

FISCAL NOTE
Requested by Legislative Council
02/10/2017

Amendment to: SB 2288

- 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).*

Eng. SB 2288 deals with tax levies, notice requirements, and due dates 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.*

Section 15 of the bill changes the penalty for failure to provide required information to the Tax Commissioner for use in determining the value of centrally assessed property. The provisions of the bill increase the allowable penalty from ten to twenty percent of the assessed value of the property affected by the failure to provide required information. While this increase in penalty may result in additional centrally assessed property valuation, the property tax associated with this potential increase cannot be computed, as it is dependent upon the local mill levies in the taxing districts where the centrally assessed property is located. The potential increase in property valuation, the associated mill levies, and the potential additional property tax are all unknown.

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.*

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Agency: Office of Tax Commissioner

Telephone: 701.328.3402

Date Prepared: 02/13/2017

2017 SENATE FINANCE AND TAXATION

SB 2288

2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

Senate Bill 2288
1/25/2017
Job #: 27362

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 57-15 of the North Dakota Century Code, relating to a consolidated taxpayer notice containing estimated property tax levies and budget hearing information; to amend and reenact sections 57-02-53 and 57-15-02.1 of the North Dakota Century Code, relating to assessment increase notices and property tax levy public hearings; and to provide an effective date.

Minutes:

Attachments: 1, 1A, 2, 3, 3A, 4, 5, 6, 7

Vice Chairman Bekkedahl: All Senators present. Opened the hearing on SB 2288.

(0:00:15-0:08:00) Senator Cook, District 34: Testimony with multiple attachments.

(0:00:15-0:03:20) Handed out attachment #1, proposed amendments and #1A, the Christmas tree version. Explained the changes being made by the amendments.

(0:03:50-0:06:50) Handed out attachment #2, sample property tax statement which explains the changes being made by the bill.

(0:07:00-0:08:00) Introduced proposed amendment #3 and #3A, the Christmas tree version.

(0:08:30-0:15:40) Michael Montplaisir, Cass County Auditor: presented testimony #4 in support of SB 2288.

(0:15:42-0:17:15) Talked about truth and taxation, political subdivision notices, and deadline dates.

(0:17:16-0:21:55) Question about the language on the bill and getting the notice out. Stated a need to highlight that the statement is "only to consider", not to adopt. This is the notice to inform. The language is straight out of the century code and yes, it is confusing.

(0:21:56-0:24:25) Chairman Cook: Handed out attachment #5 as an example of what Minnesota's tax bill looks like and went over the difference and state requirements.

(0:24:45-0:28:21) Donnell Preskey: presented testimony #6 in support of SB 2288. Found in looking over the bill draft, treasurer should be changed to auditor, to point out that townships and fire districts aren't incorporated to the. Section of the bill that addresses the taxing entities reporting to the counties, important element to keep in the bill. The auditors don't want to be calling down or trying to find out the information. If the county auditor doesn't get it, this is what happens.

(0:29:07-0:31:00) Terry Traynor, Association of Counties and County Commissioners Association: Comfortable with this, recognize it could increase costs some. Could be up to four jurisdictions sending out notices, and felt the costs be allocated out. Right now only the jurisdictions that collect over \$100,000 in taxes send out notices. Fire district, ambulance, and townships don't send out notices. The language should be written to allocate the cost to them. I don't know if the auditors want to bill every township a set amount. It should be those that the legislature has been concerned about the notice is there or just allocated to those collecting over 100,000. Wonder if that language shouldn't say, may bill the jurisdiction. Slope county, has one city, may not want to spread out the costs. County commissioners support as long as the costs can be shared.

(0:31:00-0:31:53) Bill Wocken, League of Cities: Support the purpose of the bill. Anytime you add clarity to tax language, support the bill and would like to see the amendments, and further support them.

(0:32:05-0:35:00) Dustin Gawrylow, North Dakota Watch Dog Network: Show support for anything that improves transparency. Local entities should seek out local resident emails and post online minutes that are summaries for practical purpose. Timing of local meetings should be later in the evening to make them more accessible for people to attend after work.

Closed the hearing on SB 2288

Received testimony #7 via email after the hearing had been closed.

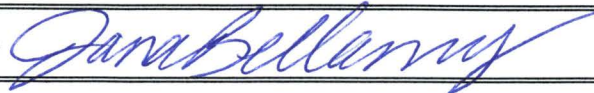
2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

Senate Bill 2288
2/7/2017
Job #: 27972

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 57-15 of the North Dakota Century Code, relating to a consolidated taxpayer notice containing estimated property tax levies and budget hearing information; to amend and reenact sections 57-02-53 and 57-15-02.1 of the North Dakota Century Code, relating to assessment increase notices and property tax levy public hearings; and to provide an effective date.

Minutes:

Attachments #: 1, 1A

Chairman Cook: All Senators present. Amendment work on SB 2288

(0:00:35-0:06:45) Dan Rouse, Legal Counsel, Office of the State Tax Commissioner: Neutral capacity to walk through amendments prepared for SB 2288. Attachment #1, proposed amendments and #1A, Christmas tree version.

(0:06:45-0:11:15) Question concerning the process of annexation of property and if the entire process is going to be changed based on the text found in #1A. An explanation of the process of how the counties and state board of equalization interact in the workings of centrally assessed properties. Information is exchanged throughout the year between all interested parties. Past issues with not receiving the correct information in time for budget considerations. Changes in the bill are to allow time for changes to be made. This is a policy change, moving the target date for all various acts between counties and public utility companies. The sequence stays that same.

(0:11:16-0:12:00) Property maps should be submitted by February 1.

(0:12:00-0:15:30) Centrally assessed properties and information regarding the railroads and if they've been notified.

(0:15:31-0:18:20) Dealing with centrally assessed properties only and wondering as to why dates are being moved up. It leads back to provide notification to tax payers of an estimated property tax. The statement is required to be mailed at the end of August. Auditors need to create an estimated tax statement to be submit to the owners in their jurisdictions. Without making central assessments available earlier, it becomes difficult, to make an estimated

statement since budgets have not been approved. This will allow for closer true assessment as they work on property tax statements. A list of new dates and what's happening on each of the dates was requested.

(0:18:25-0:20:40) Don Boehm, Manager of Multistate Tax, Basin Electric: They like all of the amendments that have been participated in and are in agreement for upping the date to be able to provide the information to the state. By the time dates change, provide maps, identify the political subdivisions. In the past several years, the February first day was not met by the counties. A lot of it was to do with the counties not having the information. Change annexation to the city is key, other actions need to be taken as well. Changes to rural fire districts and other political subdivisions. Set the lean date of January 1, or make sure there's a cut off for all other things, so the counties can meet their February 1 deadline.

Chairman Cook: If you did not get updated maps, would just use the previous year maps.

Don Boehm: That is correct, it is not in the bill,

Chairman Cook: Should it be?

Don Boehm: That's what we've always assumed, if we didn't receive a map by February 1 that there were no changes. Since this legislation was enacted, they have always received the maps after February 1, sometimes after they've provided information to the counties. Even received them as late as April, and had to make changes to the state report to accurately depict their property. Is that a way to take care of that?

Chairman Cook: We'll talk about it.

Don Boehm: Based on the reporting requirements from other states, those dates can be met. The railroads might have a little bit of heartburn.

(0:23:00-0:25:20) What do the companies do if they do not receive updated maps from the county by February 1? Consider another way to pursue the county auditors, then as mentioned in the amended bill.

(0:25:25-0:28:00) Terry Traynor, Association of Counties: Yesterday, we sent the information out to the county auditors and treasurers and asked for them to sit down with their tax directors. Haven't gotten much response, one said it seemed to be an improvement. Not sure if there is a section in code for other boundary change dates. Fire districts don't change very often, unless there's an election. County would then know about that. There is a bit of a concern. Is there a section of code as to an end date on when the changes affect valuation? One of the concern is the changes on the annexation date. This doesn't necessarily say the county has the information. We do like what was done here. It was the largest concern that our auditors had with the old and new processes.

(0:28:01-0:29:50) Biggest problem was the county auditors not getting centrally assessed property to the other political subdivisions in a timely matter. Hope that the maps start going

out on time. If something in here said that the information for annexation needed to be submitted to the counties by a certain time.

(0:29:51-0:30:50) This obligation of the tax director to make sure the map is correct; in the code we refer to the auditor as the person. The auditor gets the information from the tax director. Do we need to include something to place some responsibility on the tax director or is that already there, just inferred? The auditor is the elected official and needs to make sure it gets done.

Work on merging the amendments and will work on it later.

Adjourned.

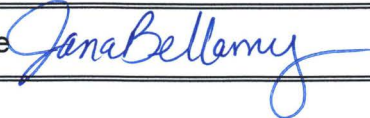
2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

Senate Bill 2288
2/7/2017
Job #: 27987

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 57-15 of the North Dakota Century Code, relating to a consolidated taxpayer notice containing estimated property tax levies and budget hearing information; to amend and reenact sections 57-02-53 and 57-15-02.1 of the North Dakota Century Code, relating to assessment increase notices and property tax levy public hearings; and to provide an effective date.

Minutes:

Attachment #: 1, 1A

Chairman Cook: All Senators present. Called the committee back to order, SB 2288.

Dan Rouse, Legal Counsel, Office of the State Tax Commissioner: Spoke with the Association of Counties and the industry representatives and they are comfortable with the amendments as they have been drafted. In both instances that were the subject of conversation, the word "shall" is in the existing law. There is a requirement on the county auditors.

Discussion was held on the amendments handed out. Version 2003 (#1) and the Christmas tree version (#1A).

Adjourned. No Action Taken.

2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

Senate Bill 2288
2/8/2017
Job #: 28039

- Subcommittee
 Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 57-15 of the North Dakota Century Code, relating to a consolidated taxpayer notice containing estimated property tax levies and budget hearing information; to amend and reenact sections 57-02-53 and 57-15-02.1 of the North Dakota Century Code, relating to assessment increase notices and property tax levy public hearings; and to provide an effective date.

Minutes:

Attachment #: 1, 1A

Chairman Cook: All Senators present. Explained the merger of amendments for SB 2288.

Senator Unruh: Move to adopt amendment number 17.0068.02004.

Senator Laffen seconded.

Voice Vote was taken. Motion passed.

Committee Discussion: Discussion on the bill. Does anything effect the tax statement that comes in December. The only change will be the removal of mills, otherwise it states it will be approved by the tax commissioner.

Senator Unruh moved a Do Pass, As Amended on Senate Bill 2288.

Senator Meyer seconded.

A Roll Call Vote was taken. 6 yeas, 0 nays, 0 absent.

Motion passed.

Senator Cook will carry the bill.

February 8, 2017

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PROPOSED AMENDMENTS TO SENATE BILL NO. 2288

Page 1, line 3, after "sections" insert "11-23-04, 40-40-04, 40-40-06, 40-40-08, and 40-51.2-06, subdivision c of subsection 1 of section 40-51.2-07, sections 40-51.2-16,"

Page 1, line 3, replace "and 57-15-02.1" with ", 57-05-01, 57-05-01.1, 57-05-06, 57-05-07, 57-05-08, 57-06-06, 57-06-09, 57-06-11, 57-06-12, 57-06-15, 57-06-21, 57-13-02, and 57-15-13"

Page 1, line 5, after "hearings" insert ", the dates for general taxation of land by a city, notices of dates of assessments and reports for centrally assessed property, the annual meeting of the state board of equalization, and dates for school district tax levies; to repeal sections 11-23-03 and 57-15-02.1 of the North Dakota Century Code, relating to notice of levy increases and public hearings;"

Page 1, after line 6, insert:

"SECTION 1. AMENDMENT. Section 11-23-04 of the North Dakota Century Code is amended and reenacted as follows:

11-23-04. Hearing on budget - Taxpayer may appear.

The board of county commissioners shall meet at the time and place designated in the notice prescribed by section ~~41-23-03~~21 of this Act. Any taxpayer who may appear shall be heard in favor of or against any proposed expenditures or tax levies. When the hearing shall have been concluded, the board shall adopt such estimate as finally is determined upon. All taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates.

SECTION 2. AMENDMENT. Section 40-40-04 of the North Dakota Century Code is amended and reenacted as follows:

40-40-04. Municipality to prepare preliminary budget statement.

The governing body of each municipality, annually on or before ~~September~~August tenth, shall make an itemized statement known as the preliminary budget statement showing the amounts of money which, in the opinion of the governing body, will be required for the proper maintenance, expansion, or improvement of the municipality during the year.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of preliminary budget statement - Contents - How given.

After

1. ~~On or before August tenth of each year, after~~ the governing body has prepared the preliminary budget statement, the auditor of the municipality shall ~~give notice that:~~

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1. ~~The preliminary budget is on file in the office of the auditor and may be examined by anyone upon request.~~
2. ~~The governing body shall meet~~
 - a. Provide the county auditor with a copy of the preliminary budget statement.
 - b. Set a public budget hearing date no earlier than September seventh and no later than October seventh at the time and place specified in the notice as prescribed by subsection 3 for the purpose of adopting the final budget and making the annual tax levy.
3. ~~The governing body shall hold a public session at the time and place designated in the notice of hearing at which any taxpayer may appear and discuss with the body any item of proposed expenditures or may object to any item or amount.~~

The

- c. Provide notice of the public budget hearing date to the county auditor.
2. For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must contain:
 - a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures. The notice must be;
 - b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and
 - c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.

SECTION 4. AMENDMENT. Section 40-40-08 of the North Dakota Century Code is amended and reenacted as follows:

40-40-08. Hearing of protests and objections - Changes in preliminary budget - Preparation of final budget - Contents.

The governing body shall meet at the time and place specified in the notice set pursuant to section 40-40-06 and shall hear any and all protests or objections to the items or amounts set forth in the preliminary budget statement. At the hearing, the governing body shall make any changes in the items or amounts shown on the preliminary budget statement as it may deem advisable except as limited in this chapter, and shall prepare the final budget, which must consist of the preliminary budget with the addition of columns showing:

1. The final appropriations for the various expenditure items specified in the preliminary budget statement. The final appropriation of any fund total may not exceed the total amount requested in the preliminary budget.

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2. The estimated amount of unencumbered cash on hand at the end of the current year may not include cash or investments of the equipment replacement fund as provided in section 40-40-05.
3. The levy amount determined by subtracting the total resources from the total appropriations and cash reserve for each fund. The governing body may increase the levy an additional five percent for delinquent tax collections.
4. The certificate of levy which includes a summary of the amount levied for each fund and the total amount levied.

SECTION 5. AMENDMENT. Section 40-51.2-06 of the North Dakota Century Code is amended and reenacted as follows:

40-51.2-06. Petition of owners and electors - Annexation or exclusion - Classification of annexed agricultural lands for tax purposes.

If the governing body annexes the area, it shall do so by ordinance. When a copy of the ordinance and an accurate map of the annexed area, certified by the executive officer of the city, are filed and recorded with the county recorder, the annexation becomes effective. An annexation is effective for the purpose of general taxation on and after the first day of the next ~~February~~ January. However, the city shall continue to classify as agricultural lands for tax purposes all lands in the annexed area which were classified as agricultural lands immediately before the annexation proceedings until those lands are put to another use. If the governing body determines to exclude the area petitioned for, it may do so by ordinance adopted and recorded as in the case of annexation.

SECTION 6. AMENDMENT. Subdivision c of subsection 1 of section 40-51.2-07 of the North Dakota Century Code is amended and reenacted as follows:

- c. In the absence of protests filed by the owners of more than one-fourth of the territory proposed to be annexed as of the date of the adoption of the resolution, the territory described in the resolution becomes a part of the city. When a copy of the resolution and an accurate map of the annexed area, certified by the executive officer of the city, are filed and recorded with the county recorder, the annexation becomes effective. Annexation is effective for the purpose of general taxation on and after the first day of the next ~~February~~ January. However, the city shall continue to classify as agricultural lands for tax purposes all lands in the annexed area which were classified as agricultural lands immediately before the annexation proceedings until those lands are put to another use.

SECTION 7. AMENDMENT. Section 40-51.2-16 of the North Dakota Century Code is amended and reenacted as follows:

40-51.2-16. Effective date of annexation by administrative law judge - Classification of annexed agricultural lands for tax purposes.

Territory annexed to a city pursuant to petition to the director of the office of administrative hearings is annexed as of the date of the order of the administrative law judge, except for tax purposes, and a copy of the resolution with an accurate map of the annexed area, certified by the executive officer of the city, must be filed and

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recorded with the county recorder. Annexation is effective for the purpose of general taxation on and after the first day of the next ~~February~~ January. However, the city shall continue to classify as agricultural lands for tax purposes all lands in the annexed area which were classified as agricultural lands immediately before the annexation proceedings until those lands are put to another use."

Page 2, line 26, remove the overstrike over "The notice may not contain an"

Page 2, remove the overstrike over line 27

Page 3, after line 5, insert:

"SECTION 9. AMENDMENT. Section 57-05-01 of the North Dakota Century Code is amended and reenacted as follows:

57-05-01. Railroad property to be assessed by state board of equalization.

The state board of equalization, at its annual meeting in ~~August~~ July in each year, shall assess, at its actual value on the first day of January of that year, the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway. If any railroad allows any portion of its railway to be used for any purpose other than the operation of a railroad, the portion of its railway while so used must be assessed in a manner provided for the assessment of other real property. To enable the board to make a correct valuation of property, it shall have access to all reports, estimates, and surveys of a line of railroad on file in the office of the public service commission and has power to summon and compel the attendance of witnesses, and to examine witnesses under oath in any matter relating to the value of the property. In fixing the value of any railroad, and of branch lines and sidetracks, the board must be governed by the rules prescribed for county and township assessors in valuing other property in this state. The board shall make a record of the value placed by it upon the property of the railroad, including the valuation per mile [1.61 kilometers] of main line and of branch lines and sidetracks. Railroad property held in trust by the public service commission for purposes of reorganization or reopening of the railway line is exempt from assessment as provided in this section.

SECTION 10. AMENDMENT. Section 57-05-01.1 of the North Dakota Century Code is amended and reenacted as follows:

57-05-01.1. Tentative assessment - Notice of hearing.

1. The tax commissioner, on or before ~~July~~ June fifteenth of each year, shall ascertain and determine the value of, and a tentative assessment of, all operative property of any company required to be assessed under the provisions of this chapter. ~~Such~~ The determination of value must be made for the guidance of the state board of equalization in assessing ~~such~~ the property at its annual meeting in ~~August~~ July. In making ~~such~~ this determination of value, the tax commissioner must be governed by the rules ~~laid down by~~ provided in this chapter.
2. The tax commissioner shall give ten days' notice by mail to each company, or its representative in North Dakota, of the amount of its tentative assessment; and shall ~~appoint a time and place between~~ the meeting of the state board of equalization on the first ~~and the~~ second Tuesday of ~~August and the~~ August and the ~~first day of September~~ July, at which meeting each company is entitled to

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present evidence before the state board of equalization relating to the value of the property of the company.

SECTION 11. AMENDMENT. Section 57-05-06 of the North Dakota Century Code is amended and reenacted as follows:

57-05-06. County auditor to send maps to railroad corporation.

The county auditor of each county in the state shall ~~mail~~provide to each railroad corporation doing business in that county, on or before the first day of ~~March~~February of each year, an accurate map of the county showing the boundaries of each assessment district.

SECTION 12. AMENDMENT. Section 57-05-07 of the North Dakota Century Code is amended and reenacted as follows:

57-05-07. Railroad shall file information with county auditor.

Every railroad corporation, on or before the fifteenth day of ~~February~~January in each year, shall file in the office of the county auditor of each county in the state in which ~~said~~the company's lines are located:

1. The name of the corporation.
2. The principal place of doing business.
3. The names and post-office addresses of the president, secretary, and treasurer of the corporation.

SECTION 13. AMENDMENT. Section 57-05-08 of the North Dakota Century Code is amended and reenacted as follows:

57-05-08. Report by railroad corporation to state tax commissioner.

Each railroad corporation required to be assessed under the provisions of this chapter annually shall, on or before ~~May~~April first of each year, under oath of the presiding or other chief executive officer, make and file ~~in such~~on the form and in the manner as the tax commissioner may prescribe a report containing the following information:

1. The name of the company;
2. The laws of what state or country organized, the date of original organization, the date of reorganization, consolidation, or merger, with specific reference to laws authorizing the same;
3. Location of its principal office;
4. The name of the place where its books, papers, and accounts are kept;
5. The name and post-office address of the president, secretary, treasurer, auditor, superintendent, general manager, and all other general officers;

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6. The name and post-office address of the chief officer or managing agent of the company in North Dakota and of all other general officers residing in this state;
7. The total number of shares of capital stock;
8. The par value of the shares of the capital stock for the whole system, showing separately the amount authorized, amount issued, amount outstanding, and dividends paid thereon;
9. If such capital stock has no market value, the actual value on the dates and for the periods designated by the tax commissioner of this state;
10. The funded debt of the company for the whole system and a detailed statement of all series of bonds, debentures, or other securities, forming a part of the funded debt, at par value, with the date of issue, maturity, rate of interest, and amount of interest for the preceding year;
11. The market value of each series of funded debt securities for the whole system on the dates and for the periods designated by the tax commissioner, and if the whole or a part of ~~such~~the funded debt has no market value, then the actual value thereof for ~~such~~the dates and periods as the tax commissioner may specify;
12. Such general description of the operative and nonoperative real estate of the company in North Dakota as would be sufficient in a conveyance thereof, under a judicial decree, to vest in the grantee all title and interest in and to the said property;
13. A description of the personal property of the company;
14. The number of miles [kilometers] of each main line of railroad, the number of miles [kilometers] of each branch line and sidetracks thereof within the state of North Dakota;
15. The entire gross earnings of the company from operation, expenses of operation, net earnings and income from operation, and the income from other sources, for the whole system, and in North Dakota, for the years or period the tax commissioner may request or specify, not exceeding five years;
16. The location of the property of the company within this state by counties, municipalities, and districts, in ~~such~~the manner and ~~in such~~ detail as the tax commissioner shall prescribe; and
17. ~~Such other~~Other facts and information as the tax commissioner may require in the form of returns prescribed by the tax commissioner or which the company may deem material upon the question of taxation of its property in this state.

SECTION 14. AMENDMENT. Section 57-06-06 of the North Dakota Century Code is amended and reenacted as follows:

57-06-06. Reports of companies.

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Each company required to be assessed under the provisions of this chapter annually, on or before the ~~first~~fifteenth day of ~~May~~April, under oath of the president or other chief executive officer, and the secretary or treasurer or auditor or superintendent of such company, shall make and file with the tax commissioner, in ~~such~~the form as the tax commissioner may prescribe, a report containing the following information, so far as applicable to the company making ~~such~~the report, as of January first of the year in which the report is furnished:

1. The name of the company.
2. The nature of the company, whether a person, association, corporation, or limited liability company, and under the laws of what state or country organized, the date of original organization, the date of reorganization, consolidation, or merger, with specific reference to laws authorizing the same.
3. Location of its principal office.
4. The name of the place where its books, papers, and accounts are kept.
5. The name and post-office address of the president, secretary, treasurer, auditor, superintendent, general manager, and all other general officers.
6. The name and post-office address of the chief officer or managing agent of the company in North Dakota and of all other general officers residing in this state.
7. The total number of shares of capital stock.
8. The par value of the shares of the capital stock for the whole system, showing separately the amount authorized, amount issued, amount outstanding, and dividends paid thereon.
9. If ~~such~~the capital stock has no market value, the actual value on the dates and for the periods designated by the tax commissioner of this state.
10. The funded debt of the company for the whole system and a detailed statement of all series of bonds, debentures, or other securities, forming a part of the funded debt, at par value, with the date of issue, maturity, rate of interest, and amount of interest for the preceding year.
11. The market value of each series of funded debt securities for the whole system on the dates and for the periods designated by the tax commissioner, and if the whole or a part of ~~such~~the funded debt has no market value, then the actual value thereof for ~~such~~the dates and periods as the tax commissioner may specify.
12. ~~Such~~The general description of the operative and nonoperative real estate of the company in North Dakota as would be sufficient in a conveyance thereof, under a judicial decree, to vest in the grantee all title and interest in and to the said property.

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- 13. A description of the personal property, including moneys and credits, held by the company as a whole system, and the part thereof apportioned to the line in North Dakota.
- 14. The whole length of the lines of the system operated by the company and the length of the lines in North Dakota, whether operated as owner, lessee, or otherwise. The length of the line operated for the whole system and in North Dakota shall be separately reported.
- 15. The entire gross earnings of the company from operation, expenses of operation, net earnings and income from operation, and the income from other sources, for the whole system, and in North Dakota, for the years or period the tax commissioner may request or specify, not exceeding five years.
- 16. The location of the property of the company within this state by counties, municipalities, and districts, in ~~such~~the manner and in ~~such~~ detail as the tax commissioner shall prescribe.
- 17. Other facts and information as the tax commissioner may require or which the company may deem material relating to the taxation of its property in this state.

SECTION 15. AMENDMENT. Section 57-06-09 of the North Dakota Century Code is amended and reenacted as follows:

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~~fifteenth day of ~~May~~April of any year, the state board of equalization shall add ~~ten~~twenty 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~~fifteenth day of ~~May~~April, may grant an extension of time through the first day of ~~June~~May 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~~June 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~~first day of ~~July~~June, for good cause shown, the tax commissioner may waive all or any part of the penalty that attached under this section.

SECTION 16. AMENDMENT. Section 57-06-11 of the North Dakota Century Code is amended and reenacted as follows:

57-06-11. Tentative valuation by tax commissioner.

The tax commissioner, on or before ~~July~~June ~~fifteenth~~ of each year, shall ascertain and determine the value of all operative property of any company required to be assessed under the provisions of this chapter. ~~Such~~This determination of value must be made for the guidance of the state board of equalization in assessing ~~such~~the property at its annual meeting in ~~August~~July. In making ~~such~~the determination of value, the tax commissioner must be governed by the rules ~~laid down by~~provided in this

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chapter and by ~~such directions as may be~~ direction given to the tax commissioner by the state board of equalization.

SECTION 17. AMENDMENT. Section 57-06-12 of the North Dakota Century Code is amended and reenacted as follows:

57-06-12. Tentative assessment to be made and notice of hearing.

The tax commissioner shall give ten days' notice by mail to each company, or its representative in North Dakota, of the amount of its tentative assessment and shall ~~appoint a time and place, between the meeting of the state board of equalization on the first~~ second Tuesday of ~~August and the first day of September~~ July, at which meeting each company is entitled to present evidence before the state board of equalization relating to the value of the property of the company.

SECTION 18. AMENDMENT. Section 57-06-15 of the North Dakota Century Code is amended and reenacted as follows:

57-06-15. Assessment by state board of equalization - Notice of increase.

The state board of equalization may adopt the tentative assessment of the tax commissioner in whole or in part. The valuation and tentative assessments made by the tax commissioner must be considered merely findings of fact of the executive officer of the board. The state board of equalization shall review ~~such~~ the valuation and tentative assessment at the time of its annual meeting in ~~August~~ July of each year and then shall make a final assessment of ~~such~~ the property. It may increase or lower the entire assessment, or any assessment contained therein, on any item contained within the assessment of any company. Before the state board of equalization may make an increase in the assessed valuation of the property of ~~any~~ such ~~the~~ company over the valuation contained in the tentative assessment, notice must be given to the company of ~~any~~ such ~~the~~ proposed increase and a hearing granted thereon. A ten-day written notice of the proposed increase and hearing must be given to the company ~~in such~~ instance, either by mail addressed to the company, or personally served on a duly authorized agent of the company.

SECTION 19. AMENDMENT. Section 57-06-21 of the North Dakota Century Code is amended and reenacted as follows:

57-06-21. Reports to county auditors.

On or before the fifteenth day of ~~March~~ February of each year, each company required to be assessed under this chapter shall file with the county auditor of each county within which any part of its operative property is located a report giving a general description of all its property located within the county, with operative and nonoperative property listed separately. The report must give the length of the line or lines within the county and the length in each taxing district of each line constituting part of a single and continuous line or property. The company also shall file with the county auditor and the tax commissioner a map of all of its lines within the county showing clearly the length of its lines within each taxing district as of January first of that year. To facilitate the making of the maps, the county auditor, on or before the first day of ~~February~~ January of each year, shall provide to each company a current map of the county showing the boundaries of each taxing district in the county.

SECTION 20. AMENDMENT. Section 57-13-02 of the North Dakota Century Code is amended and reenacted as follows:

57-13-02. Annual meeting to assess taxable property.

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The state board of equalization shall meet annually on the ~~first~~second Tuesday in ~~August~~July at the office of the state tax commissioner and shall assess all of the taxable property which such board is required to assess pursuant to and in accordance with the provisions of section 4 of article X of the Constitution of North Dakota, as amended, and the statutes of this state."

Page 3, line 9, replace "first" with "tenth"

Page 3, line 10, replace "treasurer" with "auditor"

Page 3, line 11, after "property" insert "a preliminary budget statement and"

Page 3, line 12, remove ". For purposes of this section, a taxing district means a city, county,"

Page 3, remove lines 13 through 15

Page 3, line 16, replace "hundred thousand dollars" with ", which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year"

Page 3, line 17, replace "twenty-fifth" with "thirty-first"

Page 3, line 17, replace "treasurer" with "auditor"

Page 3, line 18, after "property" insert "with a total estimated property tax of at least one hundred dollars"

Page 3, line 20, after "located" insert ", which anticipate levying in excess of one hundred thousand dollars in the current year, and the location at which the taxing district's budget is available for review"

Page 3, line 21, remove "The number of mills against the taxing district's current year taxable valuation,"

Page 3, remove lines 22 and 23

Page 3, line 24, replace "revenue as the property tax levy in the prior year" with "The true and full value of the property based on the best information available"

Page 3, line 25, remove "A statement regarding whether the taxing district anticipates increasing the"

Page 3, line 26, replace "property tax levy" with "A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions"

Page 3, line 27, remove "The additional number of mills the taxing district may require, calculated as the"

Page 3, remove line 28

Page 3, line 29, replace "district anticipates increasing its property tax levy" with "A column indicating the difference between the taxing district's total levy from the previous year"

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and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;

- e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available"

Page 3, line 30, replace "e." with "f."

Page 4, line 5, after the underscored period insert "If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax."

Page 4, after line 7, insert:

- "5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district that intends to levy in excess of one hundred thousand dollars in property taxes in the current year."

Page 4, remove lines 8 through 31

Page 5, replace lines 1 through 30 with:

SECTION 22. AMENDMENT. Section 57-15-13 of the North Dakota Century Code is amended and reenacted as follows:

57-15-13. School district tax levies.

School district taxes must be levied by the governing body of each school district on or before the ~~fifteenth~~^{tenth} day of August of each year. The governing body of the school district may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year but the certification must be filed with the county auditor within the time limitations under section 57-15-31.1. Taxes for school district purposes must be based upon an itemized budget statement which must show the complete expenditure program of the district for the current fiscal year and the sources of the revenue from which it is to be financed. The school board of each public school district, in levying taxes, is limited by the amount necessary to be raised for the purpose of meeting the appropriations included in the school budget of the current fiscal year, and the sum necessary to be provided as an interim fund, together with a tax sufficient in amount to pay the interest on the bonded debt of the district and to provide a sinking fund to pay and discharge the principal thereof at maturity.

SECTION 23. REPEAL. Sections 11-23-03 and 57-15-02.1 of the North Dakota Century Code are repealed."

Renumber accordingly

Date: 2-8-17
 Roll Call Vote #: 2

2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
 BILL/RESOLUTION NO. 2288

Senate _____ Finance and Taxation _____ Committee

Subcommittee

Amendment LC# or Description: 17.0068.02004 Title.03000

- 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 Meyer

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) 6 No 0

Absent 0

Floor Assignment COOK

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

REPORT OF STANDING COMMITTEE

SB 2288: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2288 was placed on the Sixth order on the calendar.

Page 1, line 3, after "sections" insert "11-23-04, 40-40-04, 40-40-06, 40-40-08, and 40-51.2-06, subdivision c of subsection 1 of section 40-51.2-07, sections 40-51.2-16,"

Page 1, line 3, replace "and 57-15-02.1" with ", 57-05-01, 57-05-01.1, 57-05-06, 57-05-07, 57-05-08, 57-06-06, 57-06-09, 57-06-11, 57-06-12, 57-06-15, 57-06-21, 57-13-02, and 57-15-13"

Page 1, line 5, after "hearings" insert ", the dates for general taxation of land by a city, notices of dates of assessments and reports for centrally assessed property, the annual meeting of the state board of equalization, and dates for school district tax levies; to repeal sections 11-23-03 and 57-15-02.1 of the North Dakota Century Code, relating to notice of levy increases and public hearings;"

Page 1, after line 6, insert:

"SECTION 1. AMENDMENT. Section 11-23-04 of the North Dakota Century Code is amended and reenacted as follows:

11-23-04. Hearing on budget - Taxpayer may appear.

The board of county commissioners shall meet at the time and place designated in the notice prescribed by section ~~11-23-03~~²¹ of this Act. Any taxpayer who may appear shall be heard in favor of or against any proposed expenditures or tax levies. When the hearing shall have been concluded, the board shall adopt such estimate as finally is determined upon. All taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates.

SECTION 2. AMENDMENT. Section 40-40-04 of the North Dakota Century Code is amended and reenacted as follows:

40-40-04. Municipality to prepare preliminary budget statement.

