

**1999 HOUSE FINANCE AND TAXATION**

**HB 1240**

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1240

House Finance and Taxation Committee

Conference Committee

Hearing Date January 18, 1999

Tape Number	Side A	Side B	Meter #
1	x		52.7 to side B
		x	0 - 27
Committee Clerk Signature <i>Ganice Stein</i>			

Minutes:

REP. BELTER Opened the hearing.

REP. REX BYERLY, WILLISTON, Introduced the bill as the prime sponsor. Stating this puts a test on the exemptions for the blind and for those in wheel chairs. He stated he visited with several entities in Williston who are on the tax receiving end. The single most egregious problem with property taxes is the exemptions sitting out there for the blind and those in wheel chairs. The reason is, there is no income or acid test on those exemptions. You can come in, if you qualify, your property is exempt, period. It doesn't matter one iota what the value of the property is or what the financial status of the individual is. He stated he took a picture with a digital camera of all of the properties that are exempt. Some pictures of these homes were submitted to the committee. He stated they decided to do the same test that they do for the homestead credit. The income that would apply here would be \$13,500. You can still apply for

an exemption if you do not have more than that income. He felt there were some abuses in applying for the exemption which needed to be taken care of. He stated there would be approximately \$50,000 generated in income if this test is done.

REP. WINRICH Asked about the \$13,500 limit, where does that stand on the poverty level?

REP. BYERLY Deferred that question to Barry Hasti of the State Tax Department.

REP. WARNER Asked if that included costs for transportation.

REP. BYERLY Deferred that question to Barry Hasti.

ALLAN PETERSON, FARGO, Testified in opposition of the bill. See written testimony.

REP. NICHOLAS read Mr. Peterson's testimony in committee.

LYNN R. IVERSON, BISMARCK, Testified in opposition of the bill for herself and her husband, Tony Wangler. See attached written testimony.

HARVEY WALD, Testified on behalf of himself & his wife. RICH FADNESS read the testimony for him. See attached written testimony.

BELINDA FADNESS, read by her husband RICH FADNESS, Testified in opposition of the bill. See attached written testimony.

CHUCK STEBBINS, Submitted written testimony in opposition, see attached copy.

BARRY HASTI, STATE SUPERVISOR OF ASSESSMENTS, STATE TAX DEPARTMENT.

Answered questions stating the income requirements for the homestead credit referenced in this bill, is \$13,500 of the applicant, spouse and dependents, is after out of pocket medical expenses.

MARY STECKLER, Testified in opposition of the bill on behalf of her husband. She stated without the tax exemption they could not afford a home.

ROBERT L. PUYEAR, Submitted written testimony in opposition of the bill. See attached copy.

LA VONNE & RANDAL E. TANK, Testified in opposition of the bill. See attached written testimony.

MABEL DEVER On behalf of senior citizens, testified in opposition of the bill. She felt the bill needed to be amended with some qualifications for a credit, if the bill was passed.

COMMITTEE ACTION

REP. MICKELSON Made a motion for a DO NOT PASS.

REP. GROSZ Second the motion. MOTION CARRIED

- 14 Yes 0 No 1 Absent

REP. WARNER Was given the floor assignment.



## FISCAL NOTE

Return original and 14 copies)

Bill/Resolution No.: HB 1240

Amendment to: \_\_\_\_\_

Requested by Legislative Council

Date of Request: 1/13/99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

**Narrative:** HB 1240, if enacted, will impose a maximum income limitation on and a limit on the amount of exemption for disabled veterans, persons confined to wheelchairs, and blind persons. These limits will result in an increase the value of taxable property .

While HB 1240 will increase the value of taxable property of counties, cities, and school districts, it does not require an increase in property taxes. Any change in property tax revenue will be the result of county, city, or school district decisions as to the level at which government services will be funded, and not as a result of the passage of HB 1240. This bill alone causes no fiscal effect to the counties, cities, or school districts. There will be an indeterminable increase in the property tax revenue from the one-mill state medical center levy.

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	0	0	0	<\$5,000	0	<\$5,000
<b>Expenditures</b>	0	0	0	0	0	0

3. What, if any, is the effect of this measure on the budget for your agency or department:

- a. For rest of 1997-99 biennium: \_\_\_\_\_  
 (Indicate the portion of this amount included in the 1999-2001 executive budget:)
- b. For the 1999-2001 biennium: \_\_\_\_\_  
 (Indicate the portion of this amount included in the 1999-2001 executive budget:)
- c. For the 2001-03 biennium: \_\_\_\_\_

4. County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

If additional space is needed  
attach a supplemental sheet.

