assignment Unruh

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

REPORT OF STANDING COMMITTEE

HB 1056, as engrossed: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **DO NOT PASS** (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1056 was placed on the Fourteenth order on the calendar.

2017 TESTIMONY

HB 1056

HB 1056
#1
1-11-17

17.0207.02001
Title.

Prepared by the Legislative Council staff for
Representative Owens
January 10, 2017

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1056

Page 1, line 17, after "in" insert "a revocable or irrevocable"

Page 1, line 23, after "in" insert "a revocable or irrevocable"

Renumber accordingly

CountyName	# App	15 TV	Amt Due 15	#App	14 TV	Amt Due 14	# App	13 TV	Amt Due 13	# App 12	12 TV	Amt Due 12	Total Amt Due
ADAMS	10	27,984.00	7,765.19	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	7,765
BARNES	47	172,655.00	46,410.51	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	46,411
BARNES-M	3	1,283.00	409.03	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	409
BENSON	11	17,399.00	3,547.38	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	3,547
BILLINGS	1	1,715.00	210.19	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	210
BOTTINEAU	22	71,899.00	15,200.31	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	15,200
BOWMAN	5	24,126.00	4,723.78	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	4,724
BURKE	11	30,075.00	6,213.60	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	6,214
BURLEIGH	401	2,027,023.00	459,720.34	24	89,302.00	21,182.13	5	16,200.00	4,143.16	0	0.00	0.00	485,046
BURLEIGH -M	20	27,611.00	6,975.60	4	7,028.00	1,419.09	1	999.00	307.39	0	0.00	0.00	8,702
CASS	555	2,715,307.00	825,013.32	16	68,226.00	21,688.27	9	40,595.00	13,348.56	0	0.00	0.00	860,050
CASS-M	9	7,940.00	2,504.82	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	2,505
CAVALIER	10	15,743.00	4,383.94	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	4,384
DICKEY	16	47,550.00	12,886.62	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	12,887
DIVIDE	3	12,207.00	1,815.74	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	1,816
DUNN	11	35,087.00	4,969.91	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	4,970
EDDY	9	17,220.70	5,311.57	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	5,312
EMMONS	14	29,119.00	7,358.57	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	7,359
FOSTER	9	29,943.00	10,132.71	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	10,133
GOLDEN VALLEY	3	9,734.00	1,446.27	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	1,446
GRAND FORKS	373	1,672,291.00	531,327.23	12	47,860.00	14,750.17	3	10,672.00	3,018.28	0	0.00	0.00	549,096
GRAND FORKS-M	6	4,066.00	1,395.35	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	1,395
GRANT	10	12,859.00	3,876.31	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	3,876
GRIGGS	23	39,621.00	13,299.14	1	1,955.00	756.82	0	0.00	0.00	0	0.00	0.00	14,056
GRIGGS-M	2	969.00	369.27	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	369
HETTINGER	10	27,178.00	7,525.74	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	7,526
KIDDER	8	22,141.00	5,884.83	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	5,885
KIDDER-M	1	872.00	155.59	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	156
LAMOURE	10	21,853.00	6,684.62	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	6,685
LOGAN	7	11,307.00	3,408.09	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	3,408
MCHENRY	20	59,593.00	14,588.76	3	3,058.00	741.12	0	0.00	0.00	0	0.00	0.00	15,330
MCHENRY	1	1,252.00	261.19	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	261
MCINTOSH	7	9,749.00	2,836.55	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	2,837
MCKENZIE	11	46,524.00	7,190.65	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	7,191
MCKENZIE -M	1	2,003.00	396.69	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	397
MCLEAN	39	186,447.00	38,036.12	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	38,036
MCLEAN -M	2	3,233.00	692.87	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	693
MERCER	23	104,268.00	22,438.72	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	22,439
MORTON	142	685,829.00	182,188.97	2	6,003.00	1,577.98	0	0.00	0.00	0	0.00	0.00	183,767
MORTON -M	11	8,263.00	2,582.55	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	2,583
MOUNTRAIL	7	20,834.00	3,393.12	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	3,393
NELSON	25	34,030.00	8,639.22	2	1,344.00	372.70	0	0.00	0.00	0	0.00	0.00	9,012
OLIVER	9	42,181.00	8,482.72	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	8,483