The governing body of each municipality, annually on or before ~~September~~^{August} tenth, shall make an itemized statement known as the preliminary budget statement showing the amounts of money which, in the opinion of the governing body, will be required for the proper maintenance, expansion, or improvement of the municipality during the year.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of preliminary budget statement - Contents - How given.

After

1. ~~On or before August tenth of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall give notice that:~~
1. ~~The preliminary budget is on file in the office of the auditor and may be examined by anyone upon request.~~
2. ~~The governing body shall meet~~

- a. Provide the county auditor with a copy of the preliminary budget statement.
 - b. Set a public budget hearing date no earlier than September seventh and no later than October seventh at the time and place specified in the notice as prescribed by subsection 3 for the purpose of adopting the final budget and making the annual tax levy.
3. ~~The governing body shall hold a public session at the time and place designated in the notice of hearing at which any taxpayer may appear and discuss with the body any item of proposed expenditures or may object to any item or amount.~~

The

- c. Provide notice of the public budget hearing date to the county auditor.
2. For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must contain:
- a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures. The notice must be:
 - b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and
 - c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.

SECTION 4. AMENDMENT. Section 40-40-08 of the North Dakota Century Code is amended and reenacted as follows:

40-40-08. Hearing of protests and objections - Changes in preliminary budget - Preparation of final budget - Contents.

The governing body shall meet at the time and place specified in the notices set pursuant to section 40-40-06 and shall hear any and all protests or objections to the items or amounts set forth in the preliminary budget statement. At the hearing, the governing body shall make any changes in the items or amounts shown on the preliminary budget statement as it may deem advisable except as limited in this chapter, and shall prepare the final budget, which must consist of the preliminary budget with the addition of columns showing:

1. The final appropriations for the various expenditure items specified in the preliminary budget statement. The final appropriation of any fund total may not exceed the total amount requested in the preliminary budget.
2. The estimated amount of unencumbered cash on hand at the end of the current year may not include cash or investments of the equipment replacement fund as provided in section 40-40-05.
3. The levy amount determined by subtracting the total resources from the total appropriations and cash reserve for each fund. The governing body may increase the levy an additional five percent for delinquent tax collections.

4. The certificate of levy which includes a summary of the amount levied for each fund and the total amount levied.

SECTION 5. AMENDMENT. Section 40-51.2-06 of the North Dakota Century Code is amended and reenacted as follows:

40-51.2-06. Petition of owners and electors - Annexation or exclusion - Classification of annexed agricultural lands for tax purposes.

If the governing body annexes the area, it shall do so by ordinance. When a copy of the ordinance and an accurate map of the annexed area, certified by the executive officer of the city, are filed and recorded with the county recorder, the annexation becomes effective. An annexation is effective for the purpose of general taxation on and after the first day of the next ~~February~~ January. However, the city shall continue to classify as agricultural lands for tax purposes all lands in the annexed area which were classified as agricultural lands immediately before the annexation proceedings until those lands are put to another use. If the governing body determines to exclude the area petitioned for, it may do so by ordinance adopted and recorded as in the case of annexation.

SECTION 6. AMENDMENT. Subdivision c of subsection 1 of section 40-51.2-07 of the North Dakota Century Code is amended and reenacted as follows:

- c. In the absence of protests filed by the owners of more than one-fourth of the territory proposed to be annexed as of the date of the adoption of the resolution, the territory described in the resolution becomes a part of the city. When a copy of the resolution and an accurate map of the annexed area, certified by the executive officer of the city, are filed and recorded with the county recorder, the annexation becomes effective. Annexation is effective for the purpose of general taxation on and after the first day of the next ~~February~~ January. However, the city shall continue to classify as agricultural lands for tax purposes all lands in the annexed area which were classified as agricultural lands immediately before the annexation proceedings until those lands are put to another use.

SECTION 7. AMENDMENT. Section 40-51.2-16 of the North Dakota Century Code is amended and reenacted as follows:

40-51.2-16. Effective date of annexation by administrative law judge - Classification of annexed agricultural lands for tax purposes.

Territory annexed to a city pursuant to petition to the director of the office of administrative hearings is annexed as of the date of the order of the administrative law judge, except for tax purposes, and a copy of the resolution with an accurate map of the annexed area, certified by the executive officer of the city, must be filed and recorded with the county recorder. Annexation is effective for the purpose of general taxation on and after the first day of the next ~~February~~ January. However, the city shall continue to classify as agricultural lands for tax purposes all lands in the annexed area which were classified as agricultural lands immediately before the annexation proceedings until those lands are put to another use."

Page 2, line 26, remove the overstrike over "~~The notice may not contain an~~"

Page 2, remove the overstrike over line 27

Page 3, after line 5, insert:

"SECTION 9. AMENDMENT. Section 57-05-01 of the North Dakota Century Code is amended and reenacted as follows:

57-05-01. Railroad property to be assessed by state board of equalization.

The state board of equalization, at its annual meeting in ~~August~~July in each year, shall assess, at its actual value on the first day of January of that year, the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway. If any railroad allows any portion of its railway to be used for any purpose other than the operation of a railroad, the portion of its railway while so used must be assessed in a manner provided for the assessment of other real property. To enable the board to make a correct valuation of property, it shall have access to all reports, estimates, and surveys of a line of railroad on file in the office of the public service commission and has power to summon and compel the attendance of witnesses, and to examine witnesses under oath in any matter relating to the value of the property. In fixing the value of any railroad, and of branch lines and sidetracks, the board must be governed by the rules prescribed for county and township assessors in valuing other property in this state. The board shall make a record of the value placed by it upon the property of the railroad, including the valuation per mile [1.61 kilometers] of main line and of branch lines and sidetracks. Railroad property held in trust by the public service commission for purposes of reorganization or reopening of the railway line is exempt from assessment as provided in this section.

SECTION 10. AMENDMENT. Section 57-05-01.1 of the North Dakota Century Code is amended and reenacted as follows:

57-05-01.1. Tentative assessment - Notice of hearing.

1. The tax commissioner, on or before ~~July~~June fifteenth of each year, shall ascertain and determine the value of, and a tentative assessment of, all operative property of any company required to be assessed under the provisions of this chapter. ~~Such~~The determination of value must be made for the guidance of the state board of equalization in assessing ~~such~~the property at its annual meeting in ~~August~~July. In making ~~such~~this determination of value, the tax commissioner must be governed by the rules ~~laid down by~~provided in this chapter.
2. The tax commissioner shall give ten days' notice by mail to each company, or its representative in North Dakota, of the amount of its tentative assessment; and ~~shall appoint a time and place between the meeting of the state board of equalization on the first~~second Tuesday of ~~August and the first day of September~~July, at which ~~meeting~~ each company is entitled to present evidence before the state board of equalization relating to the value of the property of the company.

SECTION 11. AMENDMENT. Section 57-05-06 of the North Dakota Century Code is amended and reenacted as follows:

57-05-06. County auditor to send maps to railroad corporation.

The county auditor of each county in the state shall ~~mail~~provide to each railroad corporation doing business in that county, on or before the first day of ~~March~~February of each year, an accurate map of the county showing the boundaries of each assessment district.

SECTION 12. AMENDMENT. Section 57-05-07 of the North Dakota Century Code is amended and reenacted as follows:

57-05-07. Railroad shall file information with county auditor.

Every railroad corporation, on or before the fifteenth day of ~~February~~January in each year, shall file in the office of the county auditor of each county in the state in which ~~said~~the company's lines are located:

1. The name of the corporation.
2. The principal place of doing business.
3. The names and post-office addresses of the president, secretary, and treasurer of the corporation.

SECTION 13. AMENDMENT. Section 57-05-08 of the North Dakota Century Code is amended and reenacted as follows:

57-05-08. Report by railroad corporation to state tax commissioner.

Each railroad corporation required to be assessed under the provisions of this chapter annually shall, on or before ~~May~~April first of each year, under oath of the presiding or other chief executive officer, make and file ~~in such~~on the form and in the manner as the tax commissioner may prescribe a report containing the following information:

1. The name of the company;
2. The laws of what state or country organized, the date of original organization, the date of reorganization, consolidation, or merger, with specific reference to laws authorizing the same;
3. Location of its principal office;
4. The name of the place where its books, papers, and accounts are kept;
5. The name and post-office address of the president, secretary, treasurer, auditor, superintendent, general manager, and all other general officers;
6. The name and post-office address of the chief officer or managing agent of the company in North Dakota and of all other general officers residing in this state;
7. The total number of shares of capital stock;
8. The par value of the shares of the capital stock for the whole system, showing separately the amount authorized, amount issued, amount outstanding, and dividends paid thereon;
9. If such capital stock has no market value, the actual value on the dates and for the periods designated by the tax commissioner of this state;
10. The funded debt of the company for the whole system and a detailed statement of all series of bonds, debentures, or other securities, forming a part of the funded debt, at par value, with the date of issue, maturity, rate of interest, and amount of interest for the preceding year;
11. The market value of each series of funded debt securities for the whole system on the dates and for the periods designated by the tax commissioner, and if the whole or a part of ~~such~~the funded debt has no market value, then the actual value thereof for ~~such~~the dates and periods as the tax commissioner may specify;

12. Such general description of the operative and nonoperative real estate of the company in North Dakota as would be sufficient in a conveyance thereof, under a judicial decree, to vest in the grantee all title and interest in and to the said property;
13. A description of the personal property of the company;
14. The number of miles [kilometers] of each main line of railroad, the number of miles [kilometers] of each branch line and sidetracks thereof within the state of North Dakota;
15. The entire gross earnings of the company from operation, expenses of operation, net earnings and income from operation, and the income from other sources, for the whole system, and in North Dakota, for the years or period the tax commissioner may request or specify, not exceeding five years;
16. The location of the property of the company within this state by counties, municipalities, and districts, in ~~such~~the manner and in ~~such~~ detail as the tax commissioner shall prescribe; and
17. ~~Such other~~Other facts and information as the tax commissioner may require in the form of returns prescribed by the tax commissioner or which the company may deem material upon the question of taxation of its property in this state.

SECTION 14. AMENDMENT. Section 57-06-06 of the North Dakota Century Code is amended and reenacted as follows:

57-06-06. Reports of companies.

Each company required to be assessed under the provisions of this chapter annually, on or before the ~~first~~fifteenth day of ~~May~~April, under oath of the president or other chief executive officer, and the secretary or treasurer or auditor or superintendent of such company, shall make and file with the tax commissioner, in ~~such~~the form as the tax commissioner may prescribe, a report containing the following information, so far as applicable to the company making ~~such~~the report, as of January first of the year in which the report is furnished:

1. The name of the company.
2. The nature of the company, whether a person, association, corporation, or limited liability company, and under the laws of what state or country organized, the date of original organization, the date of reorganization, consolidation, or merger, with specific reference to laws authorizing the same.
3. Location of its principal office.
4. The name of the place where its books, papers, and accounts are kept.
5. The name and post-office address of the president, secretary, treasurer, auditor, superintendent, general manager, and all other general officers.
6. The name and post-office address of the chief officer or managing agent of the company in North Dakota and of all other general officers residing in this state.
7. The total number of shares of capital stock.

8. The par value of the shares of the capital stock for the whole system, showing separately the amount authorized, amount issued, amount outstanding, and dividends paid thereon.
9. If ~~such~~the capital stock has no market value, the actual value on the dates and for the periods designated by the tax commissioner of this state.
10. The funded debt of the company for the whole system and a detailed statement of all series of bonds, debentures, or other securities, forming a part of the funded debt, at par value, with the date of issue, maturity, rate of interest, and amount of interest for the preceding year.
11. The market value of each series of funded debt securities for the whole system on the dates and for the periods designated by the tax commissioner, and if the whole or a part of ~~such~~the funded debt has no market value, then the actual value thereof for ~~such~~the dates and periods as the tax commissioner may specify.
12. ~~Such~~The general description of the operative and nonoperative real estate of the company in North Dakota as would be sufficient in a conveyance thereof, under a judicial decree, to vest in the grantee all title and interest in and to the said property.
13. A description of the personal property, including moneys and credits, held by the company as a whole system, and the part thereof apportioned to the line in North Dakota.
14. The whole length of the lines of the system operated by the company and the length of the lines in North Dakota, whether operated as owner, lessee, or otherwise. The length of the line operated for the whole system and in North Dakota shall be separately reported.
15. The entire gross earnings of the company from operation, expenses of operation, net earnings and income from operation, and the income from other sources, for the whole system, and in North Dakota, for the years or period the tax commissioner may request or specify, not exceeding five years.
16. The location of the property of the company within this state by counties, municipalities, and districts, in ~~such~~the manner and in ~~such~~ detail as the tax commissioner shall prescribe.
17. Other facts and information as the tax commissioner may require or which the company may deem material relating to the taxation of its property in this state.

SECTION 15. AMENDMENT. Section 57-06-09 of the North Dakota Century Code is amended and reenacted as follows:

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~~fifteenth day of ~~May~~April of any year, the state board of equalization shall add ~~ten~~twenty 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~~fifteenth day of

~~May~~April, may grant an extension of time through the first day of ~~June~~May 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~~June 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~~first day of ~~July~~June, for good cause shown, the tax commissioner may waive all or any part of the penalty that attached under this section.

SECTION 16. AMENDMENT. Section 57-06-11 of the North Dakota Century Code is amended and reenacted as follows:

57-06-11. Tentative valuation by tax commissioner.

The tax commissioner, on or before ~~July~~June fifteenth of each year, shall ascertain and determine the value of all operative property of any company required to be assessed under the provisions of this chapter. ~~Such~~This determination of value must be made for the guidance of the state board of equalization in assessing ~~such~~the property at its annual meeting in ~~August~~July. In making ~~such~~the determination of value, the tax commissioner must be governed by the rules ~~laid down by~~provided in this chapter and by ~~such directions as may be~~direction given to the tax commissioner by the state board of equalization.

SECTION 17. AMENDMENT. Section 57-06-12 of the North Dakota Century Code is amended and reenacted as follows:

57-06-12. Tentative assessment to be made and notice of hearing.

The tax commissioner shall give ten days' notice by mail to each company, or its representative in North Dakota, of the amount of its tentative assessment and ~~shall appoint a time and place, between the meeting of the state board of equalization on the first~~second Tuesday of ~~August and the first day of September~~July, at which ~~meeting~~ each company is entitled to present evidence before the state board of equalization relating to the value of the property of the company.

SECTION 18. AMENDMENT. Section 57-06-15 of the North Dakota Century Code is amended and reenacted as follows:

57-06-15. Assessment by state board of equalization - Notice of increase.

The state board of equalization may adopt the tentative assessment of the tax commissioner in whole or in part. The valuation and tentative assessments made by the tax commissioner must be considered merely findings of fact of the executive officer of the board. The state board of equalization shall review ~~such~~the valuation and tentative assessment at the time of its annual meeting in ~~August~~July of each year and then shall make a final assessment of ~~such~~the property. It may increase or lower the entire assessment, or any assessment contained therein, on any item contained within the assessment of any company. Before the state board of equalization may make an increase in the assessed valuation of the property of ~~any~~such the company over the valuation contained in the tentative assessment, notice must be given to the company of ~~any~~such the proposed increase and a hearing granted thereon. A ten-day written notice ~~of the proposed increase and hearing~~ must be given to the company ~~in such instance~~, either by mail addressed to the company, or personally served on a duly authorized agent of the company.

SECTION 19. AMENDMENT. Section 57-06-21 of the North Dakota Century Code is amended and reenacted as follows:

57-06-21. Reports to county auditors.

On or before the fifteenth day of ~~March~~February of each year, each company required to be assessed under this chapter shall file with the county auditor of each county within which any part of its operative property is located a report giving a general description of all its property located within the county, with operative and nonoperative property listed separately. The report must give the length of the line or lines within the county and the length in each taxing district of each line constituting part of a single and continuous line or property. The company also shall file with the county auditor and the tax commissioner a map of all of its lines within the county showing clearly the length of its lines within each taxing district as of January first of that year. To facilitate the making of the maps, the county auditor, on or before the first day of ~~February~~January of each year, shall provide to each company a current map of the county showing the boundaries of each taxing district in the county.

SECTION 20. AMENDMENT. Section 57-13-02 of the North Dakota Century Code is amended and reenacted as follows:

57-13-02. Annual meeting to assess taxable property.

The state board of equalization shall meet annually on the ~~first~~second Tuesday in ~~August~~July at the office of the state tax commissioner and shall assess all of the taxable property which such board is required to assess pursuant to and in accordance with the provisions of section 4 of article X of the Constitution of North Dakota, as amended, and the statutes of this state."

Page 3, line 9, replace "first" with "tenth"

Page 3, line 10, replace "treasurer" with "auditor"

Page 3, line 11, after "property" insert "a preliminary budget statement and"

Page 3, line 12, remove ". For purposes of this section, a taxing district means a city, county."

Page 3, remove lines 13 through 15

Page 3, line 16, replace "hundred thousand dollars" with ", which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year"

Page 3, line 17, replace "twenty-fifth" with "thirty-first"

Page 3, line 17, replace "treasurer" with "auditor"

Page 3, line 18, after "property" insert "with a total estimated property tax of at least one hundred dollars"

Page 3, line 20, after "located" insert ", which anticipate levying in excess of one hundred thousand dollars in the current year, and the location at which the taxing district's budget is available for review"

Page 3, line 21, remove "The number of mills against the taxing district's current year taxable valuation."

Page 3, remove lines 22 and 23

Page 3, line 24, replace "revenue as the property tax levy in the prior year" with "The true and full value of the property based on the best information available"

Page 3, line 25, remove "A statement regarding whether the taxing district anticipates increasing the"

Page 3, line 26, replace "property tax levy" with "A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions"

Page 3, line 27, remove "The additional number of mills the taxing district may require, calculated as the"

Page 3, remove line 28

Page 3, line 29, replace "district anticipates increasing its property tax levy" with "A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;

e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available"

Page 3, line 30, replace "e." with "f."

Page 4, line 5, after the underscored period insert "If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax."

Page 4, after line 7, insert:

"5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district that intends to levy in excess of one hundred thousand dollars in property taxes in the current year."

Page 4, remove lines 8 through 31

Page 5, replace lines 1 through 30 with:

SECTION 22. AMENDMENT. Section 57-15-13 of the North Dakota Century Code is amended and reenacted as follows:

57-15-13. School district tax levies.

School district taxes must be levied by the governing body of each school district on or before the ~~fifteenth~~tenth day of August of each year. The governing body of the school district may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year but the certification must be filed with the county auditor within the time limitations under section 57-15-31.1. Taxes for school district purposes must be based upon an itemized budget statement which must show the complete expenditure program of the district for the current fiscal year and the sources of the revenue from which it is to be financed. The school board of each public school district, in levying taxes, is limited by the amount necessary to be raised for the purpose of meeting the appropriations included in the school budget of the current fiscal year, and the sum necessary to be provided as an interim fund, together with a tax sufficient in amount to pay the interest on the

bonded debt of the district and to provide a sinking fund to pay and discharge the principal thereof at maturity.

SECTION 23. REPEAL. Sections 11-23-03 and 57-15-02.1 of the North Dakota Century Code are repealed."

Renumber accordingly

2017 HOUSE FINANCE AND TAXATION

SB 2288

2017 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2288
3/8/2017
28883

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A bill relating to a consolidated taxpayer notice containing estimated property tax levies and budget hearing information; relating to assessment increase notices and property tax levy public hearings, the dates for general taxation of land by a city, notices of dates of assessments and reports for centrally assessed property, the annual meeting of the state board of equalization, and dates for school district tax levies; relating to notice of levy increases and public hearings.

Minutes:

Attachments #1-8

Chairman Headland: Opened hearing on SB 2288.

Senator Cook: Introduced bill. Distributed attachments, see attachments #1 and #2. The bill eliminates all the other notices that are required to be sent out and consolidates it into one notice. It eliminates the requirement in the truth and taxation. This bill basically repeals the truth and taxation section of code. Referred to a sample of a tax statement in attachment #2. This is not a bill; it tells the person when the hearing is for the various political subdivisions. The full and true value is listed so you can see the change in the previous year and the existing year. You can view the estimated real property taxes by every political subdivision that the property is located in. On the bottom it lists the hearing schedules. One thing you do not see on this statement is the word "mill." The county auditors who deal with property taxes in dollars will still have mills to work with but it will be gone from the statement. We made the final changes in the senate and I think we fixed the problems. I think we eliminated the bottleneck process with the local governments trying to get their values for essentially assessed property.

Chairman Headland: Are there any questions for Senator Cook?

Senator Cook: I would hope that if we pass this the taxpayers will get used to this and eliminate a lot of the confusion this has caused with multiple letters. You would get a notice from the park district that they are raising taxes 5%, a notice from the school district they are raising at 6%, and the city that they are raising it 3% so people think their taxes are increasing 14% but that's not the case. That is the intent of this.

Chairman Headland: Is there further testimony in support?

Michael Montplaisir, Cass County Auditor: Distributed written testimony in support. See attachment #3. Ended testimony at 10:46.

Chairman Headland: Has the notice increased participation in the budget hearings for the local political subs?

Michael Montplaisir: I don't think so. We've had a 100% increase but it was due to one person showing up. Something like this that provides them with better information is more important.

Chairman Headland: I would agree. It is a service to the taxpayers.

Representative Mitskog: Do you think the dates are doable for cities, counties, and all the other political subs?

Michael Montplaisir: Yes. I think we've solved most of the problems with the dates. We'll have to do some training and handholding with some of our local governments to get this done. Shortly after this was passed in the Senate I sent it out to all of our metro area jurisdictions and they all expressed support for it. They said they were going to move their budgets hearings up a bit and work on their budgets to accommodate the deadlines.

Representative B. Koppelman: Was there any discussion on putting individual political subdivision percentages in the right hand column?

Michael Montplaisir: We wanted to make it as simple as possible. We tried to keep all the extra information off but it could be done.

Chairman Headland: Further testimony in support?

Donnell Preskey Hushka, North Dakota Association of Counties: Distributed written testimony in support. See attachment #4. Ended testimony at 18:54.

Chairman Headland: Questions?

Representative Steiner: Some people don't understand the state's 12% tax credit. Some of my constituents ask me what the state is doing for us. I don't really see that we get the credit as much; it just says 12% state tax credit. How else could that be written so people understand the state is making a significant contribution to lower their property tax?

Donnell Preskey Hushka: On your property tax statement there is more detail on the legislative relief that is provided. There are a few things that are set forth in this bill about requirements on this notice including the word "increase." As far as a lot of the details for this estimated notice that would be going out, that will be decided by the State Tax Department. When we revised the statement they joined a committee of auditors, treasurers, the Tax Department, and other folks to look at possible forms and what we wanted on the

statement. I'm led to believe we will be going through the same process when developing a form for this notice.

Chairman Headland: What happens if we take over Social Services, how does that line change? Or does it change?

Donnell Preskey Hushka: I would be guessing but I would say it would be reflected in the county line. Those are all things that will be taken into consideration in the future.

Representative Mitskog: Are the county auditors comfortable with the dates?

Donnell Preskey Hushka: Some are concerned with the timeline of collecting the data from the taxing jurisdictions. It is set forth in this bill that they must report to the county auditor by August 10 and then to have all that information compiled and ready to be sent out by August 31. When we worked collectively to try to work on this timeline along with the timeline from centrally assessed properties there isn't a lot of wiggle room. You have a short amount of time to hold everyone's hearings and you can't have everyone's hearings on the same day. It was really constricted on how much to push that timeline.

Representative Steiner: You're saying that if we were to absorb Social Services, county taxes would go down and the 12% tax relief line would go away? How would people know that the state hasn't made that investment on this sheet?

Donnell Preskey Hushka: I'm going to urge you that this form is an example. This bill is the policy to get this done. We can work that out after this bill is passed.

Chairman Headland: Any other questions? Further testimony in support?

Blake Crosby, North Dakota League of Cities: Distributed written testimony in support. See attachment #5. Let me take a few minutes to answer some of the previous questions. Unfortunately, this current tax year I had three or four cities who failed to submit their budgets on time. There is no fallback position as is provided in the bill for those cities currently in statute. Those cities that did not get their budgets in on time to the counties are having to borrow money from the bank in order to have a budget for this current year. This means that next fiscal year those cities are going to have to increase their mill levies a bit to make up for the interest payments they will have to make this year. We need to try and avoid that to the extent possible. In this bill if somebody misses the date it at least allows that city to be able to have the same budget for the year they missed based on the previous year. There is some protection in here. This is also an education training piece for the taxpayers. We need to keep in mind that taxpayers, for the most part, do not show up for hearings and they want it short and sweet. They want to know two things; how much they paid last year and what they are going to pay this year. They could care less about all the other information you put on the statement. This is one of the reasons we went from mills to dollars because hardly anyone understands mills. In reference to Representative B. Koppelman's question, people are not good at percentages. They see something like a 15% increase and they think it's a huge amount but it could be 15% of \$10.00. Percentages don't tell a consumer what the consumer needs to know. They want to know the dollar amount. We need to keep in mind that this is a preliminary statement. We want it to be short, clean, sweet, and understandable.

We want to try and avoid some of these situations that we find ourselves in that Mr. Montplaisir referred to. We have some folks who receive three or four property tax statements, they're adding them altogether, and sending in a check to the county based on those statements then the county has to refund them the money. This is a process that will evolve as it goes forth. It may take some tweaking but we need a place to start. This is a good place to start.

Chairman Headland: Questions? We'll take further testimony in support.

RaeAnn Kelsch, lobbyist for NDCEL (North Dakota Council of Educational Leaders): Distributed written testimony in support. See attachment #6. Ended testimony at 32:22.

Chairman Headland: Do you think that the notices generated more interest in the budget hearing for school districts?

RaeAnn Kelsch: I think it has generated more interest in the school hearings. I don't think people really pay attention to when those hearings are and because you get all these different notices. I agree that this is definitely the one where you can put the magnet on the refrigerator then you can see exactly when those hearings are instead of having the confusion of having three or four different notices.

Chairman Headland: Is there further testimony in support?

David Flowers, Superintendent of West Fargo Schools: Distributed written testimony in support. See attachment #7. Ended testimony at 36:10. I will respond to the question relative to West Fargo's hearing and we've had more people come. I believe that some of the reasons is that there was more clarity and some of their assessed values went up so there was some angst about what their tax increase was going to be. For the first time they had absolute clarity on what the bottom line was. I think the tax form was a catalyst for that increased number of people to come because they had that clarity with the unified statement showing the impact of every one of those entities on their particular parcel of property.

Chairman Headland: That tells me the notice works.

David Flowers: The pilot in Cass County substantiates the value of this change.

Chairman Headland: Any questions? Further testimony in support.

Pete Hanebutt, North Dakota Farm Bureau: We have several things in our policy talking about property tax reform and one of the things people have been expressing is the need to change from mills to dollars. We like this bill and we are happy to support it as well.

Chairman Headland: Further testimony in support? I would like to ask Mr. Montplaisir one more question. How close was your estimate in your pilot project to what the actual tax statement ended up indicating?

Michael Montplaisir: We look at the estimate we send out as a worst case scenario. In some cases, the mill levies went down from there but for the most part it was very accurate.

House Finance and Taxation Committee

SB 2288

March 8, 2017

Page 5

Chairman Headland: Good to know. We'll now take opposition to SB 2288. Seeing none we will close the hearing.

Testimony submitted by Kevin Glatt, Burleigh County Auditor/Treasurer, but did not testify. See attachment #8.

2017 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2288
3/8/2017
28917

- Subcommittee
 Conference Committee

Committee Clerk Signature

Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to a consolidated taxpayer notice containing estimated property tax levies and budget hearing information; relating to assessment increase notices and property tax levy public hearings, the dates for general taxation of land by a city, notices of dates of assessments and reports for centrally assessed property, the annual meeting of the state board of equalization, and dates for school district tax levies; relating to notice of levy increases and public hearings.

Minutes:

No attachments

Chairman Headland: We have a recommendation to amend one word in subsection 2 of section 21.

Vice Chairman Dockter: MADE A MOTION TO ADOPT THE AMENDMENT ON LINE 21 PAGE 14 TAKE OUT "AUDITOR" AND REPLACE IT WITH "TREASURER."

Representative Howe: SECONDED

Chairman Headland: Any discussion?

ROLL CALL VOTE: 13 YES 0 NO 1 ABSENT
MOTION CARRIED

Chairman Headland: Let's have some discussion on this amended bill.

Representative B. Koppelman: This tax statement was piloted in my county. I think it was greatly helpful in explaining various things. I think as Representative Steiner brought up in discussion that the legislature has always been pretty big on recognition for the property tax efforts we've made in various forms. If you look at the example of the tax statement that was given to us, the county cut their taxes as did the soil conservation district. My concern with having a blended tax rate at the bottom is that it glosses over how much they are raising their taxes and doesn't give credit to those who have lowered their taxes. In the fourth column, maybe we could add the percentage of taxes raised or lowered by each political subdivision.

Chairman Headland: In the testimony, we heard the people were adding up the different percentages and then thinking their property taxes were going to increase by the addition of those percentages. It really confused everyone. I think it just muddies up the notice. I would reject wanting to add a percentage to it.

Representative Mitskog: Can't the average taxpayer understand the change in dollars because it's reflected right there? The third column shows the difference from their previous dollars in 2014 versus 2015.

Representative B. Koppelman: Yes, you can see the dollars. If it was easier to not make it confusing, we could simply place the 6.09 in one column to the right so when you add the blended rate of all those....

Chairman Headland: I think this is just an example. This isn't the form that is going out.

Representative B. Koppelman: This is the form in Cass County and I presume that is what's going to happen.

Chairman Headland: I don't think we're going to know because it's going to be developed by the Tax Commissioner's office.

Vice Chairman Dockter: We had a bill that was passed changing mills to dollars and it was defeated in the senate. Our whole goal was to try and simplify the statements so everyone could figure out what they are paying for taxes. This bill gives us the best bill we've had, besides that mills to dollars, to show people what they are going to pay in taxes. People just want to know the dollar amount of what they paid the year prior and what they're paying this year. **MADE A MOTION FOR A DO PASS AS AMENDED.**

Representative Mitskog: SECONDED.

Chairman Headland: Let's have some discussion.

Representative Ertelt: I had the same concern as Representative B. Koppelman. Although the dollar amount may be all some people look at, for many the percentage is just as important.

Chairman Headland: Can you do the math?

Representative Ertelt: Certainly I can.

Chairman Headland: Can other people?

Representative Ertelt: The argument is that they can't because we're eliminating it. I think it would be much more apparent if you have the percentage on there. I understand this may not be the final format of what we're looking at, but I think that's what we're making our decision on here. In the hearing schedule, I was curious why they didn't have the one that was beforehand and why it wasn't listed in sequential order instead of out of order. I think people should know which taxing authorities are increasing or decreasing and at which rate.

Chairman Headland: This is a notice to try to prepare taxpayers with an understanding of what is happening with their property taxes at a budget hearing. I think it accomplishes what it needs to accomplish.

Representative Trottier: When I looked at my tax statement our city taxes went up 50% which was a mistake. The county and the city didn't catch the mistake so now the city has to refund the difference. I think a percentage would have grabbed their attention on that.

Chairman Headland: We are debating a do pass motion that doesn't have a percentage. We shouldn't be focusing on that.

Representative Steiner: I like this form but I think we could make it better. I'm voting no.

Representative B. Koppelman: Is there anything in the bill that suggests the Tax Department couldn't do that? Do we have to give them permission to do that in law?

Chairman Headland: I don't think we do. I think they will do it the way they want. If we make it clear I'm sure they will follow the recommendations of the legislature.

Representative Mitskog: It's my understanding, the intent of this is to bring some transparency to taxation by the local political subs. This is a simplistic statement that gives the information in a very simple form. If people want to show up for the hearings they can, then they can ask for those details if they choose.

Chairman Headland: I would agree.

Representative Ertelt: The other concern I have with this piece of legislation is the repeal of the truth in taxation which is the publishing in the newspapers of the increase. I would argue that...

Chairman Headland: There's publication in this bill.

Representative Ertelt: Section 3 is repealing those two sections. My thought of having it in the newspapers is that it's potentially and earlier disclosure to the public. They draw a bit more attention than something that comes in the mail.

Chairman Headland: We've had these hearing dates listed in the newspapers in the past and it didn't generate any additional interest in the budget hearings. People always waited and complained after the fact. I think we're making way too much out of what we're trying to accomplish here. We're just trying to get a simple notice that works for all taxing districts within the county.

Representative Howe: I'd argue that this would be a better notification. Everyone knows the death of newspapers nowadays. If this is being directly mailed to you I'm way more apt to opening what's mailed to me than paging through a newspaper and looking for notice.

Representative Ertelt: I don't disagree there are fewer people today reading the newspaper. I read the newspapers. I like to see what is going on in other districts and that's a good notification to me as well to know what the surrounding areas are doing with their taxes. It's not just the taxpayer themselves that are being impacted by that.

Chairman Headland: Any other discussion?

**ROLL CALL VOTE: 12 YES 2 NO 0 ABSENT
MOTION CARRIED FOR DO PASS AS AMENDED**

Representative Howe will carry this bill.

3/8/17 DA

17.0068.03001
Title.04000

Adopted by the Finance and Taxation
Committee

March 8, 2017

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2288

Page 14, line 21, replace "auditor" with "treasurer"

Renumber accordingly

Date: 3-8-17
 Roll Call Vote #: 1

**2017 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2288**

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: line 21 p. 14 take out "auditor" + put in "treasurer."

- 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. Dockter Seconded By Rep. Howe

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	AB				
Representative Schobinger	✓				
Representative Steiner	✓				
Representative Toman	✓				
Representative Trottier	✓				

Total (Yes) 13 No 0

Absent 1

Floor Assignment _____

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

Motion carried.

