

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

TAXATION COMMITTEE

Tuesday, March 25, 2014

North Convention Center, Sleep Inn & Suites, 2400 10th Street SW
Minot, North Dakota

Senator Dwight Cook, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Dwight Cook, Randall A. Burckhard, Jim Dotzenrod, Lonnie J. Laffen, Ronald Sorvaag, Jessica K. Unruh; Representatives Wesley R. Belter, Jason Dockter, Glen Froseth, Patrick Hatlestad, Craig Headland, Jim Kasper, Jerry Kelsh, Mike Nathe, Mark S. Owens, Dan Ruby, Jim Schmidt, Robin Weisz

Members absent: Representatives David Drovdal, Scot Kelsh, Steven L. Zaiser

Others present: Roger Brabandt, State Representative, Minot
Robert Frantsvog, State Representative, Minot
Karen K. Krebsbach, State Senator, Minot
See [Appendix A](#) for additional persons present.

It was moved by Representative Headland, seconded by Senator Burckhard, and carried on a voice vote that the minutes of the January 30, 2014, meeting be approved as distributed.

MINOT AND WARD COUNTY ASSESSMENTS AND PROPERTY TAX LEVIES

Chairman Cook called on Mr. Kevin Ternes, City Assessor, Minot, for presentation of information ([Appendix B](#)) on current assessment and property tax information for Minot. Mr. Ternes said true and full valuation of property in Minot is up about 10 percent to \$4.5 billion for 2014, and most of that increase is due to new construction. He said the market in Minot is leveling off. He said the true and full valuation in Minot increased 28 percent in 2013. He said assessments of individual properties will decrease slightly, but total taxable valuation in the city will still increase because of new construction and annexations. He said 2013 residential assessments were about 93 percent of selling price or about 7 percent below the selling price.

Mr. Ternes said the median home sale in Minot for 2013 was about \$232,500, down from \$239,000 in 2012. He said commercial valuations are still climbing, and current commercial assessments are about 15 percent below current properties' market prices. He said in 2003 an average home was assessed at \$79,000, and the mill levy was 447 mills. He said in 2013 the average assessed value was \$190,000, and the mill levy was 249 mills. He said taxes are higher than they were 10 years ago, but taxes are much less than they would have been had the rates remained the same.

Representative Headland asked where in the data provided is there a reflection of the state legislative tax relief. Mr. Ternes said his point was to illustrate that the legislative relief has held property taxes to a modest increase over the past 10 years for property in Minot.

In response to a question from Representative Kasper, Mr. Ternes said when someone says their taxes have been doubled, it cannot be true in Minot unless substantial improvements have been made to the property. He said even though the assessment has doubled, that person is seeing a smaller property tax increase than the increase in the cost of everything else over the past 10 years.

Chairman Cook said the questions being addressed go to the heart of what the committee is trying to do. He said we are all partners in what someone's property tax is, and we all have fingerprints on what the taxpayer ultimately has to pay. He asked about attendance at Minot public meetings on assessments and property taxes and who in Minot was seeing a tax increase. Mr. Ternes said about 10 to 15 people showed up at the board of equalization meeting from the 12,000 notices that were sent out. He said this year no one got an increase unless the property was annexed or repaired.

Chairman Cook called on Ms. Devra Smestad, Auditor/Treasurer, Ward County, for presentation ([Appendix C](#)) of information on current assessment and property tax information for Ward County. Ms. Smestad described the increase in county taxes since 2010. She said Ward County is concerned about being required to levy mills because several levies are tied to a specific number of mills rather than specific dollar amounts. She said, for example, in four years Ward County levies for the Garrison Diversion Project and the State Medical Center have increased in tax dollars by 50 percent although they are only one mill. She said Ward County cannot afford to go without the state matches, so the county continues to levy at the rate necessary to qualify for them. She said with rapid increases in valuation, levies at a set mill rate impose a rapid increase in tax dollars. She said Ward County has reduced its tax rate but set mill rates inflate the tax dollars levies.

Representative Kasper asked how Ms. Smestad would prefer levies to be determined. Ms. Smestad said she would prefer levies to be determined according to dollars needed rather than the set mill rate.

