

# NORTH DAKOTA LEGISLATIVE MANAGEMENT

## Tentative Agenda

### **TAXATION COMMITTEE**

Wednesday, October 19, 2011  
Roughrider Room, State Capitol  
Bismarck, North Dakota

- 9:00 a.m. Call to order  
Roll call  
Consideration of the minutes of the August 2, 2011, meeting
- 9:05 a.m. Presentation by Tax Department representatives regarding property tax issues, including:
- Statewide collections for property taxes, special assessments, in lieu taxes, and special tax types
  - Effective tax rates for property
  - Homestead tax credit and veterans' homestead tax credit number of claimants and cost of state reimbursement
  - Administrative difficulties of providing property tax relief through the income tax structure
  - Extent of abatements from property taxes due to the 2011 flood impact
  - Comments by Mr. Kevin Ternes, Minot, City Assessor, on administration and extent of property tax abatements in Minot from the 2011 flood impact
  - Effect of home rule on property taxes
  - Administrative issues relating to identifying residency of property owners
- 10:15 a.m. Presentation by Mr. Jerry Coleman, Director of School Finance, Department of Public Instruction, on estimated costs of 2013-15 state funding of property tax relief following the model of 2011 House Bill No. 1047
- 10:30 a.m. Presentation by the Legislative Council staff of a memorandum on use of building authorities
- 10:40 a.m. Presentation by a representative of the Department of Commerce regarding a tax-exempt property study completed by the department in 2010
- 11:00 a.m. Committee discussion and directives relating to the property tax reform and relief study
- 11:15 a.m. Presentation by the Legislative Council staff of a memorandum on how special assessments may be imposed and challenged
- 11:25 a.m. Presentation by the Legislative Council staff of a memorandum on the use of special assessments and alternatives to special assessments in other states
- 11:40 a.m. Presentation by Ms. Doreen Riedman, Executive Officer, North Dakota Association of Builders, on the effect on the cost of residential property of use of special assessments or payment by the property developer of the cost of property development
- 11:50 a.m. Committee discussion and directives on committee studies relating to special assessments
- 12:00 noon Luncheon recess

- 1:00 p.m. Presentation by Mr. Lynn Helms, Director, Department of Mineral Resources, regarding:
- Number and production levels of stripper wells and the drilling of new wells on existing stripper properties
  - Aging of Bakken wells, length of time from initial production to stripper well status, and anticipated time when substantial infill drilling or reentry of existing wells can be expected
  - Current and projected state drilling and production levels
  - Current and projected oil and gas export capacity and production levels
  - Federal regulatory action that could disrupt growth of North Dakota oil and gas production
- 1:50 p.m. Committee discussion and directives relating to the committee study of oil extraction tax rates and exemptions
- 2:00 p.m. Presentation by a Tax Department representative regarding information on sales tax base per capita for home rule cities
- 2:05 p.m. Presentation by a Tax Department representative regarding:
- Sales tax exemption history, rationale, and fiscal effect
  - The role of the National Health Council in the sales tax exemption for health-related clinics
  - Sales by retailers to tax-exempt entities
- 2:30 p.m. Break
- 2:40 p.m. Presentation by a representative of the Department of Commerce on analysis by the department of the effectiveness of selected income tax credits
- 2:50 p.m. Committee discussion and directives relating to the committee study of income tax credits
- 3:00 p.m. Presentation by Tax Department representatives regarding:
- Briefing on the Business Activity Tax Simplification Act (BATSA)
  - Oil companies' increasing property, payroll, and sales in North Dakota and the effect on corporate income apportionment factors
  - Comparison of weighting of corporate apportionment factors for North Dakota and surrounding states
  - Corporate and individual income tax data on the number of filers in each income bracket and the number of filers with no tax liability or no filing requirement
- 3:30 p.m. Presentation by a Tax Department representative regarding the fiscal effect of requiring tobacco tax stamping and current tobacco tax compliance efforts
- 3:40 p.m. Comments by interested persons in attendance regarding tobacco tax stamping
- 4:00 p.m. Committee discussion and directives relating to the committee study of tobacco tax stamping
- 4:15 p.m. Adjourn

**Committee Members**

Senators David Hogue (Chairman), Randy Burckhard, Dwight Cook, Jim Dotzenrod, Lonnie J. Laffen, Dave Oehlke, Ronald Sorvaag

Representatives Larry Bellew, Wesley R. Belter, David Drovdal, Glen Froseth, Lyle Hanson, Patrick Hatlestad, Craig Headland, Richard Holman, Jim Kasper, Shirley Meyer, Mike Nathe, Marvin E. Nelson, Mark S. Owens, Roscoe Streyle

Staff Contact: John Walstad, Counsel