Date: 3-8-17
 Roll Call Vote #: 2

**2017 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2288**

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. Dockter Seconded By Rep. Mitskog

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) 12 No 2

Absent 0

Floor Assignment Rep. Howe

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

REPORT OF STANDING COMMITTEE

SB 2288, as engrossed: Finance and Taxation Committee (Rep. Headland, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (12 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2288
was placed on the Sixth order on the calendar.

Page 14, line 21, replace "auditor" with "treasurer"

Renumber accordingly

2017 TESTIMONY

SB 2288

1/25/2017

SB 2288

Attachment #1

pg 1

17.0068.02001
Title.

Prepared by the Legislative Council staff for
Senator Cook

January 25, 2017

PROPOSED AMENDMENTS TO SENATE BILL NO. 2288

Page 1, line 3, after "sections" insert "11-23-04, 40-40-04, 40-40-06, and"

Page 1, line 3, remove "and 57-15-02.1"

Page 1, line 5, after the semicolon insert "to repeal sections 11-23-03 and 57-15-02.1 of the North Dakota Century Code, relating to notice of levy increases and public hearings;"

Page 1, after line 6, insert:

"SECTION 1. AMENDMENT. Section 11-23-04 of the North Dakota Century Code is amended and reenacted as follows:

11-23-04. Hearing on budget - Taxpayer may appear.

The board of county commissioners shall meet at the time and place designated in the notice prescribed by section ~~41-23-035~~ of this Act. Any taxpayer who may appear shall be heard in favor of or against any proposed expenditures or tax levies. When the hearing shall have been concluded, the board shall adopt such estimate as finally is determined upon. All taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates.

SECTION 2. AMENDMENT. Section 40-40-04 of the North Dakota Century Code is amended and reenacted as follows:

40-40-04. Municipality to prepare preliminary budget statement.

The governing body of each municipality, annually on or before ~~September tenth~~ August first, shall make an itemized statement known as the preliminary budget statement showing the amounts of money which, in the opinion of the governing body, will be required for the proper maintenance, expansion, or improvement of the municipality during the year.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of preliminary budget statement - Contents--How given.

After the governing body has prepared the preliminary budget statement, the auditor of the municipality shall give notice that:

- 1- ~~The~~ notify the county treasurer that the preliminary budget is on file in the office of the auditor and may be examined by anyone upon request and specify the time and place designated by the governing body for a public hearing at which any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.
- 2- The governing body shall meet no later than October seventh ~~at the time and place specified in the notice as prescribed by subsection 3~~ for the purpose of adopting the final budget and making the annual tax levy.

4/25/17

SB 2288

Attachment # 1

3. ~~The governing body shall hold a public session at the time and place designated in the notice of hearing at which any taxpayer may appear and discuss with the body any item of proposed expenditures or may object to any item or amount.~~

~~The notice must contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures. The notice must be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09."~~

Page 2, line 26, remove the overstrike over "The notice may not contain an"

Page 2, remove the overstrike over line 27

Page 3, line 11, after "property" insert "a preliminary budget statement and"

Page 3, line 16, after the underscored period insert "A taxing district that fails to provide the information required under this subsection on or before August first may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year."

Page 3, line 18, after "property" insert "with a total estimated property tax of at least one hundred dollars"

Page 3, line 20, after "located" insert "and the location at which the taxing district's budget is available for review"

Page 3, line 21, remove "The number of mills against the taxing district's current year taxable valuation."

Page 3, remove lines 22 and 23

Page 3, line 24, replace "revenue as the property tax levy in the prior year" with "The true and full value of the property based on the best information available"

Page 3, line 25, remove "A statement regarding whether the taxing district anticipates increasing the"

Page 3, line 26, replace "property tax levy" with "A column showing the actual property tax levy in dollars against the parcel by the county, school district, and any city or township that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the county, school district, and any city or township levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions"

Page 3, line 27, remove "The additional number of mills the taxing district may require, calculated as the"

Page 3, remove line 28,

Page 3, line 29, replace "district anticipates increasing its property tax levy" with "A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "increase" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;"

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- e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available"

Page 3, line 30, replace "e." with "f."

Page 4, line 5, after the underscored period insert "If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax."

Page 4, remove lines 8 through 31

Page 5, replace lines 1 through 30 with:

"SECTION 6. REPEAL. Sections 11-23-03 and 57-15-02.1 of the North Dakota Century Code are repealed."

Renumber accordingly

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#1A

pg 1

17.0068.02001

Sixty-fifth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2288

Introduced by

Senators Cook, Laffen, Schaible

Representatives Headland, Howe, Olson

1 A BILL for an Act to create and enact a new section to chapter 57-15 of the North Dakota
2 Century Code, relating to a consolidated taxpayer notice containing estimated property tax
3 levies and budget hearing information; to amend and reenact sections 11-23-04, 40-40-04,
4 40-40-06, and 57-02-53 and ~~57-15-02.1~~ of the North Dakota Century Code, relating to
5 assessment increase notices and property tax levy public hearings; to repeal sections 11-23-03
6 and 57-15-02.1 of the North Dakota Century Code, relating to notice of levy increases and
7 public hearings; and to provide an effective date.

8 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

9 **SECTION 1. AMENDMENT.** Section 11-23-04 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **11-23-04. Hearing on budget - Taxpayer may appear.**

12 The board of county commissioners shall meet at the time and place designated in the
13 notice prescribed by section ~~11-23-035~~ of this Act. Any taxpayer who may appear shall be heard
14 in favor of or against any proposed expenditures or tax levies. When the hearing shall have
15 been concluded, the board shall adopt such estimate as finally is determined upon. All taxes
16 shall be levied in specific amounts and shall not exceed the amount specified in the published
17 estimates.

18 **SECTION 2. AMENDMENT.** Section 40-40-04 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **40-40-04. Municipality to prepare preliminary budget statement.**

21 The governing body of each municipality, annually on or before ~~September tenth~~ August
22 first, shall make an itemized statement known as the preliminary budget statement showing the
23 amounts of money which, in the opinion of the governing body, will be required for the proper
24 maintenance, expansion, or improvement of the municipality during the year.

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1 **SECTION 3. AMENDMENT.** Section 40-40-06 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **40-40-06. Notice of preliminary budget statement - Contents** ~~How given.~~

4 After the governing body has prepared the preliminary budget statement, the auditor of the
5 municipality shall ~~give notice that:~~

6 ~~1. The~~ notify the county treasurer that the preliminary budget is on file in the office of the
7 auditor and may be examined by anyone upon request and specify the time and place
8 designated by the governing body for a public hearing at which any taxpayer may
9 appear and discuss with the governing body any item of proposed expenditures or
10 may object to any item or amount.

11 ~~2.~~ The governing body shall meet no later than October seventh ~~at the time and place~~
12 ~~specified in the notice as prescribed by subsection 3~~ for the purpose of adopting the
13 final budget and making the annual tax levy.

14 ~~3. The governing body shall hold a public session at the time and place designated in the~~
15 ~~notice of hearing at which any taxpayer may appear and discuss with the body any~~
16 ~~item of proposed expenditures or may object to any item or amount.~~

17 The notice must contain a statement of the total proposed expenditures for each fund in the
18 preliminary budget, but need not contain any detailed statement of the proposed expenditures.
19 ~~The notice must be published at least once, not less than six days prior to the budget hearing,~~
20 ~~in a newspaper published in the municipality, if there is one, and if no newspaper is published in~~
21 ~~the municipality, the notice must be published not less than six days prior to the meeting in the~~
22 ~~official city newspaper as provided by section 40-01-09.~~

23 **SECTION 4. AMENDMENT.** Section 57-02-53 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **57-02-53. Assessment increase notice to property owner.**

26 1. a. When any assessor has increased the true and full valuation of any lot or tract of
27 land and improvements to an amount that is an increase of three thousand
28 dollars or more and ten percent or more from the amount of the previous year's
29 assessment, the assessor shall deliver written notice of the amount of increase
30 and the amount of the previous year's assessment to the property owner at the
31 expense of the assessment district for which the assessor is employed. Delivery

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- 1 of written notice to a property owner under this subdivision must be completed at
2 least fifteen days before the meeting of the local board of equalization.
- 3 b. If written notice by the assessor was not required under subdivision a and action
4 by the township, city, or county board of equalization or order of the state board
5 of equalization has increased the true and full valuation of any lot or tract of land
6 and improvements to an amount that results in a cumulative increase of three
7 thousand dollars or more and ten percent or more from the amount of the
8 previous year's assessment, written notice of the amount of increase and the
9 amount of the previous year's assessment must be delivered to the property
10 owner. The written notice under this subdivision must be mailed or delivered at
11 the expense of the township, city, or county that made the assessment increase
12 or at the expense of the township, city, or county that was ordered to make the
13 increase by the state board of equalization. Delivery of written notice to a
14 property owner under this subdivision must be completed within fifteen days after
15 the meeting of the township, city, or county board of equalization that made or
16 ordered the assessment increase and within thirty days after the meeting of the
17 state board of equalization, if the state board of equalization ordered the
18 assessment increase.
- 19 c. The tax commissioner shall prescribe suitable forms for written notices under this
20 subsection. The written notice under subdivision a must show the true and full
21 value of the property, including improvements, that the assessor determined for
22 the current year and for the previous year and must also show the date
23 prescribed by law for the meeting of the local board of equalization of the
24 assessment district in which the property is located and the meeting date of the
25 county board of equalization.
- 26 d. Delivery of written notice under this section must be by personal delivery to the
27 property owner, mail addressed to the property owner at the property owner's
28 last-known address, or electronic mail to the property owner directed with
29 verification of receipt to an electronic mail address at which the property owner
30 has consented to receive notice.

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- 1 2. The form of notice prescribed by the tax commissioner must require a statement to
- 2 inform the taxpayer that an assessment increase does not mean property taxes on the
- 3 parcel will increase. ~~The notice must state that each taxing district must provide mailed~~
- 4 ~~notice of public hearing to the property owner if a greater property tax levy is being~~
- 5 ~~proposed than a zero increase number of mills. The notice may not contain an~~
- 6 ~~estimate of a tax increase resulting from the assessment increase.~~
- 7 3. ~~The assessor shall provide an electronic or printed list including the name and address~~
- 8 ~~of the addressee of each assessment increase notice required under subdivision a of~~
- 9 ~~subsection 1 and the officer responsible for providing notice under subdivision b of~~
- 10 ~~subsection 1 shall provide an electronic or printed list including the name and address~~
- 11 ~~of the addressee of each assessment increase notice required under subdivision b of~~
- 12 ~~subsection 1 to each city, county, school district, or city park district in which the~~
- 13 ~~subject property is located, but a copy does not have to be provided to any such taxing~~
- 14 ~~district that levied a property tax levy of less than one hundred thousand dollars for the~~
- 15 ~~prior year.~~

16 **SECTION 5.** A new section to chapter 57-15 of the North Dakota Century Code is created
17 and enacted as follows:

18 **Estimated property tax and budget hearing notice.**

- 19 1. On or before August first of each year the governing body of a taxing district shall
- 20 provide to the county treasurer in each county in which the taxing district has taxable
- 21 property a preliminary budget statement and the date, time, and location of the taxing
- 22 district's public hearing on its property tax levy. For purposes of this section, a taxing
- 23 district means a city, county, school district, or city park district but does not include
- 24 any such taxing district that levied a property tax levy of less than one hundred
- 25 thousand dollars for the prior year and sets a budget for the current year calling for a
- 26 property tax levy of less than one hundred thousand dollars. A taxing district that fails
- 27 to provide the information required under this subsection on or before August first may
- 28 not impose a property tax levy in a greater amount of dollars than was imposed by the
- 29 taxing district in the prior year.

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- 1 2. By August twenty-fifth of each year the county treasurer shall provide a written notice
2 to the owner of each parcel of taxable property with a total estimated property tax of at
3 least one hundred dollars. The text of the notice must contain:
- 4 a. The date, time, and location of the public budget hearing for each of the taxing
5 districts in which the property owner's parcel is located and the location at which
6 the taxing district's budget is available for review;
- 7 b. ~~The number of mills against the taxing district's current year taxable valuation,~~
8 ~~excluding consideration of the taxable valuation of any property that was not~~
9 ~~taxable in the prior year, which would provide the same amount of property tax~~
10 ~~revenue as the property tax levy in the prior year~~The true and full value of the
11 property based on the best information available;
- 12 c. ~~A statement regarding whether the taxing district anticipates increasing the~~
13 ~~property tax levy~~A column showing the actual property tax levy in dollars against
14 the parcel by the county, school district, and any city or township that levied taxes
15 against the parcel in the immediately preceding taxable year and a column
16 showing the estimated property tax levy in dollars against the parcel by the
17 county, school district, and any city or township levying tax in the taxable year for
18 which the notice applies based on the preliminary budget statements of all taxing
19 jurisdictions;
- 20 d. ~~The additional number of mills the taxing district may require, calculated as the~~
21 ~~number of mills exceeding the amount determined in subdivision b, if the taxing~~
22 ~~district anticipates increasing its property tax levy~~A column indicating the
23 difference between the taxing district's total levy from the previous year and the
24 taxing district's estimated levy with the word "increase" printed in boldface type if
25 the proposed tax levy is larger in dollars than the levy in dollars in the previous
26 year;
- 27 e. Information identifying the estimated property tax savings that will be provided
28 pursuant to section 57-20-07.1 based on the best information available; and
- 29 e.f. A statement that there will be an opportunity for citizens to present oral or written
30 comments regarding each taxing district's property tax levy.

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1 3. Delivery of written notice under this section must be by personal delivery to the
 2 property owner, mail addressed to the property owner at the property owner's
 3 last-known address, or electronic mail to the property owner directed with verification
 4 of receipt to an electronic mail address at which the property owner has consented to
 5 receive notice. If a parcel of taxable property is owned by more than one owner, notice
 6 must be sent to only one owner of the property. Failure of an owner to receive a notice
 7 under this section will not relieve the owner of property tax liability or modify the
 8 qualifying date under section 57-20-09 for which an owner may receive a discount for
 9 early payment of tax.

10 4. The tax commissioner shall prescribe suitable forms for written notices under this
 11 section.

12 **SECTION 3. AMENDMENT.** Section 57-15-02.1 of the North Dakota Century Code is
 13 amended and reenacted as follows:

14 ~~— 57-15-02.1. **Property tax levy increase notice and public hearing.**~~

15 ~~— Notwithstanding any other provision of law, a taxing district may not impose a property tax~~
 16 ~~levy in a greater number of mills than the zero increase number of mills, unless the taxing~~
 17 ~~district is in substantial compliance with this section.~~

18 ~~— 1. The governing body shall cause publication of notice in its official newspaper at least~~
 19 ~~seven days before a public hearing on its property tax levy. A provide notice of a public~~
 20 ~~hearing under this section in accordance with the requirements under section 2 of this~~
 21 ~~Act. A public hearing under this section may not be scheduled to begin earlier than six~~
 22 ~~p.m. The notice must have at least one-half inch [1.27 centimeters] white space~~
 23 ~~margin on all four sides and must be at least two columns wide by five inches [12.7~~
 24 ~~centimeters] high. The heading must be capitalized in boldface type of at least~~
 25 ~~eighteen-point stating "IMPORTANT NOTICE TO (name of taxing district)~~
 26 ~~TAXPAYERS". The proposed percentage increase must be printed in a boldface type~~
 27 ~~size no less than two points less than the heading, while the remaining portion of the~~
 28 ~~advertisement must be printed in a type face size no less than four points less than the~~
 29 ~~heading. The text of the notice must contain:~~

30 ~~— a. The date, time, and place of the public hearing.~~

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- 1 ~~_____ b. A statement that the public hearing will be held to consider increasing the~~
2 ~~property tax levy by a stated percentage, expressed as a percentage increase~~
3 ~~exceeding the zero increase number of mills.~~
- 4 ~~_____ c. A statement that there will be an opportunity for citizens to present oral or written~~
5 ~~comments regarding the property tax levy.~~
- 6 ~~_____ d. Any other information the taxing district wishes to provide to inform taxpayers.~~
- 7 ~~_____ 2. At least seven days before a public hearing on its property tax levy under this section,~~
8 ~~the governing body shall cause notice of the information required under subsection 1~~
9 ~~to be mailed to each property owner who received notice of an assessment increase~~
10 ~~for the taxable year under section 57-02-53.~~
- 11 ~~_____ 3.2. If the governing body of the taxing district does not make a final decision on imposing~~
12 ~~a property tax levy exceeding the zero increase number of mills at the public hearing~~
13 ~~required by this section, the governing body shall announce at that public hearing the~~
14 ~~scheduled time and place of the next public meeting at which the governing body will~~
15 ~~consider final adoption of a property tax levy exceeding the tax district's zero increase~~
16 ~~number of mills.~~
- 17 ~~_____ 4.3. For purposes of this section:~~
- 18 ~~_____ a. "New growth" means the taxable valuation of any property that was not taxable in~~
19 ~~the prior year.~~
- 20 ~~_____ b. "Property tax levy" means the tax rate, expressed in mills, for all property taxes~~
21 ~~levied by the taxing district.~~
- 22 ~~_____ c. "Taxing district" means a city, county, school district, or city park district but does~~
23 ~~not include any such taxing district that levied a property tax levy of less than one~~
24 ~~hundred thousand dollars for the prior year and sets a budget for the current year~~
25 ~~calling for a property tax levy of less than one hundred thousand dollars.~~
- 26 ~~_____ d. "Zero increase number of mills" means the number of mills against the taxing~~
27 ~~district's current year taxable valuation, excluding consideration of new growth,~~
28 ~~which will provide the same amount of property tax revenue as the property tax~~
29 ~~levy in the prior year.~~
- 30 ~~_____ 5.4. For the taxable year 2013 only, for purposes of determining the zero increase number~~
31 ~~of mills for a school district, the amount of property tax revenue from the property tax~~

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1 levy in the 2012 taxable year must be recalculated by reducing the 2012 mill rate of
2 the school district by the lesser of:

3 ~~a. Fifty mills; or~~

4 ~~b. The 2012 general fund mill rate of the school district minus sixty mills.~~

5 **SECTION 6. REPEAL.** Sections 11-23-03 and 57-15-02.1 of the North Dakota Century
6 Code are repealed.

7 **SECTION 7. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
8 December 31, 2017.

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Attachment # 2 pg 1

Notice of Estimated Property Tax and Hearing Dates

Property owner and mailing address:

John Smith & Jane Smith
123 Main Ave S
Fargo ND 58104-7050

**THIS IS NOT A BILL
ESTIMATE & NOTICE OF MEETINGS
ONLY**

You are hereby notified of the potential change in your taxes based on each jurisdiction's preliminary budgets. Your actual taxes may vary based upon the final budgets of the jurisdictions and any valuation adjustments made by the State Board of Equalization. This statement does not include any unpaid special assessments.

Real Estate Description:

123 Main Ave S, Fargo ND

Lot: 19 Block: 1 Addition: Stonebridge Farms 2nd Additional: STONEBRIDGE FARMS 2ND LT 19 BLK 1

True & Full Value	2014	2015	Change
Land, Residential	\$38,500	\$38,500	\$0
Building Residential	\$220,900	\$246,800	\$25,900
Total Values	\$259,400	\$285,300	\$25,900

Estimated Real Property Taxes	2014 Dollars	2015 Proposed Dollars	Change Dollars	
County	813.26	805.35	(7.90)	
City of Fargo	668.28	706.12	37.84	INCREASE
Fargo Park District	358.48	353.99	(4.49)	
Fargo Public School District #1	1,930.13	2,135.68	205.55	INCREASE
Soil Conservation District	5.14	3.09	(2.05)	
Garrison Diversion Conservancy District	11.67	12.84	1.17	INCREASE
State Medical School	11.67	12.84	1.17	INCREASE
	3,798.63	4,029.91	231.29	
12% State Tax Credit	(455.84)	(483.59)	(27.75)	
Net Consolidated Tax	3,342.79	3,546.32	203.53	
Effective Tax Rate (tax divided by value)	1.29%	1.24%	-0.05%	
Percentage of total Increase (Decrease) in Net Consolidated Tax			6.09%	

Hearing Schedule: (Hearing on Preliminary Budget)

- Cass County** September 21, 2015 3:30 p.m. Cass County Commission Room, 211 9th St. S, Fargo ND
- City of Fargo** September 28, 2015 6:00 p.m. Fargo City Commission Room, 200 3rd St. N, Fargo ND
- Fargo PSD #1** August 25, 2015 6:00 p.m. Fargo School District Board Room, 415 4th St N, Fargo ND
- Fargo Park Dist.** September 8, 2015 4:00 p.m. Fargo Park District Board Room, 701 Main Ave, Fargo ND

Citizens will have an opportunity to present oral or written comments regarding the entity's budget at or before the hearing. A copy of the entities budget will be available at their normal place of business at least 7 days prior to the meeting.

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Attachment #3

pg 1

17.0068.02002
Title.

Prepared by the Legislative Council staff for
Senator Cook

January 25, 2017

PROPOSED AMENDMENTS TO SENATE BILL NO. 2288

Page 4, after line 7, insert:

- "5. The cost of providing notice to an owner of taxable property under this section must be split equally among each of the taxing entities levying tax against the parcel. On or before September first of each year, the county treasurer shall notify each city, school district, and park district in the county of the amount due under this subsection."

Renumber accordingly

4/25/17

SB 2288

Attachment # 3A pg 1

17.0068.02002

Sixty-fifth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2288

Introduced by

Senators Cook, Laffen, Schaible

Representatives Headland, Howe, Olson

1 A BILL for an Act to create and enact a new section to chapter 57-15 of the North Dakota
2 Century Code, relating to a consolidated taxpayer notice containing estimated property tax
3 levies and budget hearing information; to amend and reenact sections 57-02-53 and 57-15-02.1
4 of the North Dakota Century Code, relating to assessment increase notices and property tax
5 levy public hearings; and to provide an effective date.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1. AMENDMENT.** Section 57-02-53 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **57-02-53. Assessment increase notice to property owner.**

- 10 1. a. When any assessor has increased the true and full valuation of any lot or tract of
11 land and improvements to an amount that is an increase of three thousand
12 dollars or more and ten percent or more from the amount of the previous year's
13 assessment, the assessor shall deliver written notice of the amount of increase
14 and the amount of the previous year's assessment to the property owner at the
15 expense of the assessment district for which the assessor is employed. Delivery
16 of written notice to a property owner under this subdivision must be completed at
17 least fifteen days before the meeting of the local board of equalization.
- 18 b. If written notice by the assessor was not required under subdivision a and action
19 by the township, city, or county board of equalization or order of the state board
20 of equalization has increased the true and full valuation of any lot or tract of land
21 and improvements to an amount that results in a cumulative increase of three
22 thousand dollars or more and ten percent or more from the amount of the
23 previous year's assessment, written notice of the amount of increase and the
24 amount of the previous year's assessment must be delivered to the property

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- 1 owner. The written notice under this subdivision must be mailed or delivered at
2 the expense of the township, city, or county that made the assessment increase
3 or at the expense of the township, city, or county that was ordered to make the
4 increase by the state board of equalization. Delivery of written notice to a
5 property owner under this subdivision must be completed within fifteen days after
6 the meeting of the township, city, or county board of equalization that made or
7 ordered the assessment increase and within thirty days after the meeting of the
8 state board of equalization, if the state board of equalization ordered the
9 assessment increase.
- 10 c. The tax commissioner shall prescribe suitable forms for written notices under this
11 subsection. The written notice under subdivision a must show the true and full
12 value of the property, including improvements, that the assessor determined for
13 the current year and for the previous year and must also show the date
14 prescribed by law for the meeting of the local board of equalization of the
15 assessment district in which the property is located and the meeting date of the
16 county board of equalization.
- 17 d. Delivery of written notice under this section must be by personal delivery to the
18 property owner, mail addressed to the property owner at the property owner's
19 last-known address, or electronic mail to the property owner directed with
20 verification of receipt to an electronic mail address at which the property owner
21 has consented to receive notice.
- 22 2. The form of notice prescribed by the tax commissioner must require a statement to
23 inform the taxpayer that an assessment increase does not mean property taxes on the
24 parcel will increase. ~~The notice must state that each taxing district must provide mailed~~
25 ~~notice of public hearing to the property owner if a greater property tax levy is being~~
26 ~~proposed than a zero increase number of mills. The notice may not contain an~~
27 ~~estimate of a tax increase resulting from the assessment increase.~~
- 28 3. ~~The assessor shall provide an electronic or printed list including the name and address~~
29 ~~of the addressee of each assessment increase notice required under subdivision a of~~
30 ~~subsection 1 and the officer responsible for providing notice under subdivision b of~~
31 ~~subsection 1 shall provide an electronic or printed list including the name and address~~

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1 of the addressee of each assessment increase notice required under subdivision b of
2 subsection 1 to each city, county, school district, or city park district in which the
3 subject property is located, but a copy does not have to be provided to any such taxing
4 district that levied a property tax levy of less than one hundred thousand dollars for the
5 prior year.

6 **SECTION 2.** A new section to chapter 57-15 of the North Dakota Century Code is created
7 and enacted as follows:

8 **Estimated property tax and budget hearing notice.**

- 9 1. On or before August first of each year the governing body of a taxing district shall
10 provide to the county treasurer in each county in which the taxing district has taxable
11 property the date, time, and location of the taxing district's public hearing on its
12 property tax levy. For purposes of this section, a taxing district means a city, county,
13 school district, or city park district but does not include any such taxing district that
14 levied a property tax levy of less than one hundred thousand dollars for the prior year
15 and sets a budget for the current year calling for a property tax levy of less than one
16 hundred thousand dollars.
- 17 2. By August twenty-fifth of each year the county treasurer shall provide a written notice
18 to the owner of each parcel of taxable property. The text of the notice must contain:
- 19 a. The date, time, and location of the public budget hearing for each of the taxing
20 districts in which the property owner's parcel is located;
- 21 b. The number of mills against the taxing district's current year taxable valuation,
22 excluding consideration of the taxable valuation of any property that was not
23 taxable in the prior year, which would provide the same amount of property tax
24 revenue as the property tax levy in the prior year;
- 25 c. A statement regarding whether the taxing district anticipates increasing the
26 property tax levy;
- 27 d. The additional number of mills the taxing district may require, calculated as the
28 number of mills exceeding the amount determined in subdivision b, if the taxing
29 district anticipates increasing its property tax levy; and
- 30 e. A statement that there will be an opportunity for citizens to present oral or written
31 comments regarding each taxing district's property tax levy.

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- 1 3. Delivery of written notice under this section must be by personal delivery to the
- 2 property owner, mail addressed to the property owner at the property owner's
- 3 last-known address, or electronic mail to the property owner directed with verification
- 4 of receipt to an electronic mail address at which the property owner has consented to
- 5 receive notice.
- 6 4. The tax commissioner shall prescribe suitable forms for written notices under this
- 7 section.
- 8 5. The cost of providing notice to an owner of taxable property under this section must be
- 9 split equally among each of the taxing entities levying tax against the parcel. On or
- 10 before September first of each year, the county treasurer shall notify each city, school
- 11 district, and park district in the county of the amount due under this subsection.

12 **SECTION 3. AMENDMENT.** Section 57-15-02.1 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **57-15-02.1. Property tax levy increase notice and public hearing.**

15 Notwithstanding any other provision of law, a taxing district may not impose a property tax
16 levy in a greater number of mills than the zero increase number of mills, unless the taxing
17 district is in substantial compliance with this section.

- 18 1. ~~The governing body shall cause publication of notice in its official newspaper at least~~
- 19 ~~seven days before a public hearing on its property tax levy. A provide notice of a public~~
- 20 ~~hearing under this section in accordance with the requirements under section 2 of this~~
- 21 ~~Act. A public hearing under this section may not be scheduled to begin earlier than six~~
- 22 ~~p.m. The notice must have at least one-half inch [1.27 centimeters] white space~~
- 23 ~~margin on all four sides and must be at least two columns wide by five inches [12.7~~
- 24 ~~centimeters] high. The heading must be capitalized in boldface type of at least~~
- 25 ~~eighteen point stating "IMPORTANT NOTICE TO (name of taxing district)~~
- 26 ~~TAXPAYERS". The proposed percentage increase must be printed in a boldface type~~
- 27 ~~size no less than two points less than the heading, while the remaining portion of the~~
- 28 ~~advertisement must be printed in a type face size no less than four points less than the~~
- 29 ~~heading. The text of the notice must contain:~~
- 30 a. ~~The date, time, and place of the public hearing.~~

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#3A

Sixty-fifth
Legislative Assembly

- 1 b. A statement that the public hearing will be held to consider increasing the
2 property tax levy by a stated percentage, expressed as a percentage increase
3 exceeding the zero increase number of mills.
- 4 c. A statement that there will be an opportunity for citizens to present oral or written
5 comments regarding the property tax levy.
- 6 d. Any other information the taxing district wishes to provide to inform taxpayers.
- 7 2. ~~At least seven days before a public hearing on its property tax levy under this section,~~
8 ~~the governing body shall cause notice of the information required under subsection 1~~
9 ~~to be mailed to each property owner who received notice of an assessment increase~~
10 ~~for the taxable year under section 57-02-53.~~
- 11 3-2. If the governing body of the taxing district does not make a final decision on imposing
12 a property tax levy exceeding the zero increase number of mills at the public hearing
13 required by this section, the governing body shall announce at that public hearing the
14 scheduled time and place of the next public meeting at which the governing body will
15 consider final adoption of a property tax levy exceeding the tax district's zero increase
16 number of mills.
- 17 4-3. For purposes of this section:
- 18 a. "New growth" means the taxable valuation of any property that was not taxable in
19 the prior year.
- 20 b. "Property tax levy" means the tax rate, expressed in mills, for all property taxes
21 levied by the taxing district.
- 22 c. "Taxing district" means a city, county, school district, or city park district but does
23 not include any such taxing district that levied a property tax levy of less than one
24 hundred thousand dollars for the prior year and sets a budget for the current year
25 calling for a property tax levy of less than one hundred thousand dollars.
- 26 d. "Zero increase number of mills" means the number of mills against the taxing
27 district's current year taxable valuation, excluding consideration of new growth,
28 which will provide the same amount of property tax revenue as the property tax
29 levy in the prior year.
- 30 5-4. For the taxable year 2013 only, for purposes of determining the zero increase number
31 of mills for a school district, the amount of property tax revenue from the property tax

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Sixty-fifth
Legislative Assembly

- 1 levy in the 2012 taxable year must be recalculated by reducing the 2012 mill rate of
- 2 the school district by the lesser of:
- 3 a. Fifty mills; or
- 4 b. The 2012 general fund mill rate of the school district minus sixty mills.

5 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
6 December 31, 2017.

1/25/2017

SB 2288

Attachment #4

pg 1

Testimony for:
Senate Finance and Tax Committee
January 25, 2017
Michael Montplaisir, Cass County Auditor

SB 2288

Chairman Cook and members of the Senate Finance and Tax Committee

I am Michael Montplaisir, Cass County Auditor, and handle property tax administration in Cass County. We have struggled for the past few years with the notice process attached to the "zero number of mills concept". Our concerns have not been with sending out the notices or holding the hearings; but with the information that taxpayers have been provided, the percentage shown on the notice means nothing to the taxpayer. The percentage has no relationship to his or her taxes.

The county tries to comply with the zero number of mills calculation in order to not send out the notices; however, at times we simply can't because our costs keep increasing along with inflation that the added valuation for new properties cannot cover. Other local governments have the same challenges and on occasion also need to send notices. A taxpayer could get a notice from the County, School District, City, and Park District, all with different percentage of increases.

The notices we send out do generate calls from taxpayers; the questions are usually regarding how much their taxes are increasing; do they use the percentage provided in the notice; and if they received multiple notices, do they add up the percentages to get the amount their taxes are increasing. These questions lead us to looking up their property, finding the percentage valuation increase, and estimating their property tax for the coming year.

Following the notices sent out in 2015, a group of local finance officers from Cass County met to see if we could come up with a statement that both met the requirements of the law for the current notices but also provided the taxpayer with some relevant information specific to their property. The attached notice was sent out in 2016 for a property in the City of Fargo and the West Fargo School District. In this case, only the Fargo Park District and the West Fargo School District needed to send a notice for hearings.

The information on the front shows the effect the increased assessment would have on their taxes using the best information we had at the time. We also provided the dates for the relevant hearings and mill levy changes we knew about at that time. On the reverse side, we showed the mandated notices. In this case, while the required notices showed a 4.46% increase for the West Fargo School District and 6.90% for the Fargo Park District, the actual increase in estimated taxes was 11.27% based on a 15% increase in valuation.

Last year we sent out 12,788 of these notices for the Fargo Park District; 7,208 for the West Fargo School District; 49 for the City of Casselton; and 68 for the City of Mapleton. We did receive calls, however, the calls were positive in thanking us for providing an estimate so they knew what the increased valuations meant in tax dollars.

I urge your support for Senate Bill 2288.

1/25/2017

SB 2288

Attachment #4

Pg 2

THIS IS NOT A BILL

Notice of Real Estate Assessment and Hearing Dates

The Statement below reflects the potential change in your 2016 real estate taxes based on either the current mill levy or projected mill levies as noted below. Your actual taxes will vary based upon the budgets of the jurisdictions included on your tax statement. The Statement below does not include special assessments or drains.