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HB 1056
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#2 p.2 of 2
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1-11-17

CountyName	# App	15 TV	Amt Due 15	#App	14 TV	Amt Due 14	# App	13 TV	Amt Due 13	# App 12	12 TV	Amt Due 12	Total Amt Due
PEMBINA	32	74,469.00	18,424.65	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	18,425
PEMBINA -M	1	433.00	73.19	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	73
PIERCE	13	34,877.00	10,932.51	1	1,742.00	315.62	0	0.00	0.00	0	0.00	0.00	11,248
PIERCE COUNTY-M	1	335.00	108.07	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	108
RAMSEY	48	203,103.00	58,681.52	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	58,682
RAMSEY -M	1	783.00	273.60	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	274
RANSOM	25	85,156.00	21,446.29	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	21,446
RANSOM -M	1	307.00	62.62	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	63
RENVILLE	11	34,209.00	8,442.93	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	8,443
RICHLAND	56	210,194.00	72,769.32	9	28,042.00	9,519.93	4	9,364.00	3,286.53	0	0.00	0.00	85,576
RICHLAND -M	1	358.00	144.96	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	145
ROLETTE	14	29,297.00	7,290.36	1	562.00	151.50	0	0.00	0.00	0	0.00	0.00	7,442
SARGENT	11	29,182.00	9,853.05	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	9,853
SHERIDAN	2	759.00	189.99	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	190
SIOUX	2	3,557.00	756.10	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	756
STARK	117	588,547.00	127,020.37	8	32,063.00	7,570.21	1	2,700.00	633.45	0	0.00	0.00	135,224
STARK-M	4	4,755.00	1,047.03	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	1,047
STEELE	21	46,165.00	11,086.78	1	544.00	172.50	1	544.00	167.80	0	0.00	0.00	11,427
STUTSMAN	91	364,710.00	113,885.75	2	2,254.00	839.27	1	2,387.00	875.60	0	0.00	0.00	115,601
STUTSMAN -M	2	5,825.00	2,168.94	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	2,169
TOWNER	1	2,997.00	874.76	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	875
TRAILL	45	157,974.00	49,079.95	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	49,080
TRAILL -M	1	929.00	207.31	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	207
WALSH	40	103,460.00	34,932.35	1	5,400.00	1,262.19	0	0.00	0.00	0	0.00	0.00	36,195
WALSH -M	3	608.00	193.60	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	194
WARD	420	1,981,846.62	496,260.78	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	496,261
WARD -M	23	51,236.40	13,721.29	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	13,721
WELLS	20	52,181.00	13,107.13	2	4,180.00	986.88	0	0.00	0.00	0	0.00	0.00	14,094
WILLIAMS	64	317,517.00	52,571.20	4	10,707.00	1,869.14	4	11,052.00	2,084.38	0	0.00	0.00	56,525
DV TOTALS	**2989**	**$12,724,753.72**	**$3,418,260.10**	**93**	**$310,270.00**	**$85,175.52**	**29**	**$94,513.00**	**$27,865.15**	**0**	**$0.00**	**$0.00**	**$3,531,300.77**

3/6/2017 HB 1056 Attachment #1 pg 1

Neutral Testimony for HB 1056
Presented by Darcie Handt, Executive Director, ND Cares Coalition

My name is Darcie Handt and I am the Executive Director for the ND Cares Coalition, which is committed to serving the Service Members, Veterans, Families, and Survivors throughout North Dakota.

House Bill 1056 provides disabled Veterans financial relief that would be extended to their loved ones upon their passing. When this bill is passed, it will make a positive statement that will highlight North Dakota's recognition and appreciation for the sacrifices the Veteran's families endured as their loved ones protected our freedoms. This bill is a simple yet meaningful way of displaying honor to our citizens who have stood beside the peacekeepers of America.