In response to a question from Representative Nathe, Ms. Smestad said of the 66 mills Ward County levies, 16.5 mills are for social services.

Representative Froseth asked about the four-mill levy requirement for libraries. Ms. Smestad said it is required to levy a four-mill average over a three-year period to qualify for state aid to libraries. She said about two years ago, Ward County determined it would require a \$50,000 increase in taxes to receive \$24,000 in state aid, so Ward County stopped levying the average of four mills.

TAX DEPARTMENT

Chairman Cook called on Ms. Jolene Vidal, Property Tax Specialist, Tax Department, for presentation ([Appendix D](#)) and ([Appendix E](#)) of information on statewide property taxes levied in dollars in 2012 compared to 2013 and county-by-county property taxes in dollars levied in 2012 and 2013 for the county, cities, school districts, city park districts, and townships.

Representative Kasper asked if the numbers break down the newly assessed property or just the gross number. Ms. Vidal said the numbers provided are just the tax dollars without differentiating newly assessed property. She said the pipeline increase was mainly due to the new construction of pipeline.

Representative Froseth asked what caused the recreation service district increase. Ms. Vidal said most of the increase was in Ward County for the Rice Lake Recreation Service District, but she cannot provide specific information yet because the Ward County audit has not been certified yet.

Ms. Vidal said the State Treasurer will make payments for the 12 percent property tax credit in April. She said the payments will total about \$95 million, which is very close to the fiscal note estimated for the legislation.

Senator Laffen asked why Williams County had a slight increase in taxes levied and whether the number includes what Williams County is getting from the state. He said most districts in Williams County show a deduction for state funding but there is an increase in taxes, which would mean the county is levying more in addition to the extra aid. Ms. Vidal said Williams County had such a large valuation increase because of new property and public utilities that while the mill rates went down, the county has a larger number of tax dollars. She said McKenzie County had a similar situation.

Representative Headland asked why the totals in the handouts differ. Ms. Vidal said the only consolidated tax eligible for the 12 percent credit is real property, so not all tax dollars are reduced, such as electric distribution taxes.

Chairman Cook called on Ms. Linda Leadbetter, State Supervisor of Assessments, Tax Department, for presentation ([Appendix F](#)) of samples of various county tax statements. Ms. Leadbetter said state law requires the contents of statements be prescribed by the Tax Commissioner. She said statements are required to show true and full value, the current and three preceding years' taxes on that parcel, and any credits and legislative tax relief. She said this year, the Tax Department reviewed the language to assure the required specifics were satisfied, but because varied formats are used it was not feasible to adjust every format for each county within the time given. She said the samples of statements distributed illustrate the variations among counties and potential confusion for taxpayers with property in more than one county. She said requiring a change in software would not be economical, and she does not know how quickly it could be done. She said the working group will have its first meeting on Monday, April 7, 2014. She said the group will review all statements and programs used as well as the information required by law in order to develop a plan that creates a uniform format that software vendors can duplicate.

Chairman Cook asked if the group will examine the process used to develop each county statement to get an idea as to how uniformity can be achieved without substantial costs. Ms. Leadbetter said that is the intention, and it will be considered how to provide that if a uniform format is required, a software agreement would include it. She said with a legislative requirement for uniform formats, there does not appear to be much of a cost, but some vendors have indicated they would charge to meet the requirement of the law. Chairman Cook asked if the group's work will be completed by December 2014. Ms. Leadbetter said she cannot answer that until she meets with the group. Chairman Cook asked if the group can get to an end result without additional legislation. Ms. Leadbetter said it would be best to address any requirements administratively rather than through legislation.

Chairman Cook called on Ms. Vidal for a presentation ([Appendix G](#)) and ([Appendix H](#)) of information on the timeline for property tax assessment and imposition for centrally assessed property. She said the handout includes the significant dates for notice duties, taxpayer responsibilities, and county officials' responsibilities. She said in 2013 penalties for when a business fails to file a report on time were adjusted. She said language was also changed to allow a business to file for waiver of penalty upon showing of good cause. She said the Tax Department posts distribution reports and sends memorandums to counties specifying that the reports are available.