Parcel Number:



Physical Address:



Legal Description:



	2015	2016	Change Amount	Change %
True and full value	248,700	286,000	37,300	15.00 %
Taxable value	12,435	14,300	1,865	15.00 %
Taxes by District (in dollars)				
*County	737.64	806.66	69.02	
State Medical	12.44	14.30	1.86	
County Soil Conservation	7.83	9.01	1.18	
City of Fargo	683.93	786.50	102.57	
*Fargo Park District	367.08	420.85	53.77	
*West Fargo Public School District #6	1,737.29	1,906.05	168.76	
Southeast Water Resource District	68.39	78.65	10.26	
Consolidated tax	3,614.60	4,022.02	407.42	
Less: 12% state-paid tax credit	(433.75)	(482.65)	(48.90)	
Net Consolidated tax	3,180.85	3,539.37	358.52	11.27 %
Net effective tax rate %	1.28	1.24	(0.04)	

Hearing Schedule:

- West Fargo Public School District #6 September 12, 2016 6:30 p.m. Leidal Education Center, 207 Main Ave, West Fargo, North Dakota
- Fargo Park District September 13, 2016 6:00 p.m. Fargo Park District Board Room 701 Main Ave, Fargo North Dakota

*Mill Levy Comments:

- County The county's proposed mill rate is 61.21 for the 2016 taxes, which is a reduction of 4.91 mills.
- Fargo Park District The Fargo Park District's proposed mill rate is 29.43 for the 2016 taxes, which is a reduction of .09 mills.
- West Fargo Public School District #6 The West Fargo Public School District proposed mill rate is 133.29 for the 2016 taxes, which is a reduction of 6.42 mills

Citizens will have an opportunity to present oral or written comments regarding the entity's budget at or before the hearing. A copy of the entities budget will be available at their normal place of business at least 7 days prior to the meeting.

THIS IS NOT A BILL SEE REVERSE SIDE FOR HEARING NOTICES

4/25/2017

SB 2288

Attachment #4

pg 3

NOTICE TO TAXPAYERS

You are receiving this written notice of the public hearings listed below in compliance with NDCC 57-15-02.1 requiring a mailed notice if your property assessment increased in value by 10% or more, and at least \$3,000, from the true and full value assessment in the prior year. The information on the front of this notice is intended to show you the effect on your property taxes based on the increase in value and mill levy changes proposed by local jurisdictions.

IMPORTANT NOTICE TO WEST FARGO SCHOOL DISTRICT #6 TAXPAYERS

At 6:30 p.m. on September 12, 2016, West Fargo Public School District #6 will conduct a public hearing regarding its property tax levy in the Boardroom of the Leidal Education Center, 207 Main Ave West, West Fargo ND 58078. The hearing will be held to consider increasing the property tax levy by **4.46%**. Citizens will be provided an opportunity to present oral or written comments regarding the property tax levy.

A copy of the Preliminary West Fargo School District Budget is available at:
<https://www.west-fargo.k12.nd.us/2016-17Budget.pdf>

IMPORTANT NOTICE TO FARGO PARK DISTRICT TAXPAYERS

A public hearing to consider increasing the 2016 Fargo Park District property tax levy by **6.90%** will be held at the Fargo Park District Board Room, 701 Main Ave, Fargo North Dakota, on Tuesday, September 13, 2016 at 6:00 p.m. Citizens will have an opportunity to present oral or written comments regarding the property tax levy.

A copy of the Preliminary Fargo Park District Budget is available at the Fargo Park District offices at 701 Main Ave, Fargo, North Dakota during normal business hours of 7:30 a.m. to 4:30 p.m., Monday through Friday, except holidays.

1/25/2017

SB 2288

Attachment #5

Pg 1

PROPOSED TAXES 2017

THIS IS NOT A BILL. DO NOT PAY.



Spruce County
Jane Smith, Auditor-Treasurer
345 12th Street East, Box 78
Spruceville, MN 55555-5555
(555) 345-6789
www.co.spruce.mn.us

TAXPAYER(S):

John and Mary Johnson
123 Pine Road South
Spruceville, MN 55555-5555

Property Information

PIN Number: 01.234.56.789.R1
Property Address: 789 Pine Rd S
Spruceville, MN 55555

Property Description:
Lot 1, Block 1, Spruce Acres Subdivision

**The time to provide feedback on
PROPOSED LEVIES is NOW**

It is too late to appeal your value without going
to Tax Court.

Step	VALUES AND CLASSIFICATION		
	Taxes Payable Year	2016	2017
1	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$23,800
	Taxable Market Value	\$125,000	\$126,200
	Class:	Res NHmstd	Res Hmstd
Step	PROPOSED TAX		
2	Proposed Tax		\$1,467.52
Step	PROPERTY TAX STATEMENT		
3	Coming in 2017		

Proposed Property Taxes and Meetings by Jurisdiction for Your Property

Contact Information	Meeting Information	Actual 2016	Proposed 2017
State General Tax	No public meeting	\$0	\$0
County of Spruce Spruce County Courthouse 123 Spruce St Spruceville, MN 55555 www.co.spruce.mn.us (555) 123-4567	December 9, 7:00 PM	\$438.06	\$484.18
City of Spruceville Mayor's Office 456 Spruce St Spruceville, MN 55555 www.ci.spruceville.mn.us (555) 123-7654	December 1, 6:30 PM Spruceville City Hall	\$273.79	\$312.06
Spruceville School District 999 150 1st St N Spruceville, MN 55555 www.spruceville.k12.mn.us (555) 123-6789	December 2, 7:00 PM Spruceville High School Cafeteria		
Voter Approved Levies		\$289.35	\$296.68
Other Levies		\$340.11	\$374.60
<i>Your school district was scheduled to hold a referendum at the November general election. If the referendum was approved by the voters, the school district's voter approved property tax for 2017 may be higher than the proposed amount shown on this notice.</i>			
Total excluding any special assessments		\$1,341.31	\$1,467.52 9.0%

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Attachment #5

pg 2

**What
Else
Should
You
Know?**

Your local units of government have proposed the amount they will need to levy in 2017.

The following circumstances could change these amounts:

- Upcoming referenda
- Legal judgments
- Natural disasters
- Voter-approved levy limit increases, or
- Special assessments

Your county commissioners, school board, city council (if your property is located in a city with a population over 500), and metropolitan special taxing district will soon be holding meetings to discuss the 2017 budgets and proposed 2017 property taxes. (The school board will discuss the 2016 budget.) You are invited to attend these meetings to express your opinion.

1/25/2017

SB 2288

Testimony #6

pg 1

Testimony for:
Senate Finance and Tax
1/25/2017
Donnell Preskey Hushka, ND Association of Counties

SB 2288: Unified Tax Notice

Mr. Chairman and committee members, I'm Donnell Preskey with the North Dakota Association of Counties. I'm here today representing North Dakota's 53 county auditors on SB 2288.

While not every county may be in total agreeance with this proposal, our legislative committee for a majority supports the purpose of this effort.

It's important to remember the main purpose of this bill. To reduce confusion taxpayers have over the numerous notices they were receiving alerting them of tax increases and upcoming budget hearings. Many citizens would receive four notices, all guesses as to what that taxpayer may see in an increase. Under this bill, a citizen would get one notice with all information from the four taxing jurisdictions rather than four separate notices. That notice is still an estimate of what that citizens taxes may look like – but it is a notice, not a statement or a bill.

As you previously heard, Cass County worked with other taxing jurisdictions to test out a concept of a single notice that not only provided the data but supplied the taxpayers with the dates of each taxing entities hearing. That pilot project should be recognized for getting us to this point where we can discuss the potential of expanding to a unified notice statewide.

As the counties will be issuing this tax notice to all taxpayers there will be a considerable cost to counties. This will mirror the same time commitment and cost to a county as running the tax statements. Therefore we are asking reassurance from this committee to allow counties to seek proportionate reimbursement from other major jurisdictions.

In closing, Mr. Chairman we all appreciate finding ways to simplify and become more efficient. This has the potential to do both. In the mass of mail a taxpayer receives, think of the benefit of having one notice to hang on the fridge to remind you of what hearing you need to go to.

1/26/2017

SB 2288

Attachment #7 pg 1

Cook, Dwight C.

From: Aimee Copas <aimee.copas@ndcel.org>
Sent: Thursday, January 26, 2017 11:34 AM
To: Cook, Dwight C.; Bekkedahl, Brad; Dotzenrod, Jim A.; Laffen, Lonnie J.; Meyer, Scott; Unruh, Jessica K.; Schaible, Donald G.; Headland, Craig A.; Howe, Michael C.; Olson, Christopher D.
Subject: Support of SB2288

CAUTION: This email originated from an outside source. Do not click links or open attachments unless you know they are safe.

Dear Senate Finance and Taxation Committee, Senators Cook, Laffen, Schaible, & Representatives Headland, Howe, and Olson,

Good day! My name is Dr. Aimee Copas – I serve as the Executive Director for the North Dakota Council of Educational Leaders – representing our school leaders in North Dakota (Superintendents, Principals, CTE Directors, Tech Directors, Athletic Directors, County Supts., School Business Officials, Special Education Directors, and REA Directors). I apologize for not being at the hearing in person yesterday, however, I had a corresponding educational hearing at the same time. I wanted to ensure, however, that you understood the support from the schools for this bill.

Please accept this written testimony in support of Senate Bill 2288. This bill is the result of much time and effort all pointed toward providing to the citizens of North Dakota more accurate and usable information regarding their taxes. This bill also results in a cost savings to the taxpayers in North Dakota.

Over the past years, the method by which we've informed our patrons of the taxes collected, and the dates of our budget hearings have been confusing and inefficient at best. Having multiple public entities spend the time and effort sending out multiple notices (all of them rather confusing to the taxpayer), begs the question why we haven't done this sooner. Further, the tax notice in the paper required by law is very confusing and doesn't provide accurate information to the taxpayer – we believe this bill will help us do better. SB2288 is a step in the right direction toward even more true transparency and understanding of our taxes collected and how our patrons play their part in the services in our communities and state.

The pilot done by Cass County is a good example of how this process can work and it is a testament to the fact that making these changes is worth the collaboration and effort.

We thank the committee for considering this law change which is ultimately a result of much time, effort, and collaboration by multiple entities to come up with a process that truly works better for the taxpayer.

We urge your strong consideration and DO PASS recommendation of SB2288. Thank you for your time.

Dr. Aimee Copas

North Dakota Council of Educational Leaders

Executive Director

www.ndcel.us

701-258-3022 office

605-228-3804 mobile

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Attachment #1

Pg 1

Prepared by the
Office of State Tax Commissioner
February 6, 2017

PROPOSED AMENDMENTS TO SENATE BILL NO. 2288

Page 1, line 3, after "reenact" insert "section 40-51.2-06, subsection 1 of section 40-51.2-07,"

Page 1, line 3, after "sections" insert "40-51.2-16,"

Page 1, line 3, after "57-02-53" insert ", 57-05-01, 57-05-01.1, 57-05-06, 57-05-07, 57-05-08, 57-06-06, 57-06-09, 57-06-11, 57-06-12, 57-06-15, 57-06-21, 57-13-02,"

Page 1, line 4, after "to" insert "the effective date for general taxation of land by a city,"

Page 1, line 4, after "notices" insert ", notices of dates of assessments and reports for centrally-assessed property, annual meeting of the state board of equalization,"

Page 1, after line 6, insert:

"SECTION 1. AMENDMENT. Section 40-51.2-06 of the North Dakota Century Code is amended and reenacted as follows:

40-51.2-06. Petition of owners and electors - Annexation or exclusion - Classification of annexed agricultural lands for tax purposes.

If the governing body annexes the area, it shall do so by ordinance. When a copy of the ordinance and an accurate map of the annexed area, certified by the executive officer of the city, are filed and recorded with the county recorder, the annexation becomes effective. An annexation is effective for the purpose of general taxation on and after the first day of the next ~~February~~ January. However, the city shall continue to classify as agricultural lands for tax purposes all lands in the annexed area which were classified as agricultural lands immediately before the annexation proceedings until those lands are put to another use. If the governing body determines to exclude the area petitioned for, it may do so by ordinance adopted and recorded as in the case of annexation.

SECTION 2. AMENDMENT. Subsection 1 of section 40-51.2-07 of the North Dakota Century Code is amended and reenacted as follows:

1. The governing body of any city may adopt a resolution to annex contiguous or adjacent territory as follows:
 - a. The governing body of the city shall adopt a resolution describing the property to be annexed.
 - b. The governing body of the city shall publish the resolution and a notice of the time and place the governing body will meet to hear and determine the sufficiency of any written protests against the proposed annexation in the official newspaper once each week for two consecutive weeks. The governing body of the city shall mail at least seven days before the meeting, by certified mail, a notice to the owner of each parcel of real property within the area to be annexed at the person's last-known mailing address. The notice

must inform landowners of the resolution, the time and place of hearing, and the requirement that protests must be filed in writing. The owners of any real property within the territory proposed to be annexed within thirty days of the first publication of the resolution may file written protests with the city auditor protesting against the proposed annexation. The governing body of the city also shall mail at least seven days before the meeting, by certified mail, the notice of the time and place of the hearing to the governing body of each city, county, or township directly affected by the land area proposed to be annexed. No state-owned property may be annexed without the written consent of the state agency or department having control of the property. The governing body of the city, at its next meeting after the expiration of the time for filing the protests, shall hear and determine the sufficiency of the protests.

- c. In the absence of protests filed by the owners of more than one-fourth of the territory proposed to be annexed as of the date of the adoption of the resolution, the territory described in the resolution becomes a part of the city. When a copy of the resolution and an accurate map of the annexed area, certified by the executive officer of the city, are filed and recorded with the county recorder, the annexation becomes effective. Annexation is effective for the purpose of general taxation on and after the first day of the next ~~February~~ January. However, the city shall continue to classify as agricultural lands for tax purposes all lands in the annexed area which were classified as agricultural lands immediately before the annexation proceedings until those lands are put to another use.

SECTION 3. AMENDMENT. Section 40-51.2-16 of the North Dakota Century Code is amended and reenacted as follows:

40-51.2-16. Effective date of annexation by administrative law judge - Classification of annexed agricultural lands for tax purposes.

Territory annexed to a city pursuant to petition to the director of the office of administrative hearings is annexed as of the date of the order of the administrative law judge, except for tax purposes, and a copy of the resolution with an accurate map of the annexed area, certified by the executive officer of the city, must be filed and recorded with the county recorder. Annexation is effective for the purpose of general taxation on and after the first day of the next ~~February~~ January. However, the city shall continue to classify as agricultural lands for tax purposes all lands in the annexed area which were classified as agricultural lands immediately before the annexation proceedings until those lands are put to another use.”

Page 3, after line 5, insert:

SECTION 5. AMENDMENT. Section 57-05-01 of the North Dakota Century Code is amended and reenacted as follows:

57-05-01. Railroad property to be assessed by state board of equalization.

The state board of equalization, at its annual meeting in ~~August~~ July in each year, shall assess, at its actual value on the first day of January of that year, the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway. If any railroad allows any portion of its railway to be used for any purpose other than the operation of a railroad, the portion of its railway while so used must be assessed in a manner provided for the assessment of other real property. To enable the board to make a correct valuation of property, it shall have access to all reports, estimates, and surveys of a line of railroad on file in the office of the public service commission and has power to summon and compel the attendance of witnesses, and to examine witnesses under oath in any matter

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relating to the value of the property. In fixing the value of any railroad, and of branch lines and sidetracks, the board must be governed by the rules prescribed for county and township assessors in valuing other property in this state. The board shall make a record of the value placed by it upon the property of the railroad, including the valuation per mile [1.61 kilometers] of main line and of branch lines and sidetracks. Railroad property held in trust by the public service commission for purposes of reorganization or reopening of the railway line is exempt from assessment as provided in this section.

SECTION 6. AMENDMENT. Section 57-05-01.1 of the North Dakota Century Code is amended and reenacted as follows:

57-05-01.1. Tentative assessment - Notice of hearing.

1. The tax commissioner, on or before ~~July~~ June fifteenth of each year, shall ascertain and determine the value of, and a tentative assessment of, all operative property of any company required to be assessed under the provisions of this chapter. ~~Such~~ The determination of value must be made for the guidance of the state board of equalization in assessing ~~such~~ the property at its annual meeting in ~~August~~ July. In making ~~such~~ this determination of value, the tax commissioner must be governed by the rules ~~laid down~~ provided in this chapter.
2. The tax commissioner shall give ten days' notice by mail to each company, or its representative in North Dakota, of the amount of its tentative assessment; and shall ~~appoint a time and place between~~ the meeting of the state board of equalization on the ~~first~~ second Tuesday of ~~August~~ July and the first day of ~~September~~ July, at which meeting each company is entitled to present evidence before the state board of equalization relating to the value of the property of the company.

SECTION 7. AMENDMENT. Section 57-05-06 of the North Dakota Century Code is amended and reenacted as follows:

57-05-06. County auditor to send maps to railroad corporation.

The county auditor of each county in the state shall ~~mail~~ provide to each railroad corporation doing business in that county, on or before the first day of ~~March~~ February of each year, an accurate map of the county showing the boundaries of each assessment district.

SECTION 8. AMENDMENT. Section 57-05-07 of the North Dakota Century Code is amended and reenacted as follows:

57-05-07. Railroad shall file information with county auditor.

Every railroad corporation, on or before the fifteenth day of ~~February~~ January in each year, shall file in the office of the county auditor of each county in the state in which ~~said~~ the company's lines are located:

1. The name of the corporation.
2. The principal place of doing business.
3. The names and post-office addresses of the president, secretary, and treasurer of the corporation.

SECTION 9. AMENDMENT. Section 57-05-08 of the North Dakota Century Code is amended and reenacted as follows:

57-05-08. Report by railroad corporation to state tax commissioner.

Each railroad corporation required to be assessed under the provisions of this chapter annually shall, on or before ~~May~~ April first of each year, under oath of the presiding or other chief executive officer, make and file ~~in such~~ on the form and in the manner as the tax commissioner may prescribe a report containing the following information:

1. The name of the company;
2. The laws of what state or country organized, the date of original organization, the date of reorganization, consolidation, or merger, with specific reference to laws authorizing the same;
3. Location of its principal office;
4. The name of the place where its books, papers, and accounts are kept;
5. The name and post-office address of the president, secretary, treasurer, auditor, superintendent, general manager, and all other general officers;
6. The name and post-office address of the chief officer or managing agent of the company in North Dakota and of all other general officers residing in this state;
7. The total number of shares of capital stock;
8. The par value of the shares of the capital stock for the whole system, showing separately the amount authorized, amount issued, amount outstanding, and dividends paid thereon;
9. If such capital stock has no market value, the actual value on the dates and for the periods designated by the tax commissioner of this state;
10. The funded debt of the company for the whole system and a detailed statement of all series of bonds, debentures, or other securities, forming a part of the funded debt, at par value, with the date of issue, maturity, rate of interest, and amount of interest for the preceding year;
11. The market value of each series of funded debt securities for the whole system on the dates and for the periods designated by the tax commissioner, and if the whole or a part of such funded debt has no market value, then the actual value thereof for such dates and periods as the tax commissioner may specify;
12. Such general description of the operative and nonoperative real estate of the company in North Dakota as would be sufficient in a conveyance thereof, under a judicial decree, to vest in the grantee all title and interest in and to the said property;
13. A description of the personal property of the company;
14. The number of miles [kilometers] of each main line of railroad, the number of miles [kilometers] of each branch line and sidetracks thereof within the state of North Dakota;
15. The entire gross earnings of the company from operation, expenses of operation, net earnings and income from operation, and the income from other sources, for the whole system, and in North Dakota, for the years or period the tax commissioner may request or specify, not exceeding five years;
16. The location of the property of the company within this state by counties, municipalities, and districts, in ~~such~~ the manner and in such detail as the tax commissioner shall prescribe; and
17. Such other facts and information as the tax commissioner may require in the form of returns prescribed by the tax commissioner or which the company may deem material upon the question of taxation of its property in this state.

SECTION 10. AMENDMENT. Section 57-06-06 of the North Dakota Century Code is amended and reenacted as follows:

57-06-06. Reports of companies.

Each company required to be assessed under the provisions of this chapter annually, on or before the first fifteenth day of ~~May~~ April, under oath of the president or other chief executive

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officer, and the secretary or treasurer or auditor or superintendent of such company, shall make and file with the tax commissioner, in such form as the tax commissioner may prescribe, a report containing the following information, so far as applicable to the company making such report, as of January first of the year in which the report is furnished:

1. The name of the company.
2. The nature of the company, whether a person, association, corporation, or limited liability company, and under the laws of what state or country organized, the date of original organization, the date of reorganization, consolidation, or merger, with specific reference to laws authorizing the same.
3. Location of its principal office.
4. The name of the place where its books, papers, and accounts are kept.
5. The name and post-office address of the president, secretary, treasurer, auditor, superintendent, general manager, and all other general officers.
6. The name and post-office address of the chief officer or managing agent of the company in North Dakota and of all other general officers residing in this state.
7. The total number of shares of capital stock.
8. The par value of the shares of the capital stock for the whole system, showing separately the amount authorized, amount issued, amount outstanding, and dividends paid thereon.
9. If such capital stock has no market value, the actual value on the dates and for the periods designated by the tax commissioner of this state.
10. The funded debt of the company for the whole system and a detailed statement of all series of bonds, debentures, or other securities, forming a part of the funded debt, at par value, with the date of issue, maturity, rate of interest, and amount of interest for the preceding year.
11. The market value of each series of funded debt securities for the whole system on the dates and for the periods designated by the tax commissioner, and if the whole or a part of such funded debt has no market value, then the actual value thereof for such dates and periods as the tax commissioner may specify.
12. Such general description of the operative and nonoperative real estate of the company in North Dakota as would be sufficient in a conveyance thereof, under a judicial decree, to vest in the grantee all title and interest in and to the said property.
13. A description of the personal property, including moneys and credits, held by the company as a whole system, and the part thereof apportioned to the line in North Dakota.
14. The whole length of the lines of the system operated by the company and the length of the lines in North Dakota, whether operated as owner, lessee, or otherwise. The length of the line operated for the whole system and in North Dakota shall be separately reported.
15. The entire gross earnings of the company from operation, expenses of operation, net earnings and income from operation, and the income from other sources, for the whole system, and in North Dakota, for the years or period the tax commissioner may request or specify, not exceeding five years.
16. The location of the property of the company within this state by counties, municipalities, and districts, in such manner and in such detail as the tax commissioner shall prescribe.
17. Other facts and information as the tax commissioner may require or which the company may deem material relating to the taxation of its property in this state.

SECTION 11. AMENDMENT. Section 57-06-09 of the North Dakota Century Code is amended and reenacted as follows:

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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 fifteenth~~ day of ~~May~~ April of any year, the state board of equalization shall add ~~ten~~ twenty 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 fifteenth~~ day of ~~May~~ April, may grant an extension of time through the first day of ~~June~~ May 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~~ June 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~~ first day of ~~July~~ June, for good cause shown, the tax commissioner may waive all or any part of the penalty that attached under this section.

SECTION 12. AMENDMENT. Section 57-06-11 of the North Dakota Century Code is amended and reenacted as follows:

57-06-11. Tentative valuation by tax commissioner.

The tax commissioner, on or before ~~July~~ June fifteenth of each year, shall ascertain and determine the value of all operative property of any company required to be assessed under the provisions of this chapter. ~~Such~~ This determination of value must be made for the guidance of the state board of equalization in assessing such property at its annual meeting in ~~August~~ July. In making ~~such~~ this determination of value, the tax commissioner must be governed by the rules ~~laid down by~~ provided in this chapter and by such directions as may be given to the tax commissioner by the state board of equalization.

SECTION 13. AMENDMENT. Section 57-06-12 of the North Dakota Century Code is amended and reenacted as follows:

57-06-12. Tentative assessment to be made and notice of hearing.

The tax commissioner shall give ten days' notice by mail to each company, or its representative in North Dakota, of the amount of its tentative assessment and ~~shall appoint a time and place, between~~ the meeting of the state board of equalization on the first second Tuesday of ~~August and the first day of September~~ July, at which meeting each company is entitled to present evidence before the state board of equalization relating to the value of the property of the company.

SECTION 14. AMENDMENT. Section 57-06-15 of the North Dakota Century Code is amended and reenacted as follows:

57-06-15. Assessment by state board of equalization - Notice of increase.

The state board of equalization may adopt the tentative assessment of the tax commissioner in whole or in part. The valuation and tentative assessments made by the tax commissioner must be considered merely findings of fact of the executive officer of the board. The state board of equalization shall review such valuation and tentative assessment at the time of its annual meeting in ~~August~~ July of each year and then shall make a final assessment of such property. It may increase or lower the entire assessment, or any assessment contained therein, on any item contained within the assessment of any company. Before the state board of equalization may make an increase in the assessed valuation of the property of any such company over the

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valuation contained in the tentative assessment, notice must be given to the company of any such proposed increase and a hearing granted thereon. A ten-day written notice must be given to the company in such instance, either by mail addressed to the company, or personally served on a duly authorized agent of the company.

SECTION 15. AMENDMENT. Section 57-06-21 of the North Dakota Century Code is amended and reenacted as follows:

57-06-21. Reports to county auditors.

On or before the fifteenth day of ~~March~~ February of each year, each company required to be assessed under this chapter shall file with the county auditor of each county within which any part of its operative property is located a report giving a general description of all its property located within the county, with operative and nonoperative property listed separately. The report must give the length of the line or lines within the county and the length in each taxing district of each line constituting part of a single and continuous line or property. The company also shall file with the county auditor and the tax commissioner a map of all of its lines within the county showing clearly the length of its lines within each taxing district as of January first of that year. To facilitate the making of the maps, the county auditor, on or before the first day of ~~February~~ January of each year, shall provide to each company a current map of the county showing the boundaries of each taxing district in the county.

SECTION 16. AMENDMENT. Section 57-13-02 of the North Dakota Century Code is amended and reenacted as follows:

57-13-02. Annual meeting to assess taxable property.

The state board of equalization shall meet annually on the ~~first~~ second Tuesday in ~~August~~ July at the office of the state tax commissioner and shall assess all of the taxable property which such board is required to assess pursuant to and in accordance with the provisions of section 4 of article X of the Constitution of North Dakota, as amended, and the statutes of this state.”

Renumber accordingly

Sixty-fifth
Legislative Assembly
of North Dakota

SENATE BILL 2288

Introduced by

Senators Cook, Laffen, Schaible

Representatives Headland, Howe, Olson

1 A BILL for an Act to create and enact a new section to chapter 57-15 of the North Dakota
2 Century Code, relating to a consolidated taxpayer notice containing estimated property tax
3 levies and budget hearing information; to amend and reenact section 40-51.2-06, subsection 1
4 of section 40-51.2-07, sections 40-51.2-16, 57-02-53, 57-05-01, 57-05-01.1, 57-05-06, 57-05-
5 07, 57-05-08, 57-06-06, 57-06-09, 57-06-11, 57-06-12, 57-06-15, 57-06-21, 57-13-02, and 57-
6 15-02.1 of the North Dakota Century Code, relating to the effective date for general taxation of
7 land by a city, assessment increase notices, notices of dates of assessments and reports for
8 centrally-assessed property, annual meeting of the state board of equalization, and property tax
9 levy public hearings; and to provide an effective date.

10 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

11 **SECTION 1. AMENDMENT.** Section 40-51.2-06 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **40-51.2-06. Petition of owners and electors - Annexation or exclusion - Classification**
14 **of annexed agricultural lands for tax purposes.**

15 If the governing body annexes the area, it shall do so by ordinance. When a copy of the
16 ordinance and an accurate map of the annexed area, certified by the executive officer of the
17 city, are filed and recorded with the county recorder, the annexation becomes effective. An
18 annexation is effective for the purpose of general taxation on and after the first day of the next
19 ~~February~~ January. However, the city shall continue to classify as agricultural lands for tax
20 purposes all lands in the annexed area which were classified as agricultural lands immediately
21 before the annexation proceedings until those lands are put to another use. If the governing
22 body determines to exclude the area petitioned for, it may do so by ordinance adopted and
23 recorded as in the case of annexation.

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SECTION 2. AMENDMENT. Subsection 1 of section 40-51.2-07 of the North Dakota Century Code is amended and reenacted as follows:

- 1. The governing body of any city may adopt a resolution to annex contiguous or adjacent territory as follows:
 - a. The governing body of the city shall adopt a resolution describing the property to be annexed.
 - b. The governing body of the city shall publish the resolution and a notice of the time and place the governing body will meet to hear and determine the sufficiency of any written protests against the proposed annexation in the official newspaper once each week for two consecutive weeks. The governing body of the city shall mail at least seven days before the meeting, by certified mail, a notice to the owner of each parcel of real property within the area to be annexed at the person's last-known mailing address. The notice must inform landowners of the resolution, the time and place of hearing, and the requirement that protests must be filed in writing. The owners of any real property within the territory proposed to be annexed within thirty days of the first publication of the resolution may file written protests with the city auditor protesting against the proposed annexation. The governing body of the city also shall mail at least seven days before the meeting, by certified mail, the notice of the time and place of the hearing to the governing body of each city, county, or township directly affected by the land area proposed to be annexed. No state-owned property may be annexed without the written consent of the state agency or department having control of the property. The governing body of the city, at its next meeting after the expiration of the time for filing the protests, shall hear and determine the sufficiency of the protests.
 - c. In the absence of protests filed by the owners of more than one-fourth of the territory proposed to be annexed as of the date of the adoption of the resolution, the territory described in the resolution becomes a part of the city. When a copy of the resolution and an accurate map of the annexed area, certified by the executive officer of the city, are filed and recorded with the county recorder, the annexation becomes effective. Annexation is effective for the purpose of general taxation on and after the first day of the next ~~February~~ January. However, the city shall continue to classify as agricultural lands for tax purposes all lands in the annexed area which were classified as agricultural lands immediately before the annexation proceedings until those lands are put to another use.

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1 **SECTION 3. AMENDMENT.** Section 40-51.2-16 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **40-51.2-16. Effective date of annexation by administrative law judge - Classification of**
4 **annexed agricultural lands for tax purposes.**

5 Territory annexed to a city pursuant to petition to the director of the office of administrative
6 hearings is annexed as of the date of the order of the administrative law judge, except for tax
7 purposes, and a copy of the resolution with an accurate map of the annexed area, certified by
8 the executive officer of the city, must be filed and recorded with the county recorder. Annexation
9 is effective for the purpose of general taxation on and after the first day of the next ~~February~~
10 January. However, the city shall continue to classify as agricultural lands for tax purposes all
11 lands in the annexed area which were classified as agricultural lands immediately before the
12 annexation proceedings until those lands are put to another use.”

13 **SECTION 4. AMENDMENT.** Section 57-02-53 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **57-02-53. Assessment increase notice to property owner.**

- 16 1. a. When any assessor has increased the true and full valuation of any lot or tract of land
17 and improvements to an amount that is an increase of three thousand dollars or
18 more and ten percent or more from the amount of the previous year's assessment,
19 the assessor shall deliver written notice of the amount of increase and the amount of
20 the previous year's assessment to the property owner at the expense of the
21 assessment district for which the assessor is employed. Delivery of written notice to
22 a property owner under this subdivision must be completed at least fifteen days
23 before the meeting of the local board of equalization.
- 24 b. If written notice by the assessor was not required under subdivision a and action by
25 the township, city, or county board of equalization or order of the state board of
26 equalization has increased the true and full valuation of any lot or tract of land and
27 improvements to an amount that results in a cumulative increase of three thousand
28 dollars or more and ten percent or more from the amount of the previous year's
29 assessment, written notice of the amount of increase and the amount of the previous
30 year's assessment must be delivered to the property owner. The written notice under
31 this subdivision must be mailed or delivered at the expense of the township, city, or
32 county that made the assessment increase or at the expense of the township, city, or
33 county that was ordered to make the increase by the state board of equalization.
34 Delivery of written notice to a property owner under this subdivision must be

1 completed within fifteen days after the meeting of the township, city, or county board
 2 of equalization that made or ordered the assessment increase and within thirty days
 3 after the meeting of the state board of equalization, if the state board of equalization
 4 ordered the assessment increase.

5 c. The tax commissioner shall prescribe suitable forms for written notices under this
 6 subsection. The written notice under subdivision a must show the true and full value
 7 of the property, including improvements, that the assessor determined for the current
 8 year and for the previous year and must also show the date prescribed by law for the
 9 meeting of the local board of equalization of the assessment district in which the
 10 property is located and the meeting date of the county board of equalization.

11 d. Delivery of written notice under this section must be by personal delivery to the
 12 property owner, mail addressed to the property owner at the property owner's last-
 13 known address, or electronic mail to the property owner directed with verification of
 14 receipt to an electronic mail address at which the property owner has consented to
 15 receive notice.

16 2. The form of notice prescribed by the tax commissioner must require a statement to
 17 inform the taxpayer that an assessment increase does not mean property taxes on the
 18 parcel will increase. ~~The notice must state that each taxing district must provide mailed~~
 19 ~~notice of public hearing to the property owner if a greater property tax levy is being~~
 20 ~~proposed than a zero increase number of mills. The notice may not contain an estimate~~
 21 ~~of a tax increase resulting from the assessment increase.~~

22 3. ~~The assessor shall provide an electronic or printed list including the name and address~~
 23 ~~of the addressee of each assessment increase notice required under subdivision a of~~
 24 ~~subsection 1 and the officer responsible for providing notice under subdivision b of~~
 25 ~~subsection 1 shall provide an electronic or printed list including the name and address of~~
 26 ~~the addressee of each assessment increase notice required under subdivision b of~~
 27 ~~subsection 1 to each city, county, school district, or city park district in which the subject~~
 28 ~~property is located, but a copy does not have to be provided to any such taxing district~~
 29 ~~that levied a property tax levy of less than one hundred thousand dollars for the prior~~
 30 ~~year.~~

31 **SECTION 5. AMENDMENT.** Section 57-05-01 of the North Dakota Century Code is
 32 amended and reenacted as follows:

33 **57-05-01. Railroad property to be assessed by state board of equalization.**

1 The state board of equalization, at its annual meeting in August July in each year, shall
 2 assess, at its actual value on the first day of January of that year, the operating property,
 3 including franchises, of each railroad operated in this state, including any electric or other street
 4 or interurban railway. If any railroad allows any portion of its railway to be used for any purpose
 5 other than the operation of a railroad, the portion of its railway while so used must be assessed
 6 in a manner provided for the assessment of other real property. To enable the board to make a
 7 correct valuation of property, it shall have access to all reports, estimates, and surveys of a line
 8 of railroad on file in the office of the public service commission and has power to summon and
 9 compel the attendance of witnesses, and to examine witnesses under oath in any matter
 10 relating to the value of the property. In fixing the value of any railroad, and of branch lines and
 11 sidetracks, the board must be governed by the rules prescribed for county and township
 12 assessors in valuing other property in this state. The board shall make a record of the value
 13 placed by it upon the property of the railroad, including the valuation per mile [1.61 kilometers]
 14 of main line and of branch lines and sidetracks. Railroad property held in trust by the public
 15 service commission for purposes of reorganization or reopening of the railway line is exempt
 16 from assessment as provided in this section.

17 **SECTION 6. AMENDMENT.** Section 57-05-01.1 of the North Dakota Century Code is
 18 amended and reenacted as follows:

19 **57-05-01.1. Tentative assessment - Notice of hearing.**

- 20 1. The tax commissioner, on or before ~~July~~ June fifteenth of each year, shall ascertain and
 21 determine the value of, and a tentative assessment of, all operative property of any
 22 company required to be assessed under the provisions of this chapter. ~~Such~~ The
 23 determination of value must be made for the guidance of the state board of equalization
 24 in assessing ~~such~~ the property at its annual meeting in ~~August~~ July. In making ~~such~~ this
 25 determination of value, the tax commissioner must be governed by the rules ~~laid down~~
 26 by provided in this chapter.
- 27 2. The tax commissioner shall give ten days' notice by mail to each company, or its
 28 representative in North Dakota, of the amount of its tentative assessment; and shall
 29 ~~appoint a time and place between~~ the meeting of the state board of equalization on the
 30 first second Tuesday of ~~August and the first day of September~~ July, at which meeting
 31 each company is entitled to present evidence before the state board of equalization
 32 relating to the value of the property of the company.

33 **SECTION 7. AMENDMENT.** Section 57-05-06 of the North Dakota Century Code is
 34 amended and reenacted as follows:

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57-05-06. County auditor to send maps to railroad corporation.

The county auditor of each county in the state shall ~~mail~~ provide to each railroad corporation doing business in that county, on or before the first day of ~~March~~ February of each year, an accurate map of the county showing the boundaries of each assessment district.

SECTION 8. AMENDMENT. Section 57-05-07 of the North Dakota Century Code is amended and reenacted as follows:

57-05-07. Railroad shall file information with county auditor.

Every railroad corporation, on or before the fifteenth day of ~~February~~ January in each year, shall file in the office of the county auditor of each county in the state in which ~~said~~ the company's lines are located:

1. The name of the corporation.
2. The principal place of doing business.
3. The names and post-office addresses of the president, secretary, and treasurer of the corporation.

SECTION 9. AMENDMENT. Section 57-05-08 of the North Dakota Century Code is amended and reenacted as follows:

57-05-08. Report by railroad corporation to state tax commissioner.

Each railroad corporation required to be assessed under the provisions of this chapter annually shall, on or before ~~May~~ April first of each year, under oath of the presiding or other chief executive officer, make and file ~~in such~~ on the form and in the manner as the tax commissioner may prescribe a report containing the following information:

1. The name of the company;
2. The laws of what state or country organized, the date of original organization, the date of reorganization, consolidation, or merger, with specific reference to laws authorizing the same;
3. Location of its principal office;
4. The name of the place where its books, papers, and accounts are kept;
5. The name and post-office address of the president, secretary, treasurer, auditor, superintendent, general manager, and all other general officers;
6. The name and post-office address of the chief officer or managing agent of the company in North Dakota and of all other general officers residing in this state;
7. The total number of shares of capital stock;

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- 1 8. The par value of the shares of the capital stock for the whole system, showing
- 2 separately the amount authorized, amount issued, amount outstanding, and dividends
- 3 paid thereon;
- 4 9. If such capital stock has no market value, the actual value on the dates and for the
- 5 periods designated by the tax commissioner of this state;
- 6 10. The funded debt of the company for the whole system and a detailed statement of all
- 7 series of bonds, debentures, or other securities, forming a part of the funded debt, at par
- 8 value, with the date of issue, maturity, rate of interest, and amount of interest for the
- 9 preceding year;
- 10 11. The market value of each series of funded debt securities for the whole system on the
- 11 dates and for the periods designated by the tax commissioner, and if the whole or a part
- 12 of such funded debt has no market value, then the actual value thereof for such dates
- 13 and periods as the tax commissioner may specify;
- 14 12. Such general description of the operative and nonoperative real estate of the company
- 15 in North Dakota as would be sufficient in a conveyance thereof, under a judicial decree,
- 16 to vest in the grantee all title and interest in and to the said property;
- 17 13. A description of the personal property of the company;
- 18 14. The number of miles [kilometers] of each main line of railroad, the number of miles
- 19 [kilometers] of each branch line and sidetracks thereof within the state of North Dakota;
- 20 15. The entire gross earnings of the company from operation, expenses of operation, net
- 21 earnings and income from operation, and the income from other sources, for the whole
- 22 system, and in North Dakota, for the years or period the tax commissioner may request
- 23 or specify, not exceeding five years;
- 24 16. The location of the property of the company within this state by counties, municipalities,
- 25 and districts, in ~~such~~ the manner and in such detail as the tax commissioner shall
- 26 prescribe; and
- 27 17. Such other facts and information as the tax commissioner may require in the form of
- 28 returns prescribed by the tax commissioner or which the company may deem material
- 29 upon the question of taxation of its property in this state.

30 **SECTION 10. AMENDMENT.** Section 57-06-06 of the North Dakota Century Code is
31 amended and reenacted as follows:

32 **57-06-06. Reports of companies.**

33 Each company required to be assessed under the provisions of this chapter annually, on or
34 before the first fifteenth day of ~~May~~ April, under oath of the president or other chief executive

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- 1 officer, and the secretary or treasurer or auditor or superintendent of such company, shall make
2 and file with the tax commissioner, in such form as the tax commissioner may prescribe, a
3 report containing the following information, so far as applicable to the company making such
4 report, as of January first of the year in which the report is furnished:
- 5 1. The name of the company.
 - 6 2. The nature of the company, whether a person, association, corporation, or limited liability
7 company, and under the laws of what state or country organized, the date of original
8 organization, the date of reorganization, consolidation, or merger, with specific reference
9 to laws authorizing the same.
 - 10 3. Location of its principal office.
 - 11 4. The name of the place where its books, papers, and accounts are kept.
 - 12 5. The name and post-office address of the president, secretary, treasurer, auditor,
13 superintendent, general manager, and all other general officers.
 - 14 6. The name and post-office address of the chief officer or managing agent of the company
15 in North Dakota and of all other general officers residing in this state.
 - 16 7. The total number of shares of capital stock.
 - 17 8. The par value of the shares of the capital stock for the whole system, showing
18 separately the amount authorized, amount issued, amount outstanding, and dividends
19 paid thereon.
 - 20 9. If such capital stock has no market value, the actual value on the dates and for the
21 periods designated by the tax commissioner of this state.
 - 22 10. The funded debt of the company for the whole system and a detailed statement of all
23 series of bonds, debentures, or other securities, forming a part of the funded debt, at par
24 value, with the date of issue, maturity, rate of interest, and amount of interest for the
25 preceding year.
 - 26 11. The market value of each series of funded debt securities for the whole system on the
27 dates and for the periods designated by the tax commissioner, and if the whole or a part
28 of such funded debt has no market value, then the actual value thereof for such dates
29 and periods as the tax commissioner may specify.
 - 30 12. Such general description of the operative and nonoperative real estate of the company
31 in North Dakota as would be sufficient in a conveyance thereof, under a judicial decree,
32 to vest in the grantee all title and interest in and to the said property.

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1 13. A description of the personal property, including moneys and credits, held by the
2 company as a whole system, and the part thereof apportioned to the line in North
3 Dakota.

4 14. The whole length of the lines of the system operated by the company and the length of
5 the lines in North Dakota, whether operated as owner, lessee, or otherwise. The length
6 of the line operated for the whole system and in North Dakota shall be separately
7 reported.

8 15. The entire gross earnings of the company from operation, expenses of operation, net
9 earnings and income from operation, and the income from other sources, for the whole
10 system, and in North Dakota, for the years or period the tax commissioner may request
11 or specify, not exceeding five years.

12 16. The location of the property of the company within this state by counties, municipalities,
13 and districts, in such manner and in such detail as the tax commissioner shall prescribe.

14 17. Other facts and information as the tax commissioner may require or which the company
15 may deem material relating to the taxation of its property in this state.

16 **SECTION 11. AMENDMENT.** Section 57-06-09 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **57-06-09. Penalty for failure to furnish report.**

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

33 **SECTION 12. AMENDMENT.** Section 57-06-11 of the North Dakota Century Code is
34 amended and reenacted as follows:

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1 **57-06-11. Tentative valuation by tax commissioner.**

2 The tax commissioner, on or before ~~July~~ June fifteenth of each year, shall ascertain and
3 determine the value of all operative property of any company required to be assessed under the
4 provisions of this chapter. ~~Such~~ This determination of value must be made for the guidance of
5 the state board of equalization in assessing such property at its annual meeting in ~~August~~ July.
6 In making ~~such~~ this determination of value, the tax commissioner must be governed by the rules
7 ~~laid down by~~ provided in this chapter and by such directions as may be given to the tax
8 commissioner by the state board of equalization.

9 **SECTION 13. AMENDMENT.** Section 57-06-12 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **57-06-12. Tentative assessment to be made and notice of hearing.**

12 The tax commissioner shall give ten days' notice by mail to each company, or its
13 representative in North Dakota, of the amount of its tentative assessment and ~~shall appoint a~~
14 ~~time and place, between~~ the meeting of the state board of equalization on the first second
15 ~~Tuesday of August and the first day of September~~ July, at which meeting each company is
16 entitled to present evidence before the state board of equalization relating to the value of the
17 property of the company.

18 **SECTION 14. AMENDMENT.** Section 57-06-15 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **57-06-15. Assessment by state board of equalization - Notice of increase.**

21 The state board of equalization may adopt the tentative assessment of the tax commissioner
22 in whole or in part. The valuation and tentative assessments made by the tax commissioner
23 must be considered merely findings of fact of the executive officer of the board. The state board
24 of equalization shall review such valuation and tentative assessment at the time of its annual
25 meeting in ~~August~~ July of each year and then shall make a final assessment of such property. It
26 may increase or lower the entire assessment, or any assessment contained therein, on any item
27 contained within the assessment of any company. Before the state board of equalization may
28 make an increase in the assessed valuation of the property of any such company over the
29 valuation contained in the tentative assessment, notice must be given to the company of any
30 such proposed increase and a hearing granted thereon. A ten-day written notice must be given
31 to the company in such instance, either by mail addressed to the company, or personally served
32 on a duly authorized agent of the company.

33 **SECTION 15. AMENDMENT.** Section 57-06-21 of the North Dakota Century Code is
34 amended and reenacted as follows:

1 **57-06-21. Reports to county auditors.**

2 On or before the fifteenth day of ~~March~~ February of each year, each company required to be
3 assessed under this chapter shall file with the county auditor of each county within which any
4 part of its operative property is located a report giving a general description of all its property
5 located within the county, with operative and nonoperative property listed separately. The report
6 must give the length of the line or lines within the county and the length in each taxing district of
7 each line constituting part of a single and continuous line or property. The company also shall
8 file with the county auditor and the tax commissioner a map of all of its lines within the county
9 showing clearly the length of its lines within each taxing district as of January first of that year.
10 To facilitate the making of the maps, the county auditor, on or before the first day of ~~February~~
11 January of each year, shall provide to each company a current map of the county showing the
12 boundaries of each taxing district in the county.

13 **SECTION 16. AMENDMENT.** Section 57-13-02 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **57-13-02. Annual meeting to assess taxable property.**

16 The state board of equalization shall meet annually on the ~~first~~ second Tuesday in ~~August~~
17 July at the office of the state tax commissioner and shall assess all of the taxable property which
18 such board is required to assess pursuant to and in accordance with the provisions of section 4
19 of article X of the Constitution of North Dakota, as amended, and the statutes of this state.”

20 **SECTION 17.** A new section to chapter 57-15 of the North Dakota Century Code is created
21 and enacted as follows:

22 **Estimated property tax and budget hearing notice.**

- 23 1. On or before August first of each year the governing body of a taxing district shall provide
- 24 to the county treasurer in each county in which the taxing district has taxable property
- 25 the date, time, and location of the taxing district's public hearing on its property tax levy.
- 26 For purposes of this section, a taxing district means a city, county, school district, or city
- 27 park district but does not include any such taxing district that levied a property tax levy of
- 28 less than one hundred thousand dollars for the prior year and sets a budget for the
- 29 current year calling for a property tax levy of less than one hundred thousand dollars.
- 30 2. By August twenty-fifth of each year the county treasurer shall provide a written notice to
- 31 the owner of each parcel of taxable property. The text of the notice must contain:
- 32 a. The date, time, and location of the public budget hearing for each of the taxing
- 33 districts in which the property owner's parcel is located;

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- 1 b. The number of mills against the taxing district's current year taxable valuation,
- 2 excluding consideration of the taxable valuation of any property that was not taxable
- 3 in the prior year, which would provide the same amount of property tax revenue as
- 4 the property tax levy in the prior year;
- 5 c. A statement regarding whether the taxing district anticipates increasing the property
- 6 tax levy;
- 7 d. The additional number of mills the taxing district may require, calculated as the
- 8 number of mills exceeding the amount determined in subdivision b, if the taxing
- 9 district anticipates increasing its property tax levy; and
- 10 e. A statement that there will be an opportunity for citizens to present oral or written
- 11 comments regarding each taxing district's property tax levy.
- 12 3. Delivery of written notice under this section must be by personal delivery to the property
- 13 owner, mail addressed to the property owner at the property owner's last - known
- 14 address, or electronic mail to the property owner directed with verification of receipt to an
- 15 electronic mail address at which the property owner has consented to receive notice.
- 16 4. The tax commissioner shall prescribe suitable forms for written notices under this
- 17 section.

18 **SECTION 18. AMENDMENT.** Section 57-15-02.1 of the North Dakota Century Code is
 19 amended and reenacted as follows:

20 **57-15-02.1. Property tax levy increase notice and public hearing.**

21 Notwithstanding any other provision of law, a taxing district may not impose a property
 22 tax levy in a greater number of mills than the zero increase number of mills, unless the taxing
 23 district is in substantial compliance with this section.

- 24 1. ~~The governing body shall cause publication of notice in its official newspaper at least~~
- 25 ~~seven days before a public hearing on its property tax levy. A provide notice of a public~~
- 26 ~~hearing under this section in accordance with the requirements under section 2 of this~~
- 27 ~~Act. A public hearing under this section may not be scheduled to begin earlier than six~~
- 28 ~~p.m. The notice must have at least one-half inch [1.27 centimeters] white space margin~~
- 29 ~~on all four sides and must be at least two columns wide by five inches [12.7 centimeters]~~
- 30 ~~high. The heading must be capitalized in boldface type of at least eighteen point stating~~
- 31 ~~"IMPORTANT NOTICE TO (name of taxing district) TAXPAYERS". The proposed~~
- 32 ~~percentage increase must be printed in a boldface type size no less than two points less~~
- 33 ~~than the heading, while the remaining portion of the advertisement must be printed in a~~

1 type face size no less than four points less than the heading. The text of the notice must
2 contain:

- 3 a. ~~The date, time, and place of the public hearing.~~
- 4 b. ~~A statement that the public hearing will be held to consider increasing the property~~
5 ~~tax levy by a stated percentage, expressed as a percentage increase exceeding the~~
6 ~~zero increase number of mills.~~
- 7 c. ~~A statement that there will be an opportunity for citizens to present oral or written~~
8 ~~comments regarding the property tax levy.~~
- 9 d. ~~Any other information the taxing district wishes to provide to inform taxpayers.~~

10 ~~2. At least seven days before a public hearing on its property tax levy under this section,~~
11 ~~the governing body shall cause notice of the information required under subsection 1 to~~
12 ~~be mailed to each property owner who received notice of an assessment increase for the~~
13 ~~taxable year under section 57-02-53.~~

14 ~~3.2.~~ If the governing body of the taxing district does not make a final decision on imposing a
15 property tax levy exceeding the zero increase number of mills at the public hearing
16 required by this section, the governing body shall announce at that public hearing the
17 scheduled time and place of the next public meeting at which the governing body will
18 consider final adoption of a property tax levy exceeding the tax district's zero increase
19 number of mills.

20 ~~4.3.~~ For purposes of this section:

- 21 a. "New growth" means the taxable valuation of any property that was not taxable in the
22 prior year.
- 23 b. "Property tax levy" means the tax rate, expressed in mills, for all property taxes
24 levied by the taxing district.
- 25 c. "Taxing district" means a city, county, school district, or city park district but does not
26 include any such taxing district that levied a property tax levy of less than one
27 hundred thousand dollars for the prior year and sets a budget for the current year
28 calling for a property tax levy of less than one hundred thousand dollars.
- 29 d. "Zero increase number of mills" means the number of mills against the taxing
30 district's current year taxable valuation, excluding consideration of new growth, which
31 will provide the same amount of property tax revenue as the property tax levy in the
32 prior year.

33 ~~5.4.~~ For the taxable year 2013 only, for purposes of determining the zero increase number
34 of mills for a school district, the amount of property tax revenue from the property tax

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1 levy in the 2012 taxable year must be recalculated by reducing the 2012 mill rate of the
2 school district by the lesser of:

- 3 a. Fifty mills; or
- 4 b. The 2012 general fund mill rate of the school district minus sixty mills.

5 **SECTION 19. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
6 December 31, 2017.

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Attachment # 1

pg 1

17.0068.02003
Title.

Prepared by the Legislative Council staff for
Senator Cook

January 31, 2017

PROPOSED AMENDMENTS TO SENATE BILL NO. 2288

Page 1, line 3, after "sections" insert "11-23-04, 40-40-04, 40-40-06, and"

Page 1, line 3, remove "and 57-15-02.1"

Page 1, line 5, after the semicolon insert "to repeal sections 11-23-03 and 57-15-02.1 of the North Dakota Century Code, relating to notice of levy increases and public hearings;"

Page 1, after line 6, insert:

"SECTION 1. AMENDMENT. Section 11-23-04 of the North Dakota Century Code is amended and reenacted as follows:

11-23-04. Hearing on budget - Taxpayer may appear.

The board of county commissioners shall meet at the time and place designated in the notice prescribed by section ~~11-23-03~~ 40-40-04 of this Act. Any taxpayer who may appear shall be heard in favor of or against any proposed expenditures or tax levies. When the hearing shall have been concluded, the board shall adopt such estimate as finally is determined upon. All taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates.

SECTION 2. AMENDMENT. Section 40-40-04 of the North Dakota Century Code is amended and reenacted as follows:

40-40-04. Municipality to prepare preliminary budget statement.

The governing body of each municipality, annually on or before ~~September~~ August tenth, shall make an itemized statement known as the preliminary budget statement showing the amounts of money which, in the opinion of the governing body, will be required for the proper maintenance, expansion, or improvement of the municipality during the year.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of preliminary budget statement - Contents -- How given.

After the governing body has prepared the preliminary budget statement, the auditor of the municipality shall give notice that:

1. ~~The~~ notify the county auditor that the preliminary budget is on file in the office of the auditor and may be examined by anyone upon request and specify the time and place designated by the governing body for a public hearing at which any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.
2. The governing body shall meet no earlier than September seventh and no later than October seventh at the time and place specified in the notice as

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prescribed by subsection 3 for the purpose of adopting the final budget and making the annual tax levy.

3. ~~The governing body shall hold a public session at the time and place designated in the notice of hearing at which any taxpayer may appear and discuss with the body any item of proposed expenditures or may object to any item or amount.~~

The notice must contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures. ~~The~~For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09."

Page 2, line 26, remove the overstrike over "The notice may not contain an"

Page 2, remove the overstrike over line 27

Page 3, line 9, replace "first" with "tenth"

Page 3, line 10, replace "treasurer" with "auditor"

Page 3, line 11, after "property" insert "a preliminary budget statement and"

Page 3, line 12, after "levy" insert ", which may be no earlier than September seventh"

Page 3, line 12, remove "For purposes of this section, a taxing district means a city, county,"

Page 3, remove lines 13 through 15

Page 3, line 16, replace "hundred thousand dollars" with "A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year"

Page 3, line 17, replace "twenty-fifth" with "thirty-first"

Page 3, line 17, replace "treasurer" with "auditor"

Page 3, line 18, after "property" insert "with a total estimated property tax of at least one hundred dollars"

Page 3, line 20, after "located" insert ", which anticipate levying in excess of one hundred thousand dollars in the current year, and the location at which the taxing district's budget is available for review"

Page 3, line 21, remove "The number of mills against the taxing district's current year taxable valuation,"

Page 3, remove lines 22 and 23

Page 3, line 24, replace "revenue as the property tax levy in the prior year" with "The true and full value of the property based on the best information available"

Page 3, line 25, remove "A statement regarding whether the taxing district anticipates increasing the"

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Page 3, line 26, replace "property tax levy" with "A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions"

Page 3, line 27, remove "The additional number of mills the taxing district may require, calculated as the"

Page 3, remove line 28

Page 3, line 29, replace "district anticipates increasing its property tax levy" with "A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;

e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available"

Page 3, line 30, replace "e." with "f."

Page 4, line 5, after the underscored period insert "If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax."

Page 4, after line 7, insert:

"5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district that intends to levy in excess of one hundred thousand dollars in property taxes in the current year."

Page 4, remove lines 8 through 31

Page 5, replace lines 1 through 30 with:

"**SECTION 6. REPEAL.** Sections 11-23-03 and 57-15-02.1 of the North Dakota Century Code are repealed."

Renumber accordingly

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pg 1

17.0068.02003

Sixty-fifth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2288

Introduced by

Senators Cook, Laffen, Schaible

Representatives Headland, Howe, Olson

1 A BILL for an Act to create and enact a new section to chapter 57-15 of the North Dakota
 2 Century Code, relating to a consolidated taxpayer notice containing estimated property tax
 3 levies and budget hearing information; to amend and reenact sections 11-23-04, 40-40-04,
 4 40-40-06, and 57-02-53 and ~~57-15-02.1~~ of the North Dakota Century Code, relating to
 5 assessment increase notices and property tax levy public hearings; to repeal sections 11-23-03
 6 and 57-15-02.1 of the North Dakota Century Code, relating to notice of levy increases and
 7 public hearings; and to provide an effective date.

8 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

9 **SECTION 1. AMENDMENT.** Section 11-23-04 of the North Dakota Century Code is
 10 amended and reenacted as follows:

11 **11-23-04. Hearing on budget - Taxpayer may appear.**

12 The board of county commissioners shall meet at the time and place designated in the
 13 notice prescribed by section ~~11-23-03~~5 of this Act. Any taxpayer who may appear shall be heard
 14 in favor of or against any proposed expenditures or tax levies. When the hearing shall have
 15 been concluded, the board shall adopt such estimate as finally is determined upon. All taxes
 16 shall be levied in specific amounts and shall not exceed the amount specified in the published
 17 estimates.

18 **SECTION 2. AMENDMENT.** Section 40-40-04 of the North Dakota Century Code is
 19 amended and reenacted as follows:

20 **40-40-04. Municipality to prepare preliminary budget statement.**

21 The governing body of each municipality, annually on or before ~~September~~August tenth,
 22 shall make an itemized statement known as the preliminary budget statement showing the
 23 amounts of money which, in the opinion of the governing body, will be required for the proper
 24 maintenance, expansion, or improvement of the municipality during the year.

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1 **SECTION 3. AMENDMENT.** Section 40-40-06 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **40-40-06. Notice of preliminary budget statement - Contents --How given.**

4 After the governing body has prepared the preliminary budget statement, the auditor of the
5 municipality shall ~~give notice that:~~

6 ~~1. The~~notify the county auditor that the preliminary budget is on file in the office of the
7 auditor and may be examined by anyone upon request and specify the time and place
8 designated by the governing body for a public hearing at which any taxpayer may
9 appear and discuss with the governing body any item of proposed expenditures or
10 may object to any item or amount.

11 ~~2. The~~ governing body shall meet no earlier than September seventh and no later than
12 October seventh ~~at the time and place specified in the notice as prescribed by~~
13 ~~subsection 3~~ for the purpose of adopting the final budget and making the annual tax
14 levy.

15 ~~3. The governing body shall hold a public session at the time and place designated in the~~
16 ~~notice of hearing at which any taxpayer may appear and discuss with the body any~~
17 ~~item of proposed expenditures or may object to any item or amount.~~

18 The notice must contain a statement of the total proposed expenditures for each fund in the
19 preliminary budget, but need not contain any detailed statement of the proposed expenditures.
20 ~~The~~For municipalities anticipating levying less than one hundred thousand dollars in the current
21 year, notice must be published at least once, not less than six days prior to the budget hearing,
22 in a newspaper published in the municipality, if there is one, and if no newspaper is published in
23 the municipality, the notice must be published not less than six days prior to the meeting in the
24 official city newspaper as provided by section 40-01-09.

25 **SECTION 4. AMENDMENT.** Section 57-02-53 of the North Dakota Century Code is
26 amended and reenacted as follows:

27 **57-02-53. Assessment increase notice to property owner.**

28 1. a. When any assessor has increased the true and full valuation of any lot or tract of
29 land and improvements to an amount that is an increase of three thousand
30 dollars or more and ten percent or more from the amount of the previous year's
31 assessment, the assessor shall deliver written notice of the amount of increase

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1 and the amount of the previous year's assessment to the property owner at the
2 expense of the assessment district for which the assessor is employed. Delivery
3 of written notice to a property owner under this subdivision must be completed at
4 least fifteen days before the meeting of the local board of equalization.

5 b. If written notice by the assessor was not required under subdivision a and action
6 by the township, city, or county board of equalization or order of the state board
7 of equalization has increased the true and full valuation of any lot or tract of land
8 and improvements to an amount that results in a cumulative increase of three
9 thousand dollars or more and ten percent or more from the amount of the
10 previous year's assessment, written notice of the amount of increase and the
11 amount of the previous year's assessment must be delivered to the property
12 owner. The written notice under this subdivision must be mailed or delivered at
13 the expense of the township, city, or county that made the assessment increase
14 or at the expense of the township, city, or county that was ordered to make the
15 increase by the state board of equalization. Delivery of written notice to a
16 property owner under this subdivision must be completed within fifteen days after
17 the meeting of the township, city, or county board of equalization that made or
18 ordered the assessment increase and within thirty days after the meeting of the
19 state board of equalization, if the state board of equalization ordered the
20 assessment increase.

21 c. The tax commissioner shall prescribe suitable forms for written notices under this
22 subsection. The written notice under subdivision a must show the true and full
23 value of the property, including improvements, that the assessor determined for
24 the current year and for the previous year and must also show the date
25 prescribed by law for the meeting of the local board of equalization of the
26 assessment district in which the property is located and the meeting date of the
27 county board of equalization.

28 d. Delivery of written notice under this section must be by personal delivery to the
29 property owner, mail addressed to the property owner at the property owner's
30 last-known address, or electronic mail to the property owner directed with

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- 1 verification of receipt to an electronic mail address at which the property owner
- 2 has consented to receive notice.
- 3 2. The form of notice prescribed by the tax commissioner must require a statement to
- 4 inform the taxpayer that an assessment increase does not mean property taxes on the
- 5 parcel will increase. ~~The notice must state that each taxing district must provide mailed~~
- 6 ~~notice of public hearing to the property owner if a greater property tax levy is being~~
- 7 ~~proposed than a zero increase number of mills.~~ The notice may not contain an
- 8 estimate of a tax increase resulting from the assessment increase.
- 9 3. ~~The assessor shall provide an electronic or printed list including the name and address~~
- 10 ~~of the addressee of each assessment increase notice required under subdivision a of~~
- 11 ~~subsection 1 and the officer responsible for providing notice under subdivision b of~~
- 12 ~~subsection 1 shall provide an electronic or printed list including the name and address~~
- 13 ~~of the addressee of each assessment increase notice required under subdivision b of~~
- 14 ~~subsection 1 to each city, county, school district, or city park district in which the~~
- 15 ~~subject property is located, but a copy does not have to be provided to any such taxing~~
- 16 ~~district that levied a property tax levy of less than one hundred thousand dollars for the~~
- 17 ~~prior year.~~

18 **SECTION 5.** A new section to chapter 57-15 of the North Dakota Century Code is created
19 and enacted as follows:

20 **Estimated property tax and budget hearing notice.**

- 21 1. On or before August firsttenth of each year the governing body of a taxing district shall
- 22 provide to the county ~~treasurer~~auditor in each county in which the taxing district has
- 23 taxable property a preliminary budget statement and the date, time, and location of the
- 24 taxing district's public hearing on its property tax levy, which may be no earlier than
- 25 September seventh. ~~For purposes of this section, a taxing district means a city, county,~~
- 26 ~~school district, or city park district but does not include any such taxing district that~~
- 27 ~~levied a property tax levy of less than one hundred thousand dollars for the prior year~~
- 28 ~~and sets a budget for the current year calling for a property tax levy of less than one~~
- 29 ~~hundred thousand dollars~~A taxing district that fails to provide the information required
- 30 under this subsection on or before August tenth may not impose a property tax levy in
- 31 a greater amount of dollars than was imposed by the taxing district in the prior year.

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- 2. By August ~~twenty-fifth~~thirty-first of each year the county ~~treasurer~~auditor shall provide a written notice to the owner of each parcel of taxable property with a total estimated property tax of at least one hundred dollars. The text of the notice must contain:
 - a. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel is located, which anticipate levying in excess of one hundred thousand dollars in the current year, and the location at which the taxing district's budget is available for review;
 - b. ~~The number of mills against the taxing district's current year taxable valuation, excluding consideration of the taxable valuation of any property that was not taxable in the prior year, which would provide the same amount of property tax revenue as the property tax levy in the prior year~~The true and full value of the property based on the best information available;
 - c. ~~A statement regarding whether the taxing district anticipates increasing the property tax levy~~A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions;
 - d. ~~The additional number of mills the taxing district may require, calculated as the number of mills exceeding the amount determined in subdivision b, if the taxing district anticipates increasing its property tax levy~~A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;
 - e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available; and
 - e.f. A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy.

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1 3. Delivery of written notice under this section must be by personal delivery to the
 2 property owner, mail addressed to the property owner at the property owner's
 3 last-known address, or electronic mail to the property owner directed with verification
 4 of receipt to an electronic mail address at which the property owner has consented to
 5 receive notice. If a parcel of taxable property is owned by more than one owner, notice
 6 must be sent to only one owner of the property. Failure of an owner to receive a notice
 7 under this section will not relieve the owner of property tax liability or modify the
 8 qualifying date under section 57-20-09 for which an owner may receive a discount for
 9 early payment of tax.

10 4. The tax commissioner shall prescribe suitable forms for written notices under this
 11 section.

12 5. The direct cost of providing taxpayer notices under this section may be allocated in a
 13 manner proportionate to the number of notices mailed on behalf of each taxing district
 14 that intends to levy in excess of one hundred thousand dollars in property taxes in the
 15 current year.