Chairman Cook said county officials have expressed concern about delays in obtaining valuation information for centrally assessed property. He asked what happens when taxable valuations are done but not finalized and there is only one equalization meeting. Ms. Vidal said they can hold it over to the next state meeting. Chairman Cook asked if it is a challenge to send notices of more than a zero percent increase before knowing the centrally assessed values. Ms. Vidal said that should not be a problem because in 2013 centrally assessed values were done first and the issue was with the estimates used on the local level. She said some areas have so much pipeline it takes a significant amount of time to get through the distribution lists. Chairman Cook asked why the Mandan School District did not have its values until the night before the budget meeting. He said the lack of information caused the notice of the budget hearing to be inaccurate. Ms. Vidal said she does not have an answer, but the electric and distribution tax information went out on September 16, 2013, but the rest of the information was certified on September 13, 2013. Chairman Cook said he is concerned that taxing districts will not have the information they need to inform the public properly in budget hearings.

Representative Belter asked why the wind generation taxable valuation is less than 10 percent. Ms. Vidal said there are 19 wind companies. She said 18 wind companies are assessed at 1.5 percent, and 1 wind company is assessed at 3 percent of taxable value.

Representative Froseth asked at what point new pipeline property becomes taxable. Ms. Vidal said a plant under construction is assessable. She said it is operative property the moment construction begins. She said it is valued at the current total cost for the project.

ELECTRIC TRANSMISSION, DISTRIBUTION, AND GENERATION COMPANY REPORTS BILL DRAFT

Chairman Cook called on Mr. Walstad for presentation of a bill draft [[15.0094.01000](#)] relating to reports of electric transmission, distribution, and generation companies. Mr. Walstad said the bill draft was suggested by Tax Department staff when it was discovered there is no statutory reporting requirement for electric generation company reports for location and rated capacity of wind generators and grid-connected generators within counties. He said the bill draft adds statutory language to require these reports at the time transmission and distribution company reports are required to be filed. He said the bill draft also corrects a reference to the June reporting date of the information. He said the bill draft is effective beginning in 2016 because 2015 legislation would not take effect early enough to require the reports in 2015.

Chairman Cook said he would like to have a list of bill drafts for committee consideration at the next meeting for a "do pass" recommendation. He said if committee members have suggestions for changes to any bill drafts under committee consideration, they should inform Committee Counsel they would like a bill draft prepared.

NORTH DAKOTA ASSOCIATION OF COUNTIES

Chairman Cook called on Mr. Terry Traynor, Assistant Director, North Dakota Association of Counties, for a presentation ([Appendix I](#)) of information on county revenues and expenditures for social services costs and opinions of counties on state assumption of costs and operation of social services functions currently funded by counties. Mr. Traynor said the Department of Human Services prepares an annual report for committee review called the "green sheet report." He said based on state fiscal year 2013, counties incurred an overall increase in expenditures for social services of 7.1 percent and an overall decrease of 3.1 percent in reimbursements coming from the state. He said this resulted in over a 12 percent increase in net county costs to be funded from property taxes between fiscal year 2012-13. He said the increased costs to counties were \$5,127,516 from 2012 to 2013. He said counties have very little control over this increase.

Mr. Traynor said economic assistance and administration net costs are about \$49.5 million. He said roughly half of those costs are reimbursed through federal funds.

Representative Nathe asked of the social services programs currently provided, whether any local programs would be eliminated if the state ran all county social services. Mr. Traynor said the vast majority of social services programs are state or federal programs. He said some counties provide a level of service to those that do not qualify for the state or federal programs, but those counties do not have to do that. Representative Nathe asked for information for the next meeting as to what dollar amount of social services spending is attributable to the other programs provided by the counties.

Mr. Traynor said counties have four separate social services levies. He said one is not used by any county, and the human services county levy 1220 is the levy primarily used. He said the emergency services mill allows for a levy of 20 additional mills to cover any deficit. He said this year, counties are planning to spend \$58 million on social services. He said last year, counties spent just under \$50 million. He said counties generally levy about 5 percent above the identified need in anticipation of unpaid taxes.