16 ~~SECTION 3. AMENDMENT. Section 57-15-02.1 of the North Dakota Century Code is~~
 17 ~~amended and reenacted as follows:~~

18 ~~57-15-02.1. Property tax levy increase notice and public hearing.~~

19 ~~Notwithstanding any other provision of law, a taxing district may not impose a property tax~~
 20 ~~levy in a greater number of mills than the zero increase number of mills, unless the taxing~~
 21 ~~district is in substantial compliance with this section.~~

22 ~~1. The governing body shall cause publication of notice in its official newspaper at least~~
 23 ~~seven days before a public hearing on its property tax levy. A provide notice of a public~~
 24 ~~hearing under this section in accordance with the requirements under section 2 of this~~
 25 ~~Act. A public hearing under this section may not be scheduled to begin earlier than six~~
 26 ~~p.m. The notice must have at least one-half inch [1.27 centimeters] white space~~
 27 ~~margin on all four sides and must be at least two columns wide by five inches [12.7~~
 28 ~~centimeters] high. The heading must be capitalized in boldface type of at least~~
 29 ~~eighteen point stating "IMPORTANT NOTICE TO (name of taxing district)~~
 30 ~~TAXPAYERS". The proposed percentage increase must be printed in a boldface type~~
 31 ~~size no less than two points less than the heading, while the remaining portion of the~~

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- 1 advertisement must be printed in a type face size no less than four points less than the
2 heading. The text of the notice must contain:
- 3 ~~a.~~ The date, time, and place of the public hearing.
- 4 ~~b.~~ A statement that the public hearing will be held to consider increasing the
5 property tax levy by a stated percentage, expressed as a percentage increase
6 exceeding the zero increase number of mills.
- 7 ~~c.~~ A statement that there will be an opportunity for citizens to present oral or written
8 comments regarding the property tax levy.
- 9 ~~d.~~ Any other information the taxing district wishes to provide to inform taxpayers.
- 10 ~~2.~~ At least seven days before a public hearing on its property tax levy under this section,
11 the governing body shall cause notice of the information required under subsection 1
12 to be mailed to each property owner who received notice of an assessment increase
13 for the taxable year under section 57-02-53.
- 14 ~~3.2.~~ If the governing body of the taxing district does not make a final decision on imposing
15 a property tax levy exceeding the zero increase number of mills at the public hearing
16 required by this section, the governing body shall announce at that public hearing the
17 scheduled time and place of the next public meeting at which the governing body will
18 consider final adoption of a property tax levy exceeding the tax district's zero increase
19 number of mills.
- 20 ~~4.3.~~ For purposes of this section:
- 21 ~~a.~~ "New growth" means the taxable valuation of any property that was not taxable in
22 the prior year.
- 23 ~~b.~~ "Property tax levy" means the tax rate, expressed in mills, for all property taxes
24 levied by the taxing district.
- 25 ~~c.~~ "Taxing district" means a city, county, school district, or city park district but does
26 not include any such taxing district that levied a property tax levy of less than one
27 hundred thousand dollars for the prior year and sets a budget for the current year
28 calling for a property tax levy of less than one hundred thousand dollars.
- 29 ~~d.~~ "Zero increase number of mills" means the number of mills against the taxing
30 district's current year taxable valuation, excluding consideration of new growth,

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~~which will provide the same amount of property tax revenue as the property tax
levy in the prior year.~~

~~5.4. For the taxable year 2013 only, for purposes of determining the zero increase number
of mills for a school district, the amount of property tax revenue from the property tax
levy in the 2012 taxable year must be recalculated by reducing the 2012 mill rate of
the school district by the lesser of:
a. Fifty mills; or
b. The 2012 general fund mill rate of the school district minus sixty mills.~~

SECTION 6. REPEAL. Sections 11-23-03 and 57-15-02.1 of the North Dakota Century
Code are repealed.

SECTION 7. EFFECTIVE DATE. This Act is effective for taxable years beginning after
December 31, 2017.

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pg 1

17.0068.02004
Title.

Prepared by the Legislative Council staff for
Senator Cook

February 7, 2017

PROPOSED AMENDMENTS TO SENATE BILL NO. 2288

Page 1, line 3, after "sections" insert "11-23-04, 40-40-04, 40-40-06, 40-40-08, and 40-51.2-06, subdivision c of subsection 1 of section 40-51.2-07, sections 40-51.2-16,"

Page 1, line 3, replace "and 57-15-02.1" with ", 57-05-01, 57-05-01.1, 57-05-06, 57-05-07, 57-05-08, 57-06-06, 57-06-09, 57-06-11, 57-06-12, 57-06-15, 57-06-21, 57-13-02, and 57-15-13"

Page 1, line 5, after "hearings" insert ", the dates for general taxation of land by a city, notices of dates of assessments and reports for centrally assessed property, the annual meeting of the state board of equalization, and dates for school district tax levies; to repeal sections 11-23-03 and 57-15-02.1 of the North Dakota Century Code, relating to notice of levy increases and public hearings;"

Page 1, after line 6, insert:

"SECTION 1. AMENDMENT. Section 11-23-04 of the North Dakota Century Code is amended and reenacted as follows:

11-23-04. Hearing on budget - Taxpayer may appear.

The board of county commissioners shall meet at the time and place designated in the notice prescribed by section ~~11-23-03~~21 of this Act. Any taxpayer who may appear shall be heard in favor of or against any proposed expenditures or tax levies. When the hearing shall have been concluded, the board shall adopt such estimate as finally is determined upon. All taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates.

SECTION 2. AMENDMENT. Section 40-40-04 of the North Dakota Century Code is amended and reenacted as follows:

40-40-04. Municipality to prepare preliminary budget statement.

The governing body of each municipality, annually on or before ~~September~~August tenth, shall make an itemized statement known as the preliminary budget statement showing the amounts of money which, in the opinion of the governing body, will be required for the proper maintenance, expansion, or improvement of the municipality during the year.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of preliminary budget statement - Contents - How given.

After

1. On or before August tenth of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall ~~give notice that:~~

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1. ~~The preliminary budget is on file in the office of the auditor and may be examined by anyone upon request.~~
2. ~~The governing body shall meet~~
 - a. Provide the county auditor with a copy of the preliminary budget statement.
 - b. Set a public budget hearing date no earlier than September seventh and no later than October seventh at the time and place specified in the notice as prescribed by subsection 3 for the purpose of adopting the final budget and making the annual tax levy.
3. ~~The governing body shall hold a public session at the time and place designated in the notice of hearing at which any taxpayer may appear and discuss with the body any item of proposed expenditures or may object to any item or amount.~~

The

- c. Provide notice of the public budget hearing date to the county auditor.
2. For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must contain:
 - a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures. The notice must be:
 - b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and
 - c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.

SECTION 4. AMENDMENT. Section 40-40-08 of the North Dakota Century Code is amended and reenacted as follows:

40-40-08. Hearing of protests and objections - Changes in preliminary budget - Preparation of final budget - Contents.

The governing body shall meet at the time and place ~~specified in the notice~~ set pursuant to section 40-40-06 and shall hear any and all protests or objections to the items or amounts set forth in the preliminary budget statement. At the hearing, the governing body shall make any changes in the items or amounts shown on the preliminary budget statement as it may deem advisable except as limited in this chapter, and shall prepare the final budget, which must consist of the preliminary budget with the addition of columns showing:

1. The final appropriations for the various expenditure items specified in the preliminary budget statement. The final appropriation of any fund total may not exceed the total amount requested in the preliminary budget.

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2. The estimated amount of unencumbered cash on hand at the end of the current year may not include cash or investments of the equipment replacement fund as provided in section 40-40-05.
3. The levy amount determined by subtracting the total resources from the total appropriations and cash reserve for each fund. The governing body may increase the levy an additional five percent for delinquent tax collections.
4. The certificate of levy which includes a summary of the amount levied for each fund and the total amount levied.

SECTION 5. AMENDMENT. Section 40-51.2-06 of the North Dakota Century Code is amended and reenacted as follows:

40-51.2-06. Petition of owners and electors - Annexation or exclusion - Classification of annexed agricultural lands for tax purposes.

If the governing body annexes the area, it shall do so by ordinance. When a copy of the ordinance and an accurate map of the annexed area, certified by the executive officer of the city, are filed and recorded with the county recorder, the annexation becomes effective. An annexation is effective for the purpose of general taxation on and after the first day of the next ~~February~~ January. However, the city shall continue to classify as agricultural lands for tax purposes all lands in the annexed area which were classified as agricultural lands immediately before the annexation proceedings until those lands are put to another use. If the governing body determines to exclude the area petitioned for, it may do so by ordinance adopted and recorded as in the case of annexation.

SECTION 6. AMENDMENT. Subdivision c of subsection 1 of section 40-51.2-07 of the North Dakota Century Code is amended and reenacted as follows:

- c. In the absence of protests filed by the owners of more than one-fourth of the territory proposed to be annexed as of the date of the adoption of the resolution, the territory described in the resolution becomes a part of the city. When a copy of the resolution and an accurate map of the annexed area, certified by the executive officer of the city, are filed and recorded with the county recorder, the annexation becomes effective. Annexation is effective for the purpose of general taxation on and after the first day of the next ~~February~~ January. However, the city shall continue to classify as agricultural lands for tax purposes all lands in the annexed area which were classified as agricultural lands immediately before the annexation proceedings until those lands are put to another use.

SECTION 7. AMENDMENT. Section 40-51.2-16 of the North Dakota Century Code is amended and reenacted as follows:

40-51.2-16. Effective date of annexation by administrative law judge - Classification of annexed agricultural lands for tax purposes.

Territory annexed to a city pursuant to petition to the director of the office of administrative hearings is annexed as of the date of the order of the administrative law judge, except for tax purposes, and a copy of the resolution with an accurate map of the annexed area, certified by the executive officer of the city, must be filed and

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recorded with the county recorder. Annexation is effective for the purpose of general taxation on and after the first day of the next ~~February~~January. However, the city shall continue to classify as agricultural lands for tax purposes all lands in the annexed area which were classified as agricultural lands immediately before the annexation proceedings until those lands are put to another use."

Page 2, line 26, remove the overstrike over "The notice may not contain an"

Page 2, remove the overstrike over line 27

Page 3, after line 5, insert:

"SECTION 9. AMENDMENT. Section 57-05-01 of the North Dakota Century Code is amended and reenacted as follows:

57-05-01. Railroad property to be assessed by state board of equalization.

The state board of equalization, at its annual meeting in ~~August~~July in each year, shall assess, at its actual value on the first day of January of that year, the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway. If any railroad allows any portion of its railway to be used for any purpose other than the operation of a railroad, the portion of its railway while so used must be assessed in a manner provided for the assessment of other real property. To enable the board to make a correct valuation of property, it shall have access to all reports, estimates, and surveys of a line of railroad on file in the office of the public service commission and has power to summon and compel the attendance of witnesses, and to examine witnesses under oath in any matter relating to the value of the property. In fixing the value of any railroad, and of branch lines and sidetracks, the board must be governed by the rules prescribed for county and township assessors in valuing other property in this state. The board shall make a record of the value placed by it upon the property of the railroad, including the valuation per mile [1.61 kilometers] of main line and of branch lines and sidetracks. Railroad property held in trust by the public service commission for purposes of reorganization or reopening of the railway line is exempt from assessment as provided in this section.

SECTION 10. AMENDMENT. Section 57-05-01.1 of the North Dakota Century Code is amended and reenacted as follows:

57-05-01.1. Tentative assessment - Notice of hearing.

1. The tax commissioner, on or before ~~July~~June fifteenth of each year, shall ascertain and determine the value of, and a tentative assessment of, all operative property of any company required to be assessed under the provisions of this chapter. ~~Such~~The determination of value must be made for the guidance of the state board of equalization in assessing ~~such~~the property at its annual meeting in ~~August~~July. In making ~~such~~this determination of value, the tax commissioner must be governed by the rules ~~laid down by~~provided in this chapter.
2. The tax commissioner shall give ten days' notice by mail to each company, or its representative in North Dakota, of the amount of its tentative assessment, and ~~shall appoint a time and place between the meeting of the state board of equalization on the first~~second Tuesday of ~~August and the first day of September~~July, at which meeting each company is entitled to

present evidence before the state board of equalization relating to the value of the property of the company.

SECTION 11. AMENDMENT. Section 57-05-06 of the North Dakota Century Code is amended and reenacted as follows:

57-05-06. County auditor to send maps to railroad corporation.

The county auditor of each county in the state shall ~~mail~~ provide to each railroad corporation doing business in that county, on or before the first day of ~~March~~ February of each year, an accurate map of the county showing the boundaries of each assessment district.

SECTION 12. AMENDMENT. Section 57-05-07 of the North Dakota Century Code is amended and reenacted as follows:

57-05-07. Railroad shall file information with county auditor.

Every railroad corporation, on or before the fifteenth day of ~~February~~ January in each year, shall file in the office of the county auditor of each county in the state in which ~~said~~ the company's lines are located:

1. The name of the corporation.
2. The principal place of doing business.
3. The names and post-office addresses of the president, secretary, and treasurer of the corporation.

SECTION 13. AMENDMENT. Section 57-05-08 of the North Dakota Century Code is amended and reenacted as follows:

57-05-08. Report by railroad corporation to state tax commissioner.

Each railroad corporation required to be assessed under the provisions of this chapter annually shall, on or before ~~May~~ April first of each year, under oath of the presiding or other chief executive officer, make and file ~~in such~~ on the form and in the manner as the tax commissioner may prescribe a report containing the following information:

1. The name of the company;
2. The laws of what state or country organized, the date of original organization, the date of reorganization, consolidation, or merger, with specific reference to laws authorizing the same;
3. Location of its principal office;
4. The name of the place where its books, papers, and accounts are kept;
5. The name and post-office address of the president, secretary, treasurer, auditor, superintendent, general manager, and all other general officers;

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6. The name and post-office address of the chief officer or managing agent of the company in North Dakota and of all other general officers residing in this state;
7. The total number of shares of capital stock;
8. The par value of the shares of the capital stock for the whole system, showing separately the amount authorized, amount issued, amount outstanding, and dividends paid thereon;
9. If such capital stock has no market value, the actual value on the dates and for the periods designated by the tax commissioner of this state;
10. The funded debt of the company for the whole system and a detailed statement of all series of bonds, debentures, or other securities, forming a part of the funded debt, at par value, with the date of issue, maturity, rate of interest, and amount of interest for the preceding year;
11. The market value of each series of funded debt securities for the whole system on the dates and for the periods designated by the tax commissioner, and if the whole or a part of ~~such the~~ funded debt has no market value, then the actual value thereof for ~~such the~~ dates and periods as the tax commissioner may specify;
12. Such general description of the operative and nonoperative real estate of the company in North Dakota as would be sufficient in a conveyance thereof, under a judicial decree, to vest in the grantee all title and interest in and to the said property;
13. A description of the personal property of the company;
14. The number of miles [kilometers] of each main line of railroad, the number of miles [kilometers] of each branch line and sidetracks thereof within the state of North Dakota;
15. The entire gross earnings of the company from operation, expenses of operation, net earnings and income from operation, and the income from other sources, for the whole system, and in North Dakota, for the years or period the tax commissioner may request or specify, not exceeding five years;
16. The location of the property of the company within this state by counties, municipalities, and districts, in ~~such the~~ manner and ~~in such~~ detail as the tax commissioner shall prescribe; and
17. ~~Such other~~ Other facts and information as the tax commissioner may require in the form of returns prescribed by the tax commissioner or which the company may deem material upon the question of taxation of its property in this state.

SECTION 14. AMENDMENT. Section 57-06-06 of the North Dakota Century Code is amended and reenacted as follows:

57-06-06. Reports of companies.

Each company required to be assessed under the provisions of this chapter annually, on or before the ~~first~~^{fifteenth} day of ~~May~~^{April}, under oath of the president or other chief executive officer, and the secretary or treasurer or auditor or superintendent of such company, shall make and file with the tax commissioner, in ~~such~~^{the} form as the tax commissioner may prescribe, a report containing the following information, so far as applicable to the company making ~~such~~^{the} report, as of January first of the year in which the report is furnished:

1. The name of the company.
2. The nature of the company, whether a person, association, corporation, or limited liability company, and under the laws of what state or country organized, the date of original organization, the date of reorganization, consolidation, or merger, with specific reference to laws authorizing the same.
3. Location of its principal office.
4. The name of the place where its books, papers, and accounts are kept.
5. The name and post-office address of the president, secretary, treasurer, auditor, superintendent, general manager, and all other general officers.
6. The name and post-office address of the chief officer or managing agent of the company in North Dakota and of all other general officers residing in this state.
7. The total number of shares of capital stock.
8. The par value of the shares of the capital stock for the whole system, showing separately the amount authorized, amount issued, amount outstanding, and dividends paid thereon.
9. If ~~such~~^{the} capital stock has no market value, the actual value on the dates and for the periods designated by the tax commissioner of this state.
10. The funded debt of the company for the whole system and a detailed statement of all series of bonds, debentures, or other securities, forming a part of the funded debt, at par value, with the date of issue, maturity, rate of interest, and amount of interest for the preceding year.
11. The market value of each series of funded debt securities for the whole system on the dates and for the periods designated by the tax commissioner, and if the whole or a part of ~~such~~^{the} funded debt has no market value, then the actual value thereof for ~~such~~^{the} dates and periods as the tax commissioner may specify.
12. ~~Such~~^{The} general description of the operative and nonoperative real estate of the company in North Dakota as would be sufficient in a conveyance thereof, under a judicial decree, to vest in the grantee all title and interest in and to the said property.

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13. A description of the personal property, including moneys and credits, held by the company as a whole system, and the part thereof apportioned to the line in North Dakota.
14. The whole length of the lines of the system operated by the company and the length of the lines in North Dakota, whether operated as owner, lessee, or otherwise. The length of the line operated for the whole system and in North Dakota shall be separately reported.
15. The entire gross earnings of the company from operation, expenses of operation, net earnings and income from operation, and the income from other sources, for the whole system, and in North Dakota, for the years or period the tax commissioner may request or specify, not exceeding five years.
16. The location of the property of the company within this state by counties, municipalities, and districts, in ~~such~~the manner and in ~~such~~ detail as the tax commissioner shall prescribe.
17. Other facts and information as the tax commissioner may require or which the company may deem material relating to the taxation of its property in this state.

SECTION 15. AMENDMENT. Section 57-06-09 of the North Dakota Century Code is amended and reenacted as follows:

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~~first~~fifteenth~~ day of ~~May~~April of any year, the state board of equalization shall add ~~ten~~twenty 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~~first~~fifteenth~~ day of ~~May~~April, may grant an extension of time through the first day of ~~June~~May 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~~June 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~~first day of ~~July~~June, for good cause shown, the tax commissioner may waive all or any part of the penalty that attached under this section.

SECTION 16. AMENDMENT. Section 57-06-11 of the North Dakota Century Code is amended and reenacted as follows:

57-06-11. Tentative valuation by tax commissioner.

The tax commissioner, on or before ~~July~~June fifteenth of each year, shall ascertain and determine the value of all operative property of any company required to be assessed under the provisions of this chapter. ~~Such~~This determination of value must be made for the guidance of the state board of equalization in assessing ~~such~~the property at its annual meeting in ~~August~~July. In making ~~such~~the determination of value, the tax commissioner must be governed by the rules ~~laid down by~~provided in this

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chapter and by ~~such directions as may be~~ direction given to the tax commissioner by the state board of equalization.

SECTION 17. AMENDMENT. Section 57-06-12 of the North Dakota Century Code is amended and reenacted as follows:

57-06-12. Tentative assessment to be made and notice of hearing.

The tax commissioner shall give ten days' notice by mail to each company, or its representative in North Dakota, of the amount of its tentative assessment and ~~shall appoint a time and place, between the meeting of the state board of equalization on the first~~ second Tuesday of ~~August and the first day of September~~ July, at which meeting each company is entitled to present evidence before the state board of equalization relating to the value of the property of the company.

SECTION 18. AMENDMENT. Section 57-06-15 of the North Dakota Century Code is amended and reenacted as follows:

57-06-15. Assessment by state board of equalization - Notice of increase.

The state board of equalization may adopt the tentative assessment of the tax commissioner in whole or in part. The valuation and tentative assessments made by the tax commissioner must be considered merely findings of fact of the executive officer of the board. The state board of equalization shall review ~~such~~ the valuation and tentative assessment at the time of its annual meeting in ~~August~~ July of each year and then shall make a final assessment of ~~such~~ the property. It may increase or lower the entire assessment, or any assessment contained therein, on any item contained within the assessment of any company. Before the state board of equalization may make an increase in the assessed valuation of the property of ~~any such~~ the company over the valuation contained in the tentative assessment, notice must be given to the company of ~~any such~~ the proposed increase and a hearing granted thereon. A ten-day written notice of the proposed increase and hearing must be given to the company ~~in such instance~~, either by mail addressed to the company, or personally served on a duly authorized agent of the company.

SECTION 19. AMENDMENT. Section 57-06-21 of the North Dakota Century Code is amended and reenacted as follows:

57-06-21. Reports to county auditors.

On or before the fifteenth day of ~~March~~ February of each year, each company required to be assessed under this chapter shall file with the county auditor of each county within which any part of its operative property is located a report giving a general description of all its property located within the county, with operative and nonoperative property listed separately. The report must give the length of the line or lines within the county and the length in each taxing district of each line constituting part of a single and continuous line or property. The company also shall file with the county auditor and the tax commissioner a map of all of its lines within the county showing clearly the length of its lines within each taxing district as of January first of that year. To facilitate the making of the maps, the county auditor, on or before the first day of ~~February~~ January of each year, shall provide to each company a current map of the county showing the boundaries of each taxing district in the county.

SECTION 20. AMENDMENT. Section 57-13-02 of the North Dakota Century Code is amended and reenacted as follows:

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57-13-02. Annual meeting to assess taxable property.

The state board of equalization shall meet annually on the ~~first~~second Tuesday in ~~August~~July at the office of the state tax commissioner and shall assess all of the taxable property which such board is required to assess pursuant to and in accordance with the provisions of section 4 of article X of the Constitution of North Dakota, as amended, and the statutes of this state."

Page 3, line 9, replace "first" with "tenth"

Page 3, line 10, replace "treasurer" with "auditor"

Page 3, line 11, after "property" insert "a preliminary budget statement and"

Page 3, line 12, remove ". For purposes of this section, a taxing district means a city, county,"

Page 3, remove lines 13 through 15

Page 3, line 16, replace "hundred thousand dollars" with ", which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year"

Page 3, line 17, replace "twenty-fifth" with "thirty-first"

Page 3, line 17, replace "treasurer" with "auditor"

Page 3, line 18, after "property" insert "with a total estimated property tax of at least one hundred dollars"

Page 3, line 20, after "located" insert ", which anticipate levying in excess of one hundred thousand dollars in the current year, and the location at which the taxing district's budget is available for review"

Page 3, line 21, remove "The number of mills against the taxing district's current year taxable valuation,"

Page 3, remove lines 22 and 23

Page 3, line 24, replace "revenue as the property tax levy in the prior year" with "The true and full value of the property based on the best information available"

Page 3, line 25, remove "A statement regarding whether the taxing district anticipates increasing the"

Page 3, line 26, replace "property tax levy" with "A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions"

Page 3, line 27, remove "The additional number of mills the taxing district may require, calculated as the"

Page 3, remove line 28

Page 3, line 29, replace "district anticipates increasing its property tax levy" with "A column indicating the difference between the taxing district's total levy from the previous year"

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and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year:

- e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available"

Page 3, line 30, replace "e." with "f."

Page 4, line 5, after the underscored period insert "If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax."

Page 4, after line 7, insert:

- "5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district that intends to levy in excess of one hundred thousand dollars in property taxes in the current year."

Page 4, remove lines 8 through 31

Page 5, replace lines 1 through 30 with:

SECTION 22. AMENDMENT. Section 57-15-13 of the North Dakota Century Code is amended and reenacted as follows:

57-15-13. School district tax levies.

School district taxes must be levied by the governing body of each school district on or before the ~~fifteenth~~^{tenth} day of August of each year. The governing body of the school district may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year but the certification must be filed with the county auditor within the time limitations under section 57-15-31.1. Taxes for school district purposes must be based upon an itemized budget statement which must show the complete expenditure program of the district for the current fiscal year and the sources of the revenue from which it is to be financed. The school board of each public school district, in levying taxes, is limited by the amount necessary to be raised for the purpose of meeting the appropriations included in the school budget of the current fiscal year, and the sum necessary to be provided as an interim fund, together with a tax sufficient in amount to pay the interest on the bonded debt of the district and to provide a sinking fund to pay and discharge the principal thereof at maturity.

SECTION 23. REPEAL. Sections 11-23-03 and 57-15-02.1 of the North Dakota Century Code are repealed."

Re-number accordingly

Sixty-fifth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2288

Introduced by

Senators Cook, Laffen, Schaible

Representatives Headland, Howe, Olson

1 A BILL for an Act to create and enact a new section to chapter 57-15 of the North Dakota
 2 Century Code, relating to a consolidated taxpayer notice containing estimated property tax
 3 levies and budget hearing information; to amend and reenact sections 11-23-04, 40-40-04,
 4 40-40-06, 40-40-08, and 40-51.2-06, subdivision c of subsection 1 of section 40-51.2-07,
 5 sections 40-51.2-16, 57-02-53 and ~~57-15-02.1~~, 57-05-01, 57-05-01.1, 57-05-06, 57-05-07,
 6 57-05-08, 57-06-06, 57-06-09, 57-06-11, 57-06-12, 57-06-15, 57-06-21, 57-13-02, and 57-15-13
 7 of the North Dakota Century Code, relating to assessment increase notices and property tax
 8 levy public hearings, the dates for general taxation of land by a city, notices of dates of
 9 assessments and reports for centrally assessed property, the annual meeting of the state board
 10 of equalization, and dates for school district tax levies; to repeal sections 11-23-03 and
 11 57-15-02.1 of the North Dakota Century Code, relating to notice of levy increases and public
 12 hearings; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 11-23-04 of the North Dakota Century Code is amended and reenacted as follows:

11-23-04. Hearing on budget - Taxpayer may appear.

The board of county commissioners shall meet at the time and place designated in the notice prescribed by section ~~11-23-03~~21 of this Act. Any taxpayer who may appear shall be heard in favor of or against any proposed expenditures or tax levies. When the hearing shall have been concluded, the board shall adopt such estimate as finally is determined upon. All taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates.

SECTION 2. AMENDMENT. Section 40-40-04 of the North Dakota Century Code is amended and reenacted as follows:

1 **40-40-04. Municipality to prepare preliminary budget statement.**

2 The governing body of each municipality, annually on or before ~~September~~August tenth,
3 shall make an itemized statement known as the preliminary budget statement showing the
4 amounts of money which, in the opinion of the governing body, will be required for the proper
5 maintenance, expansion, or improvement of the municipality during the year.

6 **SECTION 3. AMENDMENT.** Section 40-40-06 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **40-40-06. Notice of preliminary budget statement - Contents - How given.**

9 After

10 1. On or before August tenth of each year, after the governing body has prepared the
11 preliminary budget statement, the auditor of the municipality shall ~~give notice that:~~

12 ~~1. The preliminary budget is on file in the office of the auditor and may be examined by~~
13 ~~anyone upon request.~~

14 ~~2. The governing body shall meet~~

15 a. Provide the county auditor with a copy of the preliminary budget statement.

16 b. Set a public budget hearing date no earlier than September seventh and no later
17 than October seventh ~~at the time and place specified in the notice as prescribed~~
18 ~~by subsection 3~~ for the purpose of adopting the final budget and making the
19 annual tax levy.

20 ~~3. The governing body shall hold a public session at the time and place designated in the~~
21 ~~notice of hearing at which any taxpayer may appear and discuss with the body any~~
22 ~~item of proposed expenditures or may object to any item or amount.~~

23 The

24 c. Provide notice of the public budget hearing date to the county auditor.

25 2. For municipalities anticipating levying less than one hundred thousand dollars in the
26 current year, notice must ~~contain:~~

27 a. Contain a statement of the total proposed expenditures for each fund in the
28 preliminary budget, but need not contain any detailed statement of the proposed
29 expenditures. ~~The notice must be:~~

30 b. Be published at least once, not less than six days prior to the budget hearing, in a
31 newspaper published in the municipality, if there is one, and if no newspaper is

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1 published in the municipality, the notice must be published not less than six days
2 prior to the meeting in the official city newspaper as provided by section
3 40-01-09; and

4 c. Provide that any taxpayer may appear and discuss with the governing body any
5 item of proposed expenditures or may object to any item or amount.

6 **SECTION 4. AMENDMENT.** Section 40-40-08 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **40-40-08. Hearing of protests and objections - Changes in preliminary budget -**
9 **Preparation of final budget - Contents.**

10 The governing body shall meet at the time and place ~~specified in the notices~~ set pursuant to
11 section 40-40-06 and shall hear any and all protests or objections to the items or amounts set
12 forth in the preliminary budget statement. At the hearing, the governing body shall make any
13 changes in the items or amounts shown on the preliminary budget statement as it may deem
14 advisable except as limited in this chapter, and shall prepare the final budget, which must
15 consist of the preliminary budget with the addition of columns showing:

- 16 1. The final appropriations for the various expenditure items specified in the preliminary
17 budget statement. The final appropriation of any fund total may not exceed the total
18 amount requested in the preliminary budget.
- 19 2. The estimated amount of unencumbered cash on hand at the end of the current year
20 may not include cash or investments of the equipment replacement fund as provided
21 in section 40-40-05.
- 22 3. The levy amount determined by subtracting the total resources from the total
23 appropriations and cash reserve for each fund. The governing body may increase the
24 levy an additional five percent for delinquent tax collections.
- 25 4. The certificate of levy which includes a summary of the amount levied for each fund
26 and the total amount levied.

27 **SECTION 5. AMENDMENT.** Section 40-51.2-06 of the North Dakota Century Code is
28 amended and reenacted as follows:

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1 **40-51.2-06. Petition of owners and electors - Annexation or exclusion - Classification**
2 **of annexed agricultural lands for tax purposes.**

3 If the governing body annexes the area, it shall do so by ordinance. When a copy of the
4 ordinance and an accurate map of the annexed area, certified by the executive officer of the
5 city, are filed and recorded with the county recorder, the annexation becomes effective. An
6 annexation is effective for the purpose of general taxation on and after the first day of the next
7 ~~February~~January. However, the city shall continue to classify as agricultural lands for tax
8 purposes all lands in the annexed area which were classified as agricultural lands immediately
9 before the annexation proceedings until those lands are put to another use. If the governing
10 body determines to exclude the area petitioned for, it may do so by ordinance adopted and
11 recorded as in the case of annexation.

12 **SECTION 6. AMENDMENT.** Subdivision c of subsection 1 of section 40-51.2-07 of the
13 North Dakota Century Code is amended and reenacted as follows:

- 14 c. In the absence of protests filed by the owners of more than one-fourth of the
15 territory proposed to be annexed as of the date of the adoption of the resolution,
16 the territory described in the resolution becomes a part of the city. When a copy
17 of the resolution and an accurate map of the annexed area, certified by the
18 executive officer of the city, are filed and recorded with the county recorder, the
19 annexation becomes effective. Annexation is effective for the purpose of general
20 taxation on and after the first day of the next ~~February~~January. However, the city
21 shall continue to classify as agricultural lands for tax purposes all lands in the
22 annexed area which were classified as agricultural lands immediately before the
23 annexation proceedings until those lands are put to another use.

24 **SECTION 7. AMENDMENT.** Section 40-51.2-16 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **40-51.2-16. Effective date of annexation by administrative law judge - Classification of**
27 **annexed agricultural lands for tax purposes.**

28 Territory annexed to a city pursuant to petition to the director of the office of administrative
29 hearings is annexed as of the date of the order of the administrative law judge, except for tax
30 purposes, and a copy of the resolution with an accurate map of the annexed area, certified by
31 the executive officer of the city, must be filed and recorded with the county recorder. Annexation

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1 is effective for the purpose of general taxation on and after the first day of the next
2 ~~February~~January. However, the city shall continue to classify as agricultural lands for tax
3 purposes all lands in the annexed area which were classified as agricultural lands immediately
4 before the annexation proceedings until those lands are put to another use.

5 **SECTION 8. AMENDMENT.** Section 57-02-53 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **57-02-53. Assessment increase notice to property owner.**

- 8 1. a. When any assessor has increased the true and full valuation of any lot or tract of
9 land and improvements to an amount that is an increase of three thousand
10 dollars or more and ten percent or more from the amount of the previous year's
11 assessment, the assessor shall deliver written notice of the amount of increase
12 and the amount of the previous year's assessment to the property owner at the
13 expense of the assessment district for which the assessor is employed. Delivery
14 of written notice to a property owner under this subdivision must be completed at
15 least fifteen days before the meeting of the local board of equalization.
- 16 b. If written notice by the assessor was not required under subdivision a and action
17 by the township, city, or county board of equalization or order of the state board
18 of equalization has increased the true and full valuation of any lot or tract of land
19 and improvements to an amount that results in a cumulative increase of three
20 thousand dollars or more and ten percent or more from the amount of the
21 previous year's assessment, written notice of the amount of increase and the
22 amount of the previous year's assessment must be delivered to the property
23 owner. The written notice under this subdivision must be mailed or delivered at
24 the expense of the township, city, or county that made the assessment increase
25 or at the expense of the township, city, or county that was ordered to make the
26 increase by the state board of equalization. Delivery of written notice to a
27 property owner under this subdivision must be completed within fifteen days after
28 the meeting of the township, city, or county board of equalization that made or
29 ordered the assessment increase and within thirty days after the meeting of the
30 state board of equalization, if the state board of equalization ordered the
31 assessment increase.

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1 c. The tax commissioner shall prescribe suitable forms for written notices under this
 2 subsection. The written notice under subdivision a must show the true and full
 3 value of the property, including improvements, that the assessor determined for
 4 the current year and for the previous year and must also show the date
 5 prescribed by law for the meeting of the local board of equalization of the
 6 assessment district in which the property is located and the meeting date of the
 7 county board of equalization.

8 d. Delivery of written notice under this section must be by personal delivery to the
 9 property owner, mail addressed to the property owner at the property owner's
 10 last-known address, or electronic mail to the property owner directed with
 11 verification of receipt to an electronic mail address at which the property owner
 12 has consented to receive notice.

13 2. The form of notice prescribed by the tax commissioner must require a statement to
 14 inform the taxpayer that an assessment increase does not mean property taxes on the
 15 parcel will increase. ~~The notice must state that each taxing district must provide mailed~~
 16 ~~notice of public hearing to the property owner if a greater property tax levy is being~~
 17 ~~proposed than a zero increase number of mills.~~ *The notice may not contain an*
 18 *estimate of a tax increase resulting from the assessment increase.*

19 ~~3. The assessor shall provide an electronic or printed list including the name and address~~
 20 ~~of the addressee of each assessment increase notice required under subdivision a of~~
 21 ~~subsection 1 and the officer responsible for providing notice under subdivision b of~~
 22 ~~subsection 1 shall provide an electronic or printed list including the name and address~~
 23 ~~of the addressee of each assessment increase notice required under subdivision b of~~
 24 ~~subsection 1 to each city, county, school district, or city park district in which the~~
 25 ~~subject property is located, but a copy does not have to be provided to any such taxing~~
 26 ~~district that levied a property tax levy of less than one hundred thousand dollars for the~~
 27 ~~prior year.~~

28 **SECTION 9. AMENDMENT.** Section 57-05-01 of the North Dakota Century Code is
 29 amended and reenacted as follows:

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57-05-01. Railroad property to be assessed by state board of equalization.

The state board of equalization, at its annual meeting in ~~August~~July in each year, shall assess, at its actual value on the first day of January of that year, the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway. If any railroad allows any portion of its railway to be used for any purpose other than the operation of a railroad, the portion of its railway while so used must be assessed in a manner provided for the assessment of other real property. To enable the board to make a correct valuation of property, it shall have access to all reports, estimates, and surveys of a line of railroad on file in the office of the public service commission and has power to summon and compel the attendance of witnesses, and to examine witnesses under oath in any matter relating to the value of the property. In fixing the value of any railroad, and of branch lines and sidetracks, the board must be governed by the rules prescribed for county and township assessors in valuing other property in this state. The board shall make a record of the value placed by it upon the property of the railroad, including the valuation per mile [1.61 kilometers] of main line and of branch lines and sidetracks. Railroad property held in trust by the public service commission for purposes of reorganization or reopening of the railway line is exempt from assessment as provided in this section.

SECTION 10. AMENDMENT. Section 57-05-01.1 of the North Dakota Century Code is amended and reenacted as follows:

57-05-01.1. Tentative assessment - Notice of hearing.

1. The tax commissioner, on or before ~~July~~June fifteenth of each year, shall ascertain and determine the value of, and a tentative assessment of, all operative property of any company required to be assessed under the provisions of this chapter. ~~Such~~The determination of value must be made for the guidance of the state board of equalization in assessing ~~such~~the property at its annual meeting in ~~August~~July. In making ~~such~~this determination of value, the tax commissioner must be governed by the rules ~~laid down by~~provided in this chapter.
2. The tax commissioner shall give ten days' notice by mail to each company, or its representative in North Dakota, of the amount of its tentative assessment, and ~~shall appoint a time and place between~~the meeting of the state board of equalization on the ~~first~~second Tuesday of ~~August and the first day of September~~July, at which ~~meeting~~

1 each company is entitled to present evidence before the state board of equalization
2 relating to the value of the property of the company.

3 **SECTION 11. AMENDMENT.** Section 57-05-06 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **57-05-06. County auditor to send maps to railroad corporation.**

6 The county auditor of each county in the state shall ~~mail~~provide to each railroad corporation
7 doing business in that county, on or before the first day of ~~March~~February of each year, an
8 accurate map of the county showing the boundaries of each assessment district.

9 **SECTION 12. AMENDMENT.** Section 57-05-07 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **57-05-07. Railroad shall file information with county auditor.**

12 Every railroad corporation, on or before the fifteenth day of ~~February~~January in each year,
13 shall file in the office of the county auditor of each county in the state in which ~~said~~the
14 company's lines are located:

- 15 1. The name of the corporation.
- 16 2. The principal place of doing business.
- 17 3. The names and post-office addresses of the president, secretary, and treasurer of the
- 18 corporation.

19 **SECTION 13. AMENDMENT.** Section 57-05-08 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **57-05-08. Report by railroad corporation to state tax commissioner.**

22 Each railroad corporation required to be assessed under the provisions of this chapter
23 annually shall, on or before ~~May~~April first of each year, under oath of the presiding or other chief
24 executive officer, make and file ~~in such on the~~ in such on the form and in the manner as the tax commissioner
25 may prescribe a report containing the following information:

- 26 1. The name of the company;
- 27 2. The laws of what state or country organized, the date of original organization, the date
- 28 of reorganization, consolidation, or merger, with specific reference to laws authorizing
- 29 the same;
- 30 3. Location of its principal office;
- 31 4. The name of the place where its books, papers, and accounts are kept;

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- 1 5. The name and post-office address of the president, secretary, treasurer, auditor,
- 2 superintendent, general manager, and all other general officers;
- 3 6. The name and post-office address of the chief officer or managing agent of the
- 4 company in North Dakota and of all other general officers residing in this state;
- 5 7. The total number of shares of capital stock;
- 6 8. The par value of the shares of the capital stock for the whole system, showing
- 7 separately the amount authorized, amount issued, amount outstanding, and dividends
- 8 paid thereon;
- 9 9. If such capital stock has no market value, the actual value on the dates and for the
- 10 periods designated by the tax commissioner of this state;
- 11 10. The funded debt of the company for the whole system and a detailed statement of all
- 12 series of bonds, debentures, or other securities, forming a part of the funded debt, at
- 13 par value, with the date of issue, maturity, rate of interest, and amount of interest for
- 14 the preceding year;
- 15 11. The market value of each series of funded debt securities for the whole system on the
- 16 dates and for the periods designated by the tax commissioner, and if the whole or a
- 17 part of ~~such~~the funded debt has no market value, then the actual value thereof for
- 18 ~~such~~the dates and periods as the tax commissioner may specify;
- 19 12. Such general description of the operative and nonoperative real estate of the company
- 20 in North Dakota as would be sufficient in a conveyance thereof, under a judicial
- 21 decree, to vest in the grantee all title and interest in and to the said property;
- 22 13. A description of the personal property of the company;
- 23 14. The number of miles [kilometers] of each main line of railroad, the number of miles
- 24 [kilometers] of each branch line and sidetracks thereof within the state of North
- 25 Dakota;
- 26 15. The entire gross earnings of the company from operation, expenses of operation, net
- 27 earnings and income from operation, and the income from other sources, for the whole
- 28 system, and in North Dakota, for the years or period the tax commissioner may
- 29 request or specify, not exceeding five years;

1 16. The location of the property of the company within this state by counties,
2 municipalities, and districts, in ~~such~~the manner and ~~in such~~ detail as the tax
3 commissioner shall prescribe; and

4 17. ~~Such other~~Other facts and information as the tax commissioner may require in the
5 form of returns prescribed by the tax commissioner or which the company may deem
6 material upon the question of taxation of its property in this state.

7 **SECTION 14. AMENDMENT.** Section 57-06-06 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **57-06-06. Reports of companies.**

10 Each company required to be assessed under the provisions of this chapter annually, on or
11 before the ~~first~~fifteenth day of ~~May~~April, under oath of the president or other chief executive
12 officer, and the secretary or treasurer or auditor or superintendent of such company, shall make
13 and file with the tax commissioner, in ~~such~~the form ~~as~~ the tax commissioner may prescribe, a
14 report containing the following information, so far as applicable to the company making ~~such~~the
15 report, as of January first of the year in which the report is furnished:

- 16 1. The name of the company.
- 17 2. The nature of the company, whether a person, association, corporation, or limited
18 liability company, and under the laws of what state or country organized, the date of
19 original organization, the date of reorganization, consolidation, or merger, with specific
20 reference to laws authorizing the same.
- 21 3. Location of its principal office.
- 22 4. The name of the place where its books, papers, and accounts are kept.
- 23 5. The name and post-office address of the president, secretary, treasurer, auditor,
24 superintendent, general manager, and all other general officers.
- 25 6. The name and post-office address of the chief officer or managing agent of the
26 company in North Dakota and of all other general officers residing in this state.
- 27 7. The total number of shares of capital stock.
- 28 8. The par value of the shares of the capital stock for the whole system, showing
29 separately the amount authorized, amount issued, amount outstanding, and dividends
30 paid thereon.

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- 1 9. If ~~such~~the capital stock has no market value, the actual value on the dates and for the
- 2 periods designated by the tax commissioner of this state.
- 3 10. The funded debt of the company for the whole system and a detailed statement of all
- 4 series of bonds, debentures, or other securities, forming a part of the funded debt, at
- 5 par value, with the date of issue, maturity, rate of interest, and amount of interest for
- 6 the preceding year.
- 7 11. The market value of each series of funded debt securities for the whole system on the
- 8 dates and for the periods designated by the tax commissioner, and if the whole or a
- 9 part of ~~such~~the funded debt has no market value, then the actual value thereof for
- 10 ~~such~~the dates and periods as the tax commissioner may specify.
- 11 12. ~~Such~~The general description of the operative and nonoperative real estate of the
- 12 company in North Dakota as would be sufficient in a conveyance thereof, under a
- 13 judicial decree, to vest in the grantee all title and interest in and to the said property.
- 14 13. A description of the personal property, including moneys and credits, held by the
- 15 company as a whole system, and the part thereof apportioned to the line in North
- 16 Dakota.
- 17 14. The whole length of the lines of the system operated by the company and the length of
- 18 the lines in North Dakota, whether operated as owner, lessee, or otherwise. The length
- 19 of the line operated for the whole system and in North Dakota shall be separately
- 20 reported.
- 21 15. The entire gross earnings of the company from operation, expenses of operation, net
- 22 earnings and income from operation, and the income from other sources, for the whole
- 23 system, and in North Dakota, for the years or period the tax commissioner may
- 24 request or specify, not exceeding five years.
- 25 16. The location of the property of the company within this state by counties,
- 26 municipalities, and districts, in ~~such~~the manner and ~~in such~~detail as the tax
- 27 commissioner shall prescribe.
- 28 17. Other facts and information as the tax commissioner may require or which the
- 29 company may deem material relating to the taxation of its property in this state.

30 **SECTION 15. AMENDMENT.** Section 57-06-09 of the North Dakota Century Code is
 31 amended and reenacted as follows:

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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~~fifteenth day of ~~May~~April of any year, the state board of equalization shall add ~~ten~~twenty 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~~fifteenth day of ~~May~~April, may grant an extension of time through the first day of ~~June~~May 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~~June 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~~first day of ~~July~~June, for good cause shown, the tax commissioner may waive all or any part of the penalty that attached under this section.

SECTION 16. AMENDMENT. Section 57-06-11 of the North Dakota Century Code is amended and reenacted as follows:

57-06-11. Tentative valuation by tax commissioner.

The tax commissioner, on or before ~~July~~June ~~fifteenth~~ of each year, shall ascertain and determine the value of all operative property of any company required to be assessed under the provisions of this chapter. ~~Such~~This determination of value must be made for the guidance of the state board of equalization in assessing ~~such~~the property at its annual meeting in ~~August~~July. In making ~~such~~the determination of value, the tax commissioner must be governed by the rules ~~laid down by~~provided in this chapter and by ~~such directions as may be~~direction given to the tax commissioner by the state board of equalization.

SECTION 17. AMENDMENT. Section 57-06-12 of the North Dakota Century Code is amended and reenacted as follows:

57-06-12. Tentative assessment to be made and notice of hearing.

The tax commissioner shall give ten days' notice by mail to each company, or its representative in North Dakota, of the amount of its tentative assessment and ~~shall appoint a time and place, between~~the meeting of the state board of equalization on the ~~first~~second

1 Tuesday of ~~August and the first day of September~~July, at which meeting each company is
2 entitled to present evidence before the state board of equalization relating to the value of the
3 property of the company.

4 **SECTION 18. AMENDMENT.** Section 57-06-15 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **57-06-15. Assessment by state board of equalization - Notice of increase.**

7 The state board of equalization may adopt the tentative assessment of the tax
8 commissioner in whole or in part. The valuation and tentative assessments made by the tax
9 commissioner must be considered merely findings of fact of the executive officer of the board.
10 The state board of equalization shall review ~~such~~the valuation and tentative assessment at the
11 time of its annual meeting in ~~August~~July of each year and then shall make a final assessment of
12 ~~such~~the property. It may increase or lower the entire assessment, or any assessment contained
13 therein, on any item contained within the assessment of any company. Before the state board of
14 equalization may make an increase in the assessed valuation of the property of ~~any such~~the
15 company over the valuation contained in the tentative assessment, notice must be given to the
16 company of ~~any such~~the proposed increase and a hearing granted thereon. A ten-day written
17 notice of the proposed increase and hearing must be given to the company ~~in such instance~~,
18 either by mail addressed to the company, or personally served on a duly authorized agent of the
19 company.

20 **SECTION 19. AMENDMENT.** Section 57-06-21 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **57-06-21. Reports to county auditors.**

23 On or before the fifteenth day of ~~March~~February of each year, each company required to be
24 assessed under this chapter shall file with the county auditor of each county within which any
25 part of its operative property is located a report giving a general description of all its property
26 located within the county, with operative and nonoperative property listed separately. The report
27 must give the length of the line or lines within the county and the length in each taxing district of
28 each line constituting part of a single and continuous line or property. The company also shall
29 file with the county auditor and the tax commissioner a map of all of its lines within the county
30 showing clearly the length of its lines within each taxing district as of January first of that year.
31 To facilitate the making of the maps, the county auditor, on or before the first day of

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1 ~~February~~ January of each year, shall provide to each company a current map of the county
2 showing the boundaries of each taxing district in the county.

3 **SECTION 20. AMENDMENT.** Section 57-13-02 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **57-13-02. Annual meeting to assess taxable property.**

6 The state board of equalization shall meet annually on the ~~first~~ second Tuesday in
7 ~~August~~ July at the office of the state tax commissioner and shall assess all of the taxable
8 property which such board is required to assess pursuant to and in accordance with the
9 provisions of section 4 of article X of the Constitution of North Dakota, as amended, and the
10 statutes of this state.

11 **SECTION 21.** A new section to chapter 57-15 of the North Dakota Century Code is created
12 and enacted as follows:

13 **Estimated property tax and budget hearing notice.**

- 14 1. On or before August ~~first~~ tenth of each year the governing body of a taxing district shall
15 provide to the county ~~treasurer~~ auditor in each county in which the taxing district has
16 taxable property a ~~preliminary budget statement and~~ the date, time, and location of the
17 taxing district's public hearing on its property tax levy. ~~For purposes of this section, a~~
18 ~~taxing district means a city, county, school district, or city park district but does not~~
19 ~~include any such taxing district that levied a property tax levy of less than one hundred~~
20 ~~thousand dollars for the prior year and sets a budget for the current year calling for a~~
21 ~~property tax levy of less than one hundred thousand dollars, which may be no earlier~~
22 ~~than September seventh. A taxing district that fails to provide the information required~~
23 ~~under this subsection on or before August tenth may not impose a property tax levy in~~
24 ~~a greater amount of dollars than was imposed by the taxing district in the prior year.~~
- 25 2. By August ~~twenty-fifth~~ thirty-first of each year the county ~~treasurer~~ auditor shall provide
26 a written notice to the owner of each parcel of taxable property with a ~~total estimated~~
27 ~~property tax of at least one hundred dollars.~~ The text of the notice must contain:
 - 28 a. The date, time, and location of the public budget hearing for each of the taxing
29 districts in which the property owner's parcel is located, ~~which anticipate levying~~
30 ~~in excess of one hundred thousand dollars in the current year, and the location at~~
31 ~~which the taxing district's budget is available for review;~~

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- b. ~~The number of mills against the taxing district's current year taxable valuation, excluding consideration of the taxable valuation of any property that was not taxable in the prior year, which would provide the same amount of property tax revenue as the property tax levy in the prior year~~The true and full value of the property based on the best information available;
 - c. ~~A statement regarding whether the taxing district anticipates increasing the property tax levy~~A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions;
 - d. ~~The additional number of mills the taxing district may require, calculated as the number of mills exceeding the amount determined in subdivision b, if the taxing district anticipates increasing its property tax levy~~A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;
 - e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available; and
 - e.f. A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy.
3. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the

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1 qualifying date under section 57-20-09 for which an owner may receive a discount for
2 early payment of tax.

3 4. The tax commissioner shall prescribe suitable forms for written notices under this
4 section.

5 5. The direct cost of providing taxpayer notices under this section may be allocated in a
6 manner proportionate to the number of notices mailed on behalf of each taxing district
7 that intends to levy in excess of one hundred thousand dollars in property taxes in the
8 current year.

9 ~~— **SECTION 3. AMENDMENT.** Section 57-15-02.1 of the North Dakota Century Code is~~
10 ~~amended and reenacted as follows:~~

11 ~~— **57-15-02.1. Property tax levy increase notice and public hearing.**~~

12 ~~— Notwithstanding any other provision of law, a taxing district may not impose a property tax~~
13 ~~levy in a greater number of mills than the zero increase number of mills, unless the taxing~~
14 ~~district is in substantial compliance with this section.~~

15 ~~— 1. The governing body shall cause publication of notice in its official newspaper at least~~
16 ~~seven days before a public hearing on its property tax levy. A provide notice of a public~~
17 ~~hearing under this section in accordance with the requirements under section 2 of this~~
18 ~~Act. A public hearing under this section may not be scheduled to begin earlier than six~~
19 ~~p.m. The notice must have at least one-half inch [1.27 centimeters] white space~~
20 ~~margin on all four sides and must be at least two columns wide by five inches [12.7~~
21 ~~centimeters] high. The heading must be capitalized in boldface type of at least~~
22 ~~eighteen point stating "IMPORTANT NOTICE TO (name of taxing district)~~
23 ~~TAXPAYERS". The proposed percentage increase must be printed in a boldface type~~
24 ~~size no less than two points less than the heading, while the remaining portion of the~~
25 ~~advertisement must be printed in a type face size no less than four points less than the~~
26 ~~heading. The text of the notice must contain:~~

27 ~~— a. The date, time, and place of the public hearing.~~

28 ~~— b. A statement that the public hearing will be held to consider increasing the~~
29 ~~property tax levy by a stated percentage, expressed as a percentage increase~~
30 ~~exceeding the zero increase number of mills.~~

2/8/17

JB 2288

#1A

Sixty-fifth
Legislative Assembly

- 1 ~~_____ c. A statement that there will be an opportunity for citizens to present oral or written~~
2 ~~comments regarding the property tax levy.~~
- 3 ~~_____ d. Any other information the taxing district wishes to provide to inform taxpayers.~~
- 4 ~~_____ 2. At least seven days before a public hearing on its property tax levy under this section,~~
5 ~~the governing body shall cause notice of the information required under subsection 1~~
6 ~~to be mailed to each property owner who received notice of an assessment increase~~
7 ~~for the taxable year under section 57-02-53.~~
- 8 ~~_____ 3.2. If the governing body of the taxing district does not make a final decision on imposing~~
9 ~~a property tax levy exceeding the zero increase number of mills at the public hearing~~
10 ~~required by this section, the governing body shall announce at that public hearing the~~
11 ~~scheduled time and place of the next public meeting at which the governing body will~~
12 ~~consider final adoption of a property tax levy exceeding the tax district's zero increase~~
13 ~~number of mills.~~
- 14 ~~_____ 4.3. For purposes of this section:~~
- 15 ~~_____ a. "New growth" means the taxable valuation of any property that was not taxable in~~
16 ~~the prior year.~~
- 17 ~~_____ b. "Property tax levy" means the tax rate, expressed in mills, for all property taxes~~
18 ~~levied by the taxing district.~~
- 19 ~~_____ c. "Taxing district" means a city, county, school district, or city park district but does~~
20 ~~not include any such taxing district that levied a property tax levy of less than one~~
21 ~~hundred thousand dollars for the prior year and sets a budget for the current year~~
22 ~~calling for a property tax levy of less than one hundred thousand dollars.~~
- 23 ~~_____ d. "Zero increase number of mills" means the number of mills against the taxing~~
24 ~~district's current year taxable valuation, excluding consideration of new growth,~~
25 ~~which will provide the same amount of property tax revenue as the property tax~~
26 ~~levy in the prior year.~~
- 27 ~~_____ 5.4. For the taxable year 2013 only, for purposes of determining the zero increase number~~
28 ~~of mills for a school district, the amount of property tax revenue from the property tax~~
29 ~~levy in the 2012 taxable year must be recalculated by reducing the 2012 mill rate of~~
30 ~~the school district by the lesser of:~~
- 31 ~~_____ a. Fifty mills; or~~

2/8/17

SB 2288

#1A

1 ~~b. The 2012 general fund mill rate of the school district minus sixty mills.~~

2 **SECTION 22. AMENDMENT.** Section 57-15-13 of the North Dakota Century Code is
3 amended and reenacted as follows:

4 **57-15-13. School district tax levies.**

5 School district taxes must be levied by the governing body of each school district on or
6 before the ~~fifteenth~~^{tenth} day of August of each year. The governing body of the school district
7 may amend its tax levy and budget for the current fiscal year on or before the tenth day of
8 October of each year but the certification must be filed with the county auditor within the time
9 limitations under section 57-15-31.1. Taxes for school district purposes must be based upon an
10 itemized budget statement which must show the complete expenditure program of the district
11 for the current fiscal year and the sources of the revenue from which it is to be financed. The
12 school board of each public school district, in levying taxes, is limited by the amount necessary
13 to be raised for the purpose of meeting the appropriations included in the school budget of the
14 current fiscal year, and the sum necessary to be provided as an interim fund, together with a tax
15 sufficient in amount to pay the interest on the bonded debt of the district and to provide a
16 sinking fund to pay and discharge the principal thereof at maturity.

17 **SECTION 23. REPEAL.** Sections 11-23-03 and 57-15-02.1 of the North Dakota Century
18 Code are repealed.

19 **SECTION 24. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
20 December 31, 2017.

SB2288 Truth in Taxation Replacement Concept

1. This bill consolidates multiple notices with property tax estimates from numerous taxing districts into **one single notice**. This replaces the current truth in taxation notice AND publication requirements.
2. All taxing jurisdictions (every city, school, township, park, fire, EMS district, etc.) would be required to submit a preliminary (not to exceed) budget to the county auditor **by August 10th**.
 - a. For any taxing jurisdiction failing to submit a budget by the deadline, the county auditor must **BY LAW** use the jurisdiction's previous year's budget **IN DOLLARS** and that becomes their "not to exceed" limit.
3. All jurisdictions whose preliminary budget anticipates more than \$100,000 in property taxes must also provide the date, time and place of their budget hearing, which must be held after the mailing of the combined notice.
4. By **August 31st** the county auditor will mail for all taxed parcels a statement indicating the estimated property tax on that parcel based on the preliminary budgets.
 - a. The tax department would provide the format to be used for the notice.
 - b. The county is not required to mail the statement to parcels with less than \$100 in total tax.
 - c. The direct costs to prepare and mail the statements may be shared proportionately with those jurisdictions that intend to levy in excess of \$100,000 in the next tax year.
 - d. Budget hearings are to be held no earlier than **September 7th**.
 - e. For municipalities anticipating levying less than \$100,000 in the current year, notice must be published at least once in newspaper not less than six days prior to meeting.
5. Changes dates related to Centrally Assessed properties and reporting requirements. These changes should facilitate in the final centrally assessed property values for use in the tax notices.
 - a. Moves the effective date of annexation changes for tax purposes from February 1 to **January 1**. This is to allow the county to provide taxing boundary information to centrally assessed owners in a more-timely manner.
 - b. Moves the reporting date for boundary information for the county from March 1 to **February 1**.
 - c. Moves the reporting deadline by centrally assessed companies to county auditors from March 15 to **February 15**.
 - d. Moves railroad reporting to the tax department from May 1 to **April 1**.
 - e. Moves reporting by other centrally assessed companies from May 1 to **April 15**.
 - f. **Increases penalty** for late reporting on centrally assessed property from 10% to 20% of assessed value.
 - g. Moves State Board of Equalization annual meeting from first Tuesday in August to second Tuesday in July. It is anticipated the initial Board meeting will only address centrally assessed property and a subsequent meeting in August will address locally assessed property.
6. Uniform tax notice will go into effect during the 2018 tax year.

#2
SB 2288
3-8-17

Notice of Estimated Property Tax and Hearing Dates

Property owner and mailing address:
John Smith & Jane Smith
123 Main Ave S
Fargo ND 58104-7050

**THIS IS NOT A BILL
ESTIMATE & NOTICE OF
MEETINGS**

You are hereby notified of the potential change in your taxes based on each jurisdiction's preliminary budgets. Your actual taxes may vary based upon the final budgets of the jurisdictions and any valuation adjustments made by the State Board of Equalization. This statement does not include any unpaid special assessments.

Real Estate Description:

123 Main Ave S, Fargo ND
Lot: 19 Block: 1 Addition: Stonebridge Farms 2nd Additional: STONEBRIDGE FARMS 2ND LT 19 BLK 1

True & Full Value	<u>2014</u>	<u>2015</u>	<u>Change</u>
Land, Residential	\$38,500	\$38,500	\$0
Building Residential	\$220,900	\$246,800	\$25,900
Total Values	<u>\$259,400</u>	<u>\$285,300</u>	<u>\$25,900</u>

Estimated Real Property Taxes	<u>2014</u>	<u>2015 Proposed</u>	<u>Change</u>	
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	
County	813.26	805.35	(7.90)	
City of Fargo	668.28	706.12	37.84	INCREASE
Fargo Park District	358.48	353.99	(4.49)	
Fargo Public School District #1	1,930.13	2,135.68	205.55	INCREASE
Soil Conservation District	5.14	3.09	(2.05)	
Garrison Diversion Conservancy District	11.67	12.84	1.17	INCREASE
State Medical School	11.67	12.84	1.17	INCREASE
	<u>3,798.63</u>	<u>4,029.91</u>	<u>231.29</u>	
12% State Tax Credit	(455.84)	(483.59)	(27.75)	
Net Consolidated Tax	<u>3,342.79</u>	<u>3,546.32</u>	<u>203.53</u>	
Effective Tax Rate (tax divided by value)	<u>1.29%</u>	<u>1.24%</u>	<u>-0.05%</u>	
Percentage of total Increase (Decrease) in Net Consolidated Tax				<u>6.09%</u>

Hearing Schedule: (Hearing on Preliminary Budget)

- Cass County** September 21, 2015 3:30 p.m. Cass County Commission Room, 211 9th St. S, Fargo ND
- City of Fargo** September 28, 2015 6:00 p.m. Fargo City Commission Room, 200 3rd St. N, Fargo ND
- Fargo PSD #1** August 25, 2015 6:00 p.m. Fargo School District Board Room, 415 4th St N, Fargo ND
- Fargo Park Dist.** September 8, 2015 4:00 p.m. Fargo Park District Board Room, 701 Main Ave, Fargo ND

Citizens will have an opportunity to present oral or written comments regarding the entity's budget at or before the hearing. A copy of the entities budget will be available at their normal place of business at least 7 days prior to the meeting.

#3
SB 2288
3-8-17

Testimony for:
House Finance and Tax Committee
March 8, 2017
Michael Montplaisir, Cass County Auditor
SB 2288

Chairman Headland and members of the House Finance and Tax Committee:

I am Michael Montplaisir, Cass County Auditor. I handle property tax administration in Cass County. We have struggled for the past few years with the notice process attached to the “zero number of mills concept”. Our concerns have not been with sending out the notices or holding the hearings, but with the information that taxpayers have been provided. The percentage shown on the notice means nothing to the taxpayer as it has no relationship to his or her taxes.

The county tries to comply with the zero number of mills calculation in order to not send out the notices; however, at times we simply can't because our costs keep increasing along with inflation that the added valuation for new properties cannot cover. Other local governments have the same challenges and on occasion also need to send notices. A taxpayer could get a notice from the County, School District, City, and Park District—all with different percentage of increases.

The notices we send out do generate calls from taxpayers; the questions are usually regarding how much their taxes are increasing; do they use the percentage provided in the notice; and if they received multiple notices, do they add up the percentages to get the amount their taxes are increasing. These questions lead us to looking up their property, finding the percentage valuation increase, and estimating their property tax for the coming year.

Following the notices sent out in 2015, a group of local finance officers from Cass County met to see if we could come up with a statement that both meets the requirements of the law for the current notices but also provides the taxpayer with some relevant information specific to their property. Last year we provided notices as currently required in state law along with additional information required by Senate Bill 2288.

Last year we sent out a little over 20,000 notices for the Fargo Park District, West Fargo School District, City of Casselton, and City of Mapleton. We received calls; however, they were positive in thanking us for providing an estimate so they knew what the increased valuations meant in tax dollars.

Yes, this requires more work and expense, but it also provides the taxpayers with real information about their parcel prior to the budget hearings.

I urge your support for Senate Bill 2288.

#4
SB 2288
3-8-17

Testimony for:
House Finance and Tax
3/7/2017
Donnell Preskey Hushka, ND Association of Counties

SB 2288: Unified Tax Notice

Mr. Chairman and committee members, I'm Donnell Preskey with the North Dakota Association of Counties. I'm here today representing North Dakota's 53 county auditors on SB 2288.

I will be honest, there is a mix of opinions on this bill. We have worked for years to improve the Truth in Taxation Notices and this is one of the products of our efforts, but still; many counties are uncomfortable with the implications of this bill in the terms of work, time and cost to the county. While not every county may be in total agreement with this proposal, a strong majority of our legislative committee supports moving ahead with this concept.

The purpose of this bill was to reduce confusion taxpayers had when receiving notices regarding their local taxing jurisdictions budget and how it could impact their property taxes. In some cases, taxpayers were receiving four notices alerting them of tax increases; all with different percentages that really had no correlation with the increase they themselves would see with their property.

Under this bill, a citizen would get one notice with all information from the taxing jurisdictions rather than multiple separate notices. As you can see by the example handed out, the estimate is in dollars per parcel; not a percentage. A taxpayer can analyze the data and easily see which taxing jurisdiction is impacting them the most and reference which hearing they should attend. It is important to remember that this notice is an estimate – not a statement or a bill.

As you previously heard, Cass County worked with other taxing jurisdictions to test out a concept of a single notice that not only provided the data but supplied the taxpayers with the dates of each taxing entities hearing. That pilot project should be recognized for getting us to this point where we can discuss the potential of expanding to a unified notice statewide.

Mr. Chairman, SB 2288 has had about a half dozen amendments since it was introduced, we appreciate the sponsors patience as we have worked to continue to make this product better. This version is the best we have seen and works to address many of the concerns addressed by our counties. I will highlight some of the most important pieces to this legislation that were added at our request...

#4 p. 2
SB 2288
3-8-17

This bill puts the burden to provide the preliminary budgets on the other taxing jurisdictions and provides a penalty for failing to do so. You can find that language in Section 21, subsection 1. *On or before August tenth of each year the governing body of a taxing district shall provide to the county auditor in each county in which the taxing district has taxable property a preliminary budget statement and the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.*

Because the counties will be issuing this tax notice to all taxpayers there will be a considerable cost to counties. This will mirror the same time commitment and cost to a county as running the tax statements. Therefore, you will see in Section 21 subsection 5 there is language to address the sharing of costs with the other taxing districts. This is also very important to the counties.

The time frames for centrally assessed reporting have long been an issue for counties because it does not enable them to have accurate data soon in timely manner to provide accurate estimates. Shifting most dates related to centrally assessed reporting a month earlier and moving the State Board of Equalization meeting two weeks.

In recent discussions with Auditors we have identified another possible amendment, which I would like to offer now. We are requesting on page 14 of the bill, Section 21, subsection 2 line 21 you change the word "auditor" to "treasurer". This minor change will help distribute a portion of the increased work load auditors would experience in implementing this notice. This amendment aligns the responsibility of printing and mailing the notice with what is currently in century code 57-20-01.1 which relates to the county treasurer's duty in mailing tax statements.

#5
SB 2288
3-8-17

March 8, 2017
House Finance and Taxation
Rep. Headland, Chair
SB 2288

For the record, I am Blake Crosby, Executive Director of the North Dakota League of Cities, representing the 357 incorporated cities across the state. Approximately 77% of the population of North Dakota lives in those cities.

I am here in support of SB 2288 which creates a consolidated tax notice. This will eliminate the taxation notice that is currently sent out by individual taxing entities when their budget results in more than a zero mills increase.

The bill makes significant changes to the dates cities are required to provide the estimated property tax and budget hearing notice to the county auditor (September 10 to August 10). And as with any change, it will take some getting used to and there may be a miss or two the first go around, so I would hope that the county auditors show a bit of leniency. The League will also be providing frequent reminders of the new deadlines and training on how to prudently prepare a preliminary budget statement.

THANK YOU FOR YOUR TIME AND CONSIDERATION. I will try to answer any questions.

#6
SB 2288
3-8-17



SB 2288 – Consolidated Tax Notice

Testimony in Support

North Dakota Council of Educational Leaders – RaeAnn Kelsch

March 8, 2017

Good morning Chairman Headland and members of the House Finance and Taxation Committee. For the record, my name is Rae Ann Kelsch, a registered lobbyist for NDCEL, which is our school leaders in North Dakota (Superintendents, Principals, CTE Directors, Tech Directors, Athletic Directors, County Superintendents., School Business Officials, Special Education Directors, and REA Directors. We are here today to show our school's support for the consolidated tax notice bill.

This bill is the result of much time and effort all pointed toward providing to the citizens of North Dakota more accurate and usable information regarding their taxes. This bill also results in a cost savings to the taxpayers in North Dakota. Over the past years, the method by which we've informed our patrons of the taxes collected, and the dates of our budget hearings have been confusing and inefficient at best. Having multiple public entities spend the time and effort sending out multiple notices (all of them rather confusing to the taxpayer), begs the question why we haven't done this sooner. Further, the tax notice in the paper required by law is very confusing and doesn't provide understandable information to the taxpayer. North Dakota taxpayers desire clear concise information regarding the taxes they will owe, to whom they will owe them, and what time and location they can participate in the process if they wish to participate in a budget hearing. We believe this bill will help us do that job in a way that will please North Dakota taxpayers.