Representative Headland asked if the counties that are forced to use emergency levy authority are locked into doing so and always use the emergency levy. Mr. Traynor said the county does not get any additional money for that levy unless the increase is for an increase in staff. He said if costs are higher than the budget of the prior year and the emergency levy is necessary, it is possible for a county to continue to use the levy over time because the costs are more than the county can handle.

Senator Laffen asked if the costs listed include administrative costs for the programs. Mr. Traynor said there is about \$10 million for foster care and adoption costs included, but they are not staff-related.

Representative Nathe asked what will stop counties from backfilling mills if the state takes over social services. Mr. Traynor said they cannot because the existing levies dedicated to social services can only be used for that purpose. He said if counties are relieved of that cost, the levies could be repealed so the authority would be gone.

Mr. Traynor said county officials support shifting social services funding away from property taxes but have concerns about access to time-dependent services. He said county officials also suggested that transfer of funding responsibility should be considered to occur in phases.

Chairman Cook asked for a bill draft for committee consideration relating to the tax policy changes that would be necessary if the state took over county social services.

Senator Dotzenrod asked if the state takes over funding social services programs whether there would be a more uniform system so that all the same services would be available in each county. Mr. Traynor said 99 percent of the system is delivered under standards of federal services and state's services, which are required to be delivered on the same terms.

LEVIES BY UNELECTED BOARDS AND COMMISSIONS BILL DRAFT

Chairman Cook called on Mr. Walstad for a presentation of a bill draft [[15.0067.01000](#)] relating to property tax levies requested by unelected governing bodies. Mr. Walstad said there are numerous sections of law providing for levy by the board of county commissioners or the city governing body of a tax as requested by an unelected board or commission. He said these provisions of law were written at different times and by different drafters and therefore are worded differently in almost every case. He said the objective in assembling the bill draft was to provide that provisions for levies requested by unelected governing bodies should use uniform terminology to assure that each such governing body provides necessary information and a request for a levy, but the final authority to actually make the levy belongs to the elected board of county commissioners or city governing body. He said the bill draft also provides that the county or city hold a public hearing on each levy request by an unelected governing body. He said the bill draft also contains a provision to encourage joint public hearings and deliberations for property tax levies proposed by taxing districts that are in one or more counties. He reviewed the sections contained in the bill draft and pointed out that the effective date of the bill draft is 2016 because the bill would not be feasible to apply for the 2015 tax year.

Chairman Cook called on Mr. Jerry Hjelmstad, Deputy Director, North Dakota League of Cities, who said the North Dakota League of Cities believes the city job development authorities under North Dakota Century Code Section 40-57.4-04 should be treated as a city department budget request.

PROPERTY TAX TASK FORCE

Chairman Cook called on Governor Jack Dalrymple for a presentation of information relating to the Property Tax Task Force appointed by the Governor. Governor Dalrymple said the purpose of the task force is to provide assistance to the legislature as it works to reform property taxation. He said so far, the task force work confirms that the system is a web of one-at-a-time measures adopted over the last 60 years. He said there are 186 different levy limitations for various purposes. He said many of these levies can be repealed as they are duplicative, and others should be consolidated as they would be more fairly funded in other methods. He said the task force has found 13 county mill levies that could be consolidated into one general operating levy. He said this would force county commissioners to set priorities and not rely on each levy limitation. He said 95 percent of the counties fall into a comfortable range of 20 mills to 60 mills when consolidated. He said the outliers tend to be sparsely populated counties where a single mill creates very little revenue increase.

Governor Dalrymple said revision of the county road taxes could consolidate four levies into one. He said this would allow a base levy authority for county roads, and that needs exceeding the base level then would require a vote of electors for any additional mills. He said this is one of several areas where the task force believes an anniversary vote is warranted every five years to seven years. He said every proposed levy increase presented to the voters also should have a stated term.

Governor Dalrymple said the county capital construction levies are another example of different types of levies that could be consolidated. He said the task force is also studying whether there is a need for judgment levies beyond it being a general operating expense. He said there is a possibility the special taxing authority is no longer needed.