SB2288 is a step in the right direction toward even more true transparency and understanding of our taxes collected and how our patrons play their part in the services in our communities and state.

6 p. 2
SB 2288
3-8-17

The pilot done by Cass County is a good example of how this process can work and it is a testament to the fact that making these changes is worth the collaboration and effort.

We thank the committee for considering this law change which is ultimately a result of much time, effort, and collaboration by multiple entities to come up with a process that truly works better for the taxpayer.

We urge your strong consideration and DO PASS recommendation of SB2288. Thank you for your time.

Testimony on SB 2288
Presented to the House Finance & Taxation Committee
By Dr. David Flowers, Superintendent, West Fargo Schools
March 8, 2017

#7 p. 1
SB 2288
3-8-17

1 Chairman Headland and members of the House Finance & Taxation
2 Committee, I offer this testimony in support of the provisions of SB 2288 related to
3 the form of notice to taxpayers regarding the proposed impact of property taxes.

4 The bill provides for a comprehensive reform regarding the information that
5 is shared with taxpayers. Under the current provisions of the law, school districts
6 and other political subdivisions provide a notice of the proposed tax impact using
7 the Zero Increase Number of Mills calculations as required by N.D.C.C. 57-02-53.
8 This calculation is supposed to approximate the increase in taxes to an individual
9 property owner by using an average calculation for all taxpayers.

10 Unfortunately, the Zero Increase Number of Mills does not provide an
11 accurate representation of the property tax change to a particular parcel of
12 property because it ignores the biggest driver of tax changes, which is taxable
13 valuation of the property.

14 Under the current provisions, taxpayers also may receive multiple notices
15 since each political subdivision is required to provide notice if they are going to
16 exceed the Zero Increase Number of Mills. Each political subdivision has a different
17 percentage increase, so taxpayers are looking at multiple notices with different
18 percentages and are attempting to determine the impacts without having all of the
19 information that is necessary to compute the final tax implications.

20 With the proposed changes to SB 2288, each individual taxpayer will receive
21 a comprehensive statement that includes proposed changes in taxable valuation,
22 the impact of each political subdivisions proposed mill levy, and the anticipated

1 changes over the prior year. The statement will also include information on the
2 date and time of the budget hearings to allow input from taxpayers.

3 While the intent of the current law was to provide information to the
4 taxpaying public, some of the information that was necessary to fully inform the
5 public was missing. This bill provides a mechanism to get the most up-to-date
6 information into the hands of citizens so that they may make informed decisions
7 about their individual property taxes, and will be better able to interact with the
8 elected officials who represent them.

9 We ask for your consideration of a Do Pass recommendation from the
10 committee.

11 I would answer any questions that you have at this time, or you can certainly
12 contact me later by email at flowers@west-fargo.k12.nd.us.

#8 p.1
SB 2288
3-8-17

**TESTIMONY TO THE
HOUSE FINANCE & TAXATION COMMITTEE**
Prepared by Kevin J. Glatt, Burleigh County Auditor/Treasurer

SENATE BILL 2288

Mr. Chairman and members of the committee, I am sorry I am unable to appear today in opposition to SB2288 as I am out of state.

Truth-in-Taxation was put into law, effective August 1, 2011. It has not had the desired effect on property taxes. Truth-in-Taxation is so complex that probably no more than a few dozen people in ND understand it thoroughly.

The Truth-in-Taxation notices are confusing and this proposal for a single notice will not change that (see attached). Truth-in-Taxation creates more confusion than truth. For this reason, very few citizens have attended the hearings that have been held by the various counties, cities, schools, and park districts over the past several years. After five years of the bewildering truth-in-taxation process, many taxpayers have begun to think that politicians are being deliberately confusing in order to keep them in the dark about taxes.

The primary reason for the confusion is that Truth-in-Taxation is based upon incomplete, inadequate, partial information (both values and levies). Truth-in-Taxation requires the application of estimated values and levies to the budgetary process, which binds us to estimation errors.

Truth-in-Taxation requires a taxing entity to notify taxpayers when their proposed budget reflects a higher tax levy than the previous year. The taxing entity must advertise the tax collection increase as a tax increase and hold a public hearing even if the rate charged to individual homeowners remains the same or decreases.

The Truth-in-Taxation notice is too late in the process. The time for constructive engagement should coincide with actual budgetary deliberations and not occur so late in the process – not at the final budget hearing. Truth-in-Taxation leads to reactionary decisions not visionary decisions.

I think there are many other ways we can engage our citizens regarding budgets and property tax levies. A transparent, simple, and understandable system facilitates trust and accountability. In Burleigh County we have created a Transparency Portal on our website which provides a guided view through complex financial information. This Transparency Portal helps make the county's budget information easier to understand and more accessible to residents and shows how we spend your tax dollars.

Burleigh County has also improved the property tax information on our website. User-friendly pie charts available 24/7 provide access to where your property taxes go.

#8 p. 2
SB 2288
3-8-17

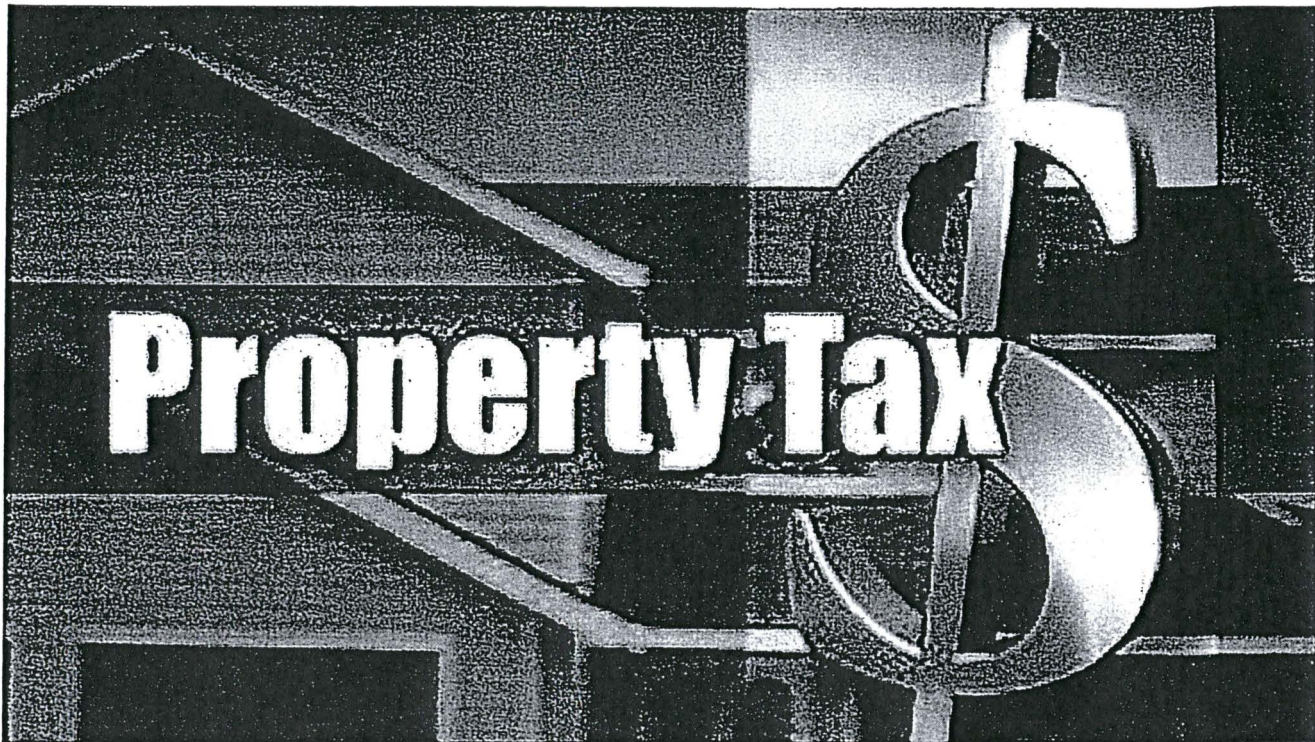
The purpose of the property tax is to provide local revenue to pay for local services. The state's involvement should be limited and should not be a vehicle for state policies. Local Government is led by elected officials – from the smallest township (Florence Lake population 9 – to the largest school district, Bismarck Public School District population 71,167). Let local governments be accountable to local voters. Restore property taxes as a local tax and reduce the complexity.

We have seen that over time such policies as Truth-in-Taxation have shifted the tax burden away from property taxes to other tax avenues – and thus the need to find an “off-ramp.”

Mr. Chairman, members of the House Finance and Tax committee I respectfully request a do not pass for SB2288.

West Fargo residents to school district: no more tax increases

By Wendy Reuer on Sep 12, 2016 at 11:03 p.m.



WEST FARGO—The School Board took heat at its budget hearing Monday from residents who are still feeling the effect of the city of West Fargo's double-digit property valuations earlier this year.

Nearly 30 residents attended the school district's budget hearing Monday. Most of those who spoke had seen substantial increases in their property values, which in turn can send property taxes on the rise as well.

The School Board approved a preliminary budget that would set the mill rate to 133.29 mills last month. While that mill rate is down from last year's rate of 133.71, it is a 4.46 percent increase over state calculations.

That percentage triggers a mandatory public hearing be held by the school district, but it does not mean all taxpayers will necessarily see an increase in tax bills for the district.

Monday, some residents said they felt "bamboozled" by the school district after seeing the latest round of expected taxes on their bill. District voters overwhelmingly approved a \$98.1 million bond referendum in November 2015 to pay for a number of projects including a new aquatic facility, hockey facility and two new elementary schools. The district promised that the referendum would not cause an increase in the mill levy.

And it hasn't, Business Manager Mark Lemer said. The mill levy is actually going down thanks in part to the higher valuations and student population growth.

"The effective tax rate is going down, but the valuation of their property is going up at a higher rate so they are seeing an increase in overall property taxes," Lemer said.

The impact on taxpayers can vary by household. Some taxpayers may see an increase next year if they have seen higher valuations this year.

In March, the city of West Fargo sent out 7,700 letters to residents whose valuations would be increasing by 10 percent or more.

At that time, City Assessor Nick Lee said the reason for the valuation increases was due to the city not keeping up with valuation updates at a time when the real estate market is red hot.

Last month, the same people received a letter from Cass County that outlined where property taxes would be going, Lemer said.

Because the city assessor's office is responsible for valuations, School Superintendent David Flowers said the district had no idea that those valuations would have gone up that much when the referendum was up for a vote. As a resident of West Fargo, Flowers was also hit with a large valuation increase.

"I don't think anyone predicted what the county was going to do with assessing," School Board President Patti Stedman said.

The board plans to discuss its budget again at its next meeting, Sept. 26. At this stage in the budget process, the school district can decrease its levy but not increase it. It must approve its 2016-17 budget by Oct. 10.

Menu



Burleigh County

Search

Search by Fund, Vendor, Category...

- [Burleigh Budget](#)
- [Burleigh County Website](#)
-
-

Welcome to Burleigh Checkbook

This site is the next step in providing open and transparent government to our citizen and taxpayers.

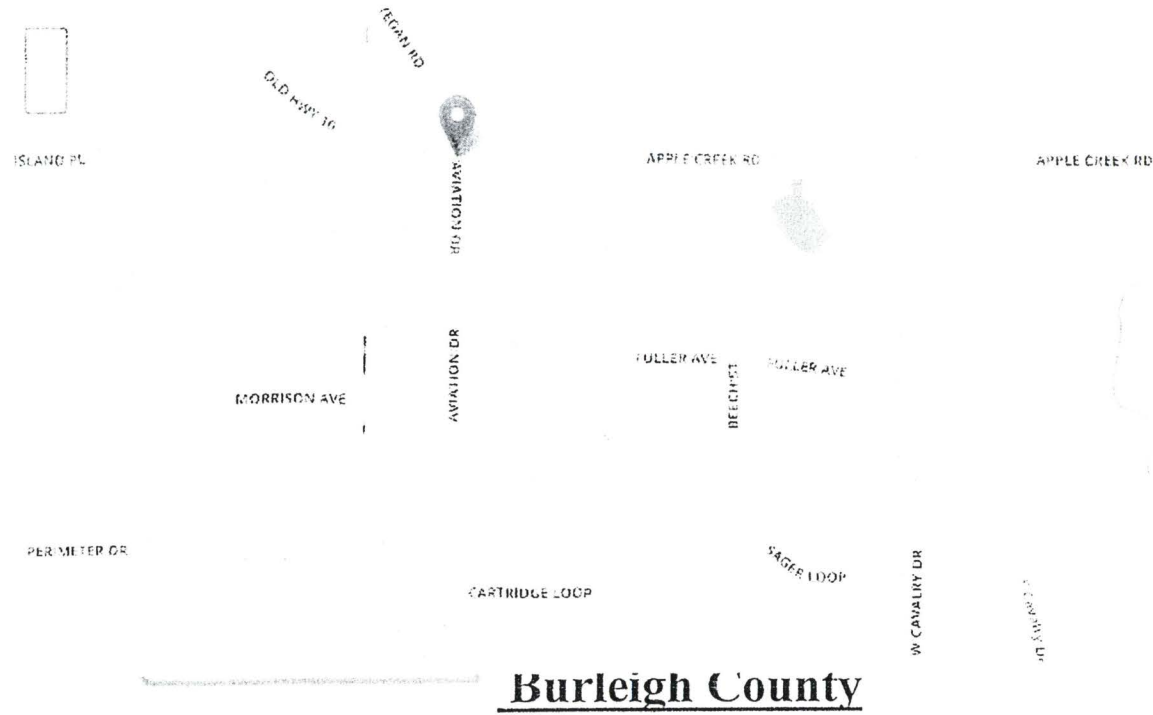
The County Auditor/Treasurer's office launched Open Checkbook in 2016 as a way to make information about the county payments more accessible to residents. You can search two years of vendor payment information for nearly all county departments and offices, and sort by department, vendor or type of expenditure. The information is easy to browse and search, and reinforces the county's commitment to transparency.

[Read More](#)

Search

Search by Fund, Vendor, Category...

#8 p. 4



Search by Service, Depa

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Welcome to Burleigh Budget

Open Budget is part of our commitment to improving transparency by providing a guided view through complex financial information. The County Auditor/Treasurer launched Open Budget in 2016 as a way to make the County's budget information easier to understand and more accessible to residents. The site provides a guided view through our budget, including specific details about how we allocate public funds. The information is interactive, easy to browse and search, and reinforces the County's commitment to transparency.

[Read More](#)

Search

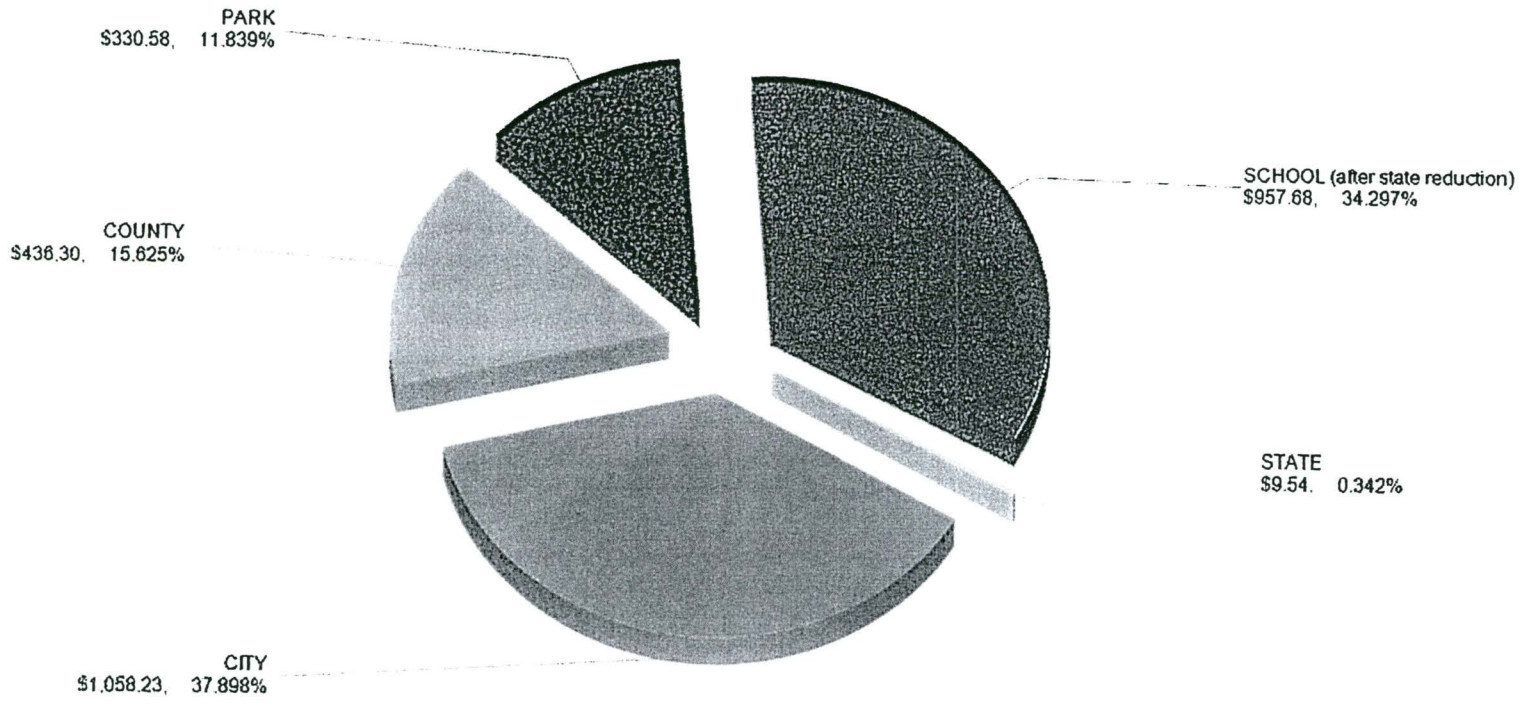
- No Results Found

Operating Budget Summary

Revenues

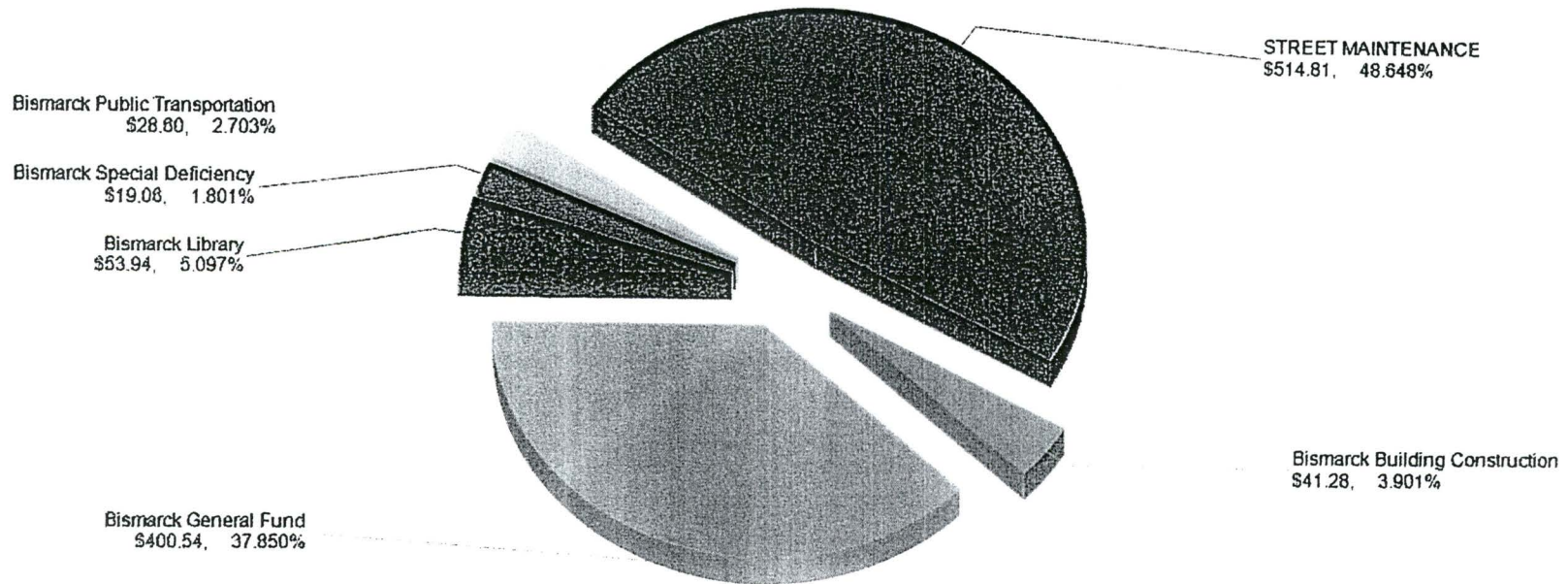
\$ 124.77 Million Projected FY2016 Revenues

Tax Year: 2016, Parcel #: 0985-001-005
Total Tax Collection: \$2,792.33
DISTRIBUTION SUMMARY



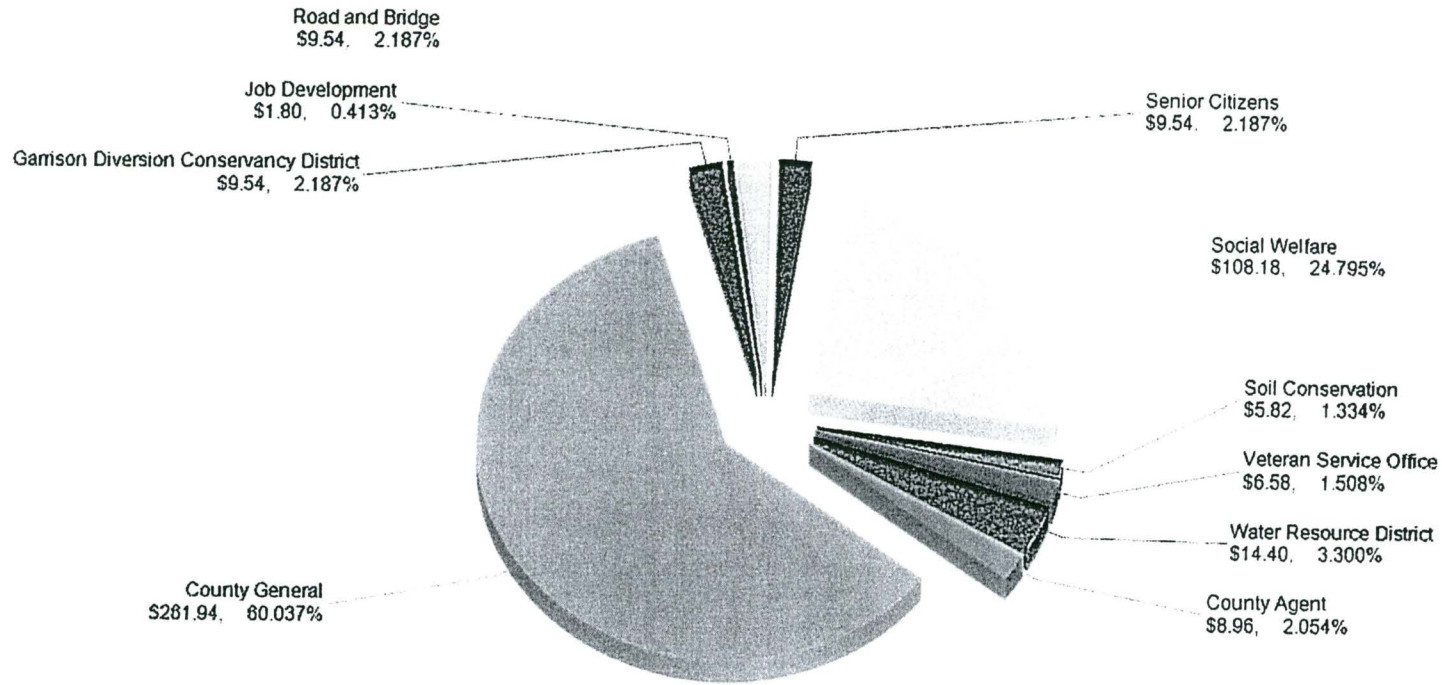
#8p.7

Tax Year: 2016, Parcel #: 0985-001-005
CITY Tax Collection: \$1,058.23
DISTRIBUTION DETAIL



#18 p. 8

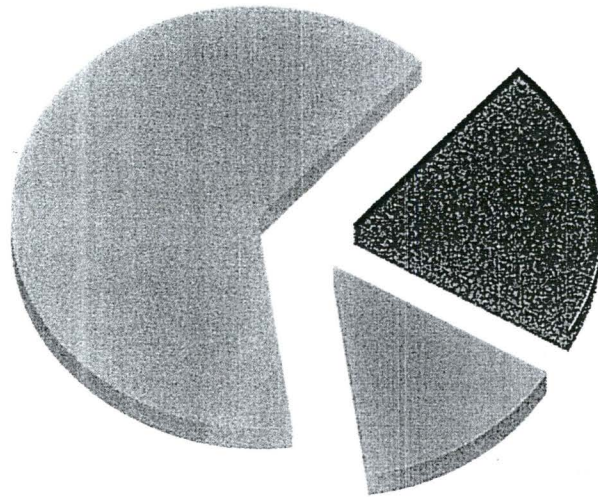
Tax Year: 2016, Parcel #: 0985-001-005
COUNTY Tax Collection: \$436.30
DISTRIBUTION DETAIL



#8 p. 9

Tax Year: 2016, Parcel #: 0985-001-005
PARK Tax Collection: \$330.58
DISTRIBUTION DETAIL

Bismarck Park General Fund
\$211.04, 63.839%

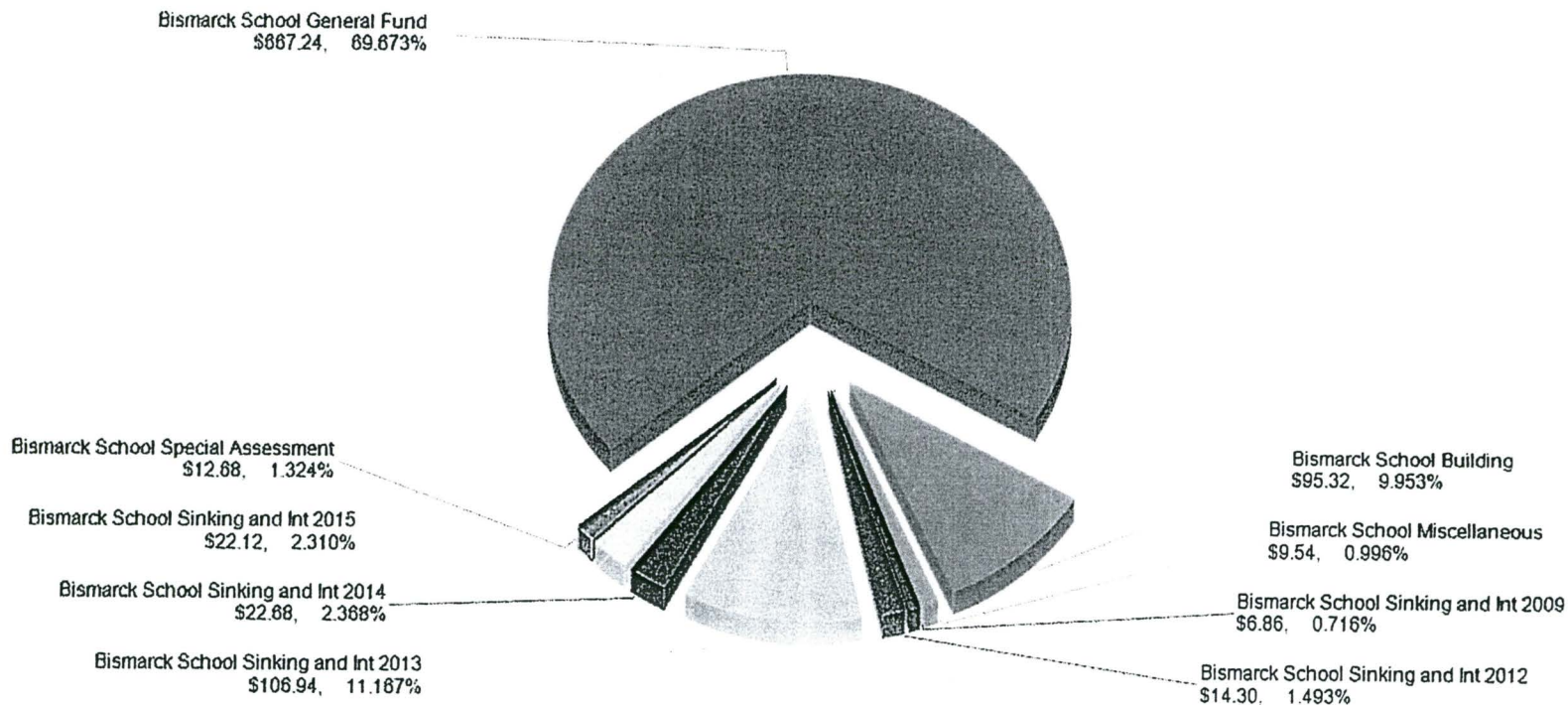


Bismarck Park Special Assessments
\$71.88, 21.744%

Bismarck Park and Recreational Facilities
\$47.66, 14.417%

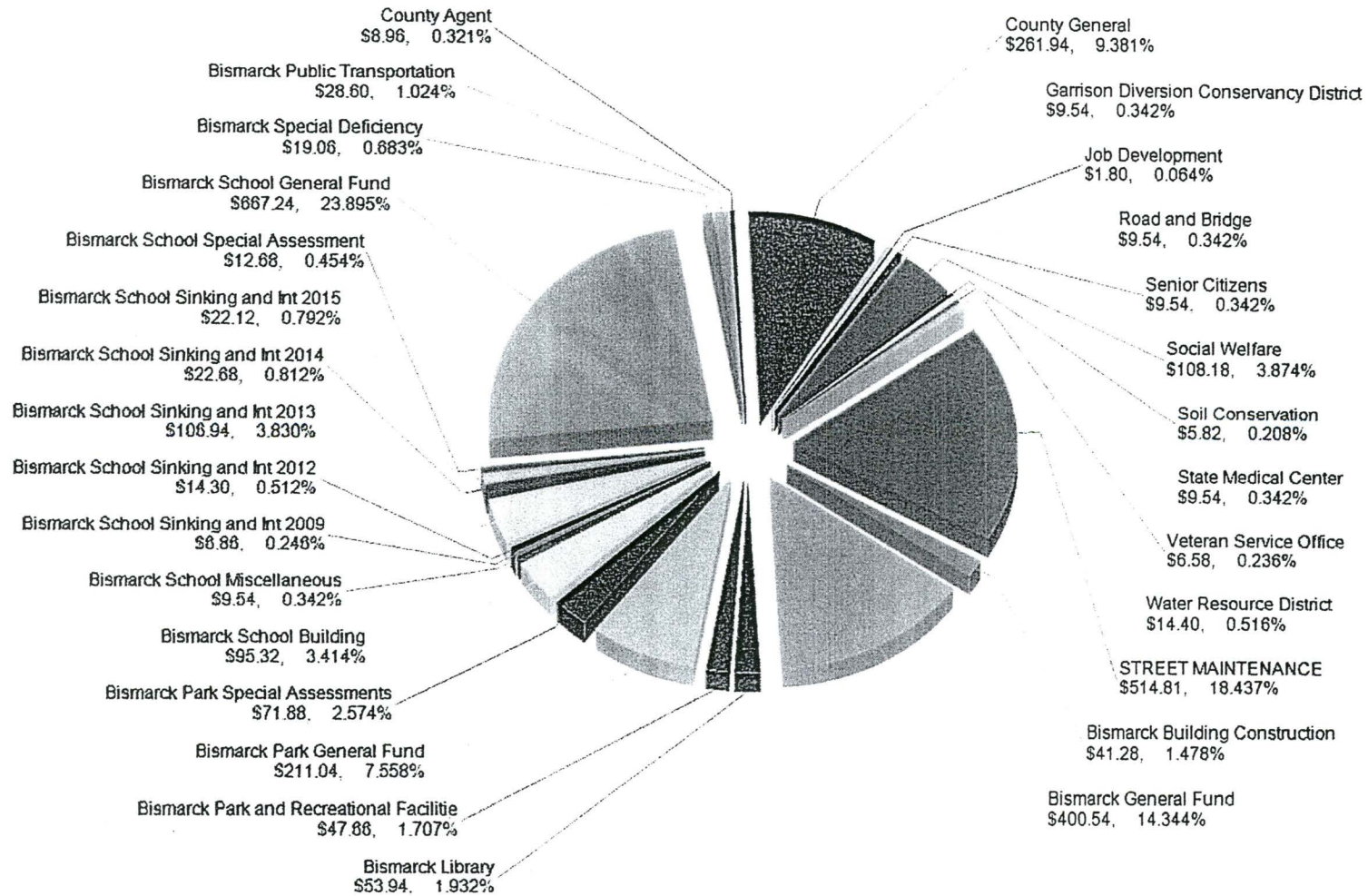
#8 p. 10

Tax Year: 2016, Parcel #: 0985-001-005
SCHOOL (after state reduction) Tax Collection: \$957.68
DISTRIBUTION DETAIL



#8p.11

Tax Year: 2016, Parcel #: 0985-001-005
Total Tax Collected: \$2,792.33
DISTRIBUTION DETAIL



#8 p. 12