Governor Dalrymple said the possibility of shifting social services costs to the state is a very complex and challenging proposition. He said based on research done by the Department of Human Services last year, the task force would not recommend this take place in one biennium.

Governor Dalrymple said 17 different city levies can be consolidated into one general levy. He said this levy would have a range of 50 mills to 90 mills. He said outliers are medium-size cities that have voted in higher levies based on home rule charters, and these cities would be grandfathered in. He said any supplemental mills would require voter approval for those higher than the current percentage. He said nine township levies could be combined into one general operating levy of 18 mills with the ability to increase another 18 mills.

Governor Dalrymple said the task force will continue to study rural fire districts. He said currently, they can levy up to 13 mills with a petition of only 20 percent of electors.

Governor Dalrymple said the expertise of the task force has been invaluable in deciding what changes are workable and what changes are not workable.

NORTH DAKOTA FOREST SERVICE

Chairman Cook called on Mr. Larry Kotchman, State Forester, North Dakota Forest Service, for a presentation ([Appendix J](#)) of options for consideration under the committee study of the state forest stewardship tax. Mr. Kotchman said there are three recommendations. He said the first is to increase enrollment of private forest lands in the forest stewardship tax program. He said the second is to amend Section 57-57-06 to change the 50 cents per acre language to 30 percent of the county agricultural value for noncropland. He said the third recommendation is to establish a long-term funding source to reimburse counties using estimated noncropland agricultural values. He said there are areas in North Dakota that should be offered the opportunity to participate, but it would be entirely up to county commissioners. He said additional incentives could be made available to provide financial support to a county for that revenue.

Mr. Kotchman said there are eight counties currently participating in northeast North Dakota. He said to reimburse those counties for fiscal year 2015-16 would require a \$123,000 appropriation. He said there are nine potential counties that have a significant amount of forest lands--21,000 acres--which would require a \$55,000 reimbursement.

Chairman Cook asked if county participation in the forest program has no effect on the county budget. Mr. Kotchman said the county budget should not be affected significantly, but other taxpayers could be affected. Chairman Cook asked if there are more than the additional 21,000 acres of forest lands in the state that could be added to the program. Mr. Kotchman said the figures provided are based on projections, but the acreage might be more based on historic numbers.

Representative Weisz asked for a total percentage of forested acres that would potentially be eligible. Mr. Kotchman said the vast majority of the 163,000 acres in the forest inventory information could be eligible.

Mr. Walstad asked if the 30 percent of noncropland value suggested as a basis of assessment is that of the North Dakota State University (NDSU) certified number or the number the county establishes through assessments. Mr. Kotchman said the value is based on the NDSU certified noncropland value.

COMMENTS BY INTERESTED PERSONS

Chairman Cook invited comments by interested persons in attendance regarding the forest stewardship tax recommendations.

Ms. Donnell Preskey Hushka, North Dakota Association of Counties, said the association supports the recommendations as suggested by Mr. Kotchman, and they are consistent with what county officials also requested. She said state support would increase county participation in the program.

Mr. Randy Kreil, Division Chief, Wildlife Division, Game and Fish Department, said the department supports the recommendations.

Representative Froseth asked if any federal lands participate in the program. Mr. Kotchman said none of the federal agencies are eligible for this program.

Ms. Leadbetter said the Tax Department supports the recommendations.

Chairman Cook asked why we do not have another classification of property for certain agricultural land that is not fully usable for pasture or cropland. Mr. Walstad said there are certain kinds of agricultural land that do not fit neatly into a classification. He said legislative changes have been considered in the past, but no separate classification has been agreed upon.

COMMITTEE DISCUSSION

Chairman Cook said discussion on whether to create another classification of property will occur at the next meeting.

Representative Schmidt expressed the need for concern that once the legislature opens reduced assessments for another classification for unproductive land and reduced assessment for forest lands, the legislature will have to open up special treatment to other types of land.

Chairman Cook called on Mr. Jerry Ratzlaff, Tax Director, Ramsey County, who said there is a lot of forested land that is not signed up. He said when Ramsey County did its detailed soil survey, it created another land category called nonproductive. He said the nonproductive land category was established with a maximum value of \$40 per acre and that value has now increased to about \$50 per acre. He said nonproductive land can be forest, waste, or water land. He said the category is used as a modifier for assessment purposes.

Senator Unruh said she would work on a bill draft on the forested lands issue for the next meeting.

TAX DEPARTMENT

Chairman Cook called on Mr. Joe Morrissette, Deputy Tax Commissioner, Tax Department, for a presentation ([Appendix K](#)) of a summary of information contained in county reports of oil and gas gross production tax revenues received, expended, and on hand. Mr. Morrissette said the report is required by law to be produced every calendar year. He said there are differences in the formats in which counties provide the information, so in an effort to help provide the information in a usable format, he summarized the information into the two reports provided to the committee.

Mr. Morrissette said the first report summarizes allocations of money in the infrastructure fund. He said any unallocated money at the end of the year goes into the county road and bridge fund. He said the second report is on county revenues and expenditures. He said there is a variety of funds maintained by counties, but this report is based on the general fund and the road and bridge fund for 2013.

Representative Kasper asked if the Tax Department could create a form that counties could complete to provide the state with more specific data. Mr. Morrissette said the law provides the basic request. He said it does not specify the level of detail because all the counties have their own accounting systems.

STATE ASSISTANCE PROGRAMS FOR OIL-IMPACTED AREAS

Chairman Cook called on Mr. Walstad for a presentation of a memorandum entitled [Major State Assistance Programs to Selected Oil-Impacted Areas for the 2009-11 Through the 2013-15 Bienniums to Date](#). Mr. Walstad reviewed the information in the memorandum, which shows the increased state funding allocations for oil-impacted areas have begun to be delivered to those areas in substantial increases during the first six months of the 2013-15 biennium under 2013 legislative enhancements.

BILL DRAFT ON NOTICE OF ASSESSMENT INCREASES

Chairman Cook called on Mr. Walstad for review of a bill draft [[15.0020.01000](#)]. Mr. Walstad said the bill draft was reviewed by the committee at its previous meeting. He said the bill draft requires notice of any assessment increase ordered by a township, city, or county board of equalization or by order of the State Board of Equalization if the assessment increase is \$3,000 or more and 10 percent or more above the previous assessment.

Chairman Cook called on Mr. Traynor who presented written concerns ([Appendix L](#)) of Mr. Donald W. Flaherty, Director of Tax Equalization, Dickey County, regarding notification of assessment increases. Chairman Cook requested Committee Counsel to discuss the concerns with Mr. Flaherty for possible inclusion in the bill draft considered by the committee.

ASSOCIATION OF COUNTIES

Chairman Cook called on Mr. Traynor for a presentation ([Appendix M](#)) of information on 2013 notices to taxpayers of a property tax levy increase public hearing. Mr. Traynor said 19 counties were required to send notices. He said a total of 22,000 notices were sent.

Mr. Traynor distributed suggestions ([Appendix N](#)) from the Association of Counties regarding the draft for levies by unelected boards. He said it appears a rural ambulance district, fire protection district, and hospital district do elect the governing boards. He said these entities should not be subject to the same reporting requirements.

Chairman Cook asked why there is a discrepancy between the percentage increases in the data provided by the Tax Department and the data from the Association of Counties. He asked how to move forward to make sure there is not misinformation again. Ms. Leadbetter said generally counties publish notices based on their largest budget requests. She said those are estimates, and by the time the budget meeting actually occurs, the requests likely were reduced.

Senator Dotzenrod said he attended a local hearing. He said the citizen participation was good, and most people left understanding that the increase was appropriate for the services they wanted the county to provide.

Chairman Cook called on Mr. Walstad for a presentation of a bill draft [[15.0095.01000](#)] regarding notice to taxpayers of a budget hearing for a greater than zero increase in tax rate. Mr. Walstad said existing law requires notice by the governing body in the newspaper and to taxpayers by mail if the taxpayer received a notice of an assessment increase if the governing body is considering more than a zero increase in the number of mills to be imposed for the upcoming tax year. He said the bill draft amends that section to provide for elimination of newspaper publication of notice and that written notice of greater than a zero increase tax rate must be provided by personal delivery, mail, or electronic mail if the owner consents to receive electronic mail. He said the bill draft provides that a consolidated notice be allowed for an individual or entity owning more than one parcel of taxable property.

Chairman Cook called on Mr. Walstad for a presentation of a bill draft [[15.0071.01000](#)] regarding property tax status of leasehold interests in buildings at state institutions of higher education. Mr. Walstad said the bill draft was prepared for committee consideration after it was suggested that the state property tax exemption for leasehold interests in certain buildings on university campuses should be limited, and the bill draft limits a tax exemption to three taxable years, unless the governing body of the city or county extends the exemption for an additional three taxable years. He said under state law, the leasehold interest in property exempt from taxation is taxable to the leasehold interest owner, but the two subsections of Section 57-02-08 create an exemption for the leasehold interest in certain property at institutions of higher education which would otherwise be taxable.

Chairman Cook called on Mr. Walstad for a presentation of a bill draft [[15.0039.01000](#)] relating to certification of assessors. Mr. Walstad said the bill draft was previously considered by the committee. He said the bill draft would require all assessors to be certified and would impose the same training requirements for all certified assessors. He said the training requirements represent an increase in the amount of training required for township assessors and assessors of cities under 5,000 population.

Chairman Cook requested Committee Counsel to invite a representative of the North Dakota University System to address the committee regarding the reasons for leasing property on university campuses to occupants who would be affected by the bill draft.

Chairman Cook called on Ms. Leadbetter who said the Tax Department supports the increased education requirements for assessors. She said she believes increasing the training will improve the system of assessing property. She said the North Dakota Association of Assessing Officers is reviewing the bill draft.

Mr. Ternes said he is a member of the North Dakota Association of Assessing Officers, and he believes the association thinks allowing two years to obtain additional training is workable.

Senator Dotzenrod said the bill draft would increase the training requirement for township assessors. He asked how much additional training would be required for a township assessor under the changes in the bill draft. Ms. Leadbetter said current rules require township and small city assessors to complete only 24 hours of training, and the bill draft would increase that training requirement to 180 hours. Senator Dotzenrod said the increased training requirement is likely to cause some current assessors to drop out rather than obtain additional training. He asked if there will be enough assessors if the increased training requirements are imposed. Ms. Leadbetter said there will be a loss of some of the assessors now serving. She said directors of tax equalization may have to step in and perform more assessments. She said some current township assessors may obtain additional training and certification and then obtain more townships to assess.

Senator Dotzenrod said it appears the increased training for assessors would result in better assessments but an increased cost of the assessment system.

Representative Kelsh asked where assessors will obtain the additional training. Ms. Leadbetter said plans are being formulated for additional training courses, including possibly using online training programs.

Chairman Cook called on Mr. Kenneth Yantes, Executive Secretary, North Dakota Township Officers Association, for testimony ([Appendix O](#)) relating to the bill draft for enhanced assessor training requirements. Mr. Yantes said the Township Officers Association would suggest exempting assessors in small towns and townships from the enhanced training requirements.

Chairman Cook called on Mr. Mark Johnson, Executive Director, North Dakota Association of Counties, for testimony ([Appendix P](#)) relating to the bill draft for enhanced assessor training requirements. Mr. Johnson said it is likely that county officials will point out potential fiscal impact for counties and townships, and consideration of state funding assistance in these aspects would increase county support for the bill draft.

COMMITTEE DISCUSSION

Chairman Cook requested Mr. Walstad to make the necessary adjustments to the bill draft relating to the certification of assessors.

Chairman Cook requested Mr. Walstad prepare a bill draft addressing the petitioning for increased levy authority of fire districts only requiring a petition of 20 percent of citizens before increasing their levy.

Chairman Cook said the next meeting would probably be scheduled for the later part of May.

No further business appearing, Chairman Cook adjourned the meeting at 4:05 p.m.

John Walstad
Code Revisor

Samantha E. Kramer
Committee Counsel

ATTACH:16