Signed: *Kathryn L. Strombeck*

Typed Name: Kathryn L. Strombeck

Department: Tax

Date Prepared: January 14, 1999

Phone Number: 328-3402

Please type or use black pen to complete

Date 1-18-99

Roll call vote # 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1240

House HOUSE FINANCE & TAX Committee

Subcommittee on \_\_\_\_\_

Conference Committee

} Identify or check where appropriate

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Not pass

Motion Made By Rep. Mickelson Seconded By Rep. Gross

Representatives	Yes	No	Representatives	Yes	No
BELTER	✓		WINRICH	✓	
RENNERFELDT	✓				
CLARK	✓				
FROELICH	A				
GRANDE	✓				
GROSZ	✓				
HERBEL	✓				
KROEBER	✓				
MICKELSON	✓				
NICHOLAS	✓				
RENNER	✓				
SCHMIDT	✓				
WARNER	✓				
WIKENHEISER	✓				

Total 14 0  
(Yes) (No)

Absent 1

Floor Assignment Rep. Warner

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

REPORT OF STANDING COMMITTEE (410)  
January 18, 1999 12:11 p.m.

Module No: HR-10-0771  
Carrier: Warner  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**HB 1240: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO NOT PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1240 was placed on the Eleventh order on the calendar.

**1999 TESTIMONY**

**HB 1240**

Testimony on HR 1240

I am Allan Peterson from rural Fargo. My home address is 7009 Horseshoe Bend, Fargo, North Dakota 58104. My home is in state legislative District 22. I have been legally blind for 16 years and have little remaining vision other than light perception. My vision loss was the result of a progressive degenerative disease of the retina of the eye known as retinitis pigmentosa. Presently, there are no treatments or surgical techniques that have been developed that can restore my sight. It is estimated that about one in every 4,500 persons are affected by retinitis pigmentosa.

On behalf of North Dakota Association of the Blind, I am addressing North Dakota House bill 1240 concerning property tax relief under the Homestead Tax Credit Exemption for people who are legally blind. The portion of this bill that addresses persons that are legally blind is subsection 22 of section 1. Presently, the North Dakota Century Code has no qualifications on the Homestead Tax Credit Exemption with regard to the persons income. Apparently HR1240 seeks to add an income qualification to this Homestead Tax Credit. As we understand the present wording of HR1240, a person would have to have an income of less than \$13,400 in order to qualify for this exemption. We seek to have an income qualification removed from the bill.

Further, we understand that the amount of the exemption has been reduced. The taxable limits apparently have been changed from excluding the first (approximately) \$101,00 to \$80,000 value of the home that the blind person resides in. We seek to have the taxable limits remain at their present levels.

We the members of North Dakota Association of the Blind applaud the wisdom of prior Legislatures of our state who have facilitated blind and severely visually impaired persons to be home owners in our state by providing the homestead tax credit exemption. It was recognized and appreciated by prior North Dakota legislative bodies that blindness is a very severe disabling condition that limits persons income potential and creates expenses that are not incurred by normally sighted people. This legislation would in effect eliminate the intention of these legislative bodies.

As a person who became legally blind as an adult, I can attest to the value of the homestead tax credit exemption. At the age of 39 I became unemployed as well as being legally blind. I had earned a degree as a doctor of veterinary medicine from the University of Minnesota along with a masters degree in veterinary microbiology. My training was very dependent on utilizing my vision in order to do the work I was trained to perform. At that point my family included three small children and our income was limited. I can attest that an income of \$13,400 would not be adequate to have supported our family and we, as a consequence, would not have qualified for the homestead tax credit exemption.

We believe that it would be very difficult to pay the mortgage payment, maintain a home and pay the utilities and support oneself and not exceed an income of \$13,400. The Homestead Tax Credit Exemption was created to facilitate home ownership for blind and severely visually impaired people of our state! Your assistance in maintaining this exemption in its present form in the North Dakota Century Code would be GREATLY ApPReCIATED! Thank You!

TESTIMONY RELATING TO HB1240  
Lynn R. Iverson & Anthony D. Wangler  
January 18, 1999

For the record, my name is Lynn R. Iverson. I offer this testimony on behalf of myself and my husband, Tony Wangler. I wish to speak in opposition to House Bill 1240, relating to property tax exemptions for disabled and blind persons.

Tony and I, in most respects, are like any other two income couple. I work six days a week, part-time, and earn \$5.85 an hour. Tony works forty to fifty hours per week and earns \$7.20 an hour. We maintain and insure one vehicle, and like everone else, we have all of the usual household expenses. In some respects, however, Tony and I are atypical. We have additional expenses as a result of my blindness. We spend \$800.00 to \$1,000.00 a year to maintain my guide dog, Beauty. Because I cannot drive, I spend \$72.00 per month, or \$864.00 a year just in tranportation to and from work. Then, of course, I have additional costs for transportation to and from medical and veterinary appointments, shopping, going to the beauty shop and other activities. In addition, because Tony works long hours, I spend \$700.00 each year for assistance with reading mail, paying bills and grocery shopping. Conseratively, this totals at least \$2,500.00 a year. Tony and I do not receive assistance from any social service agencies.

Like most people, part of our American dream has been to own a home. One week ago, today, we purchased a home; or, perhaps I should say we purchased it along with the bank. When budgeting for our house payment; we took into account the benefit of the property tax exemption for blind persons. That exemption played a major part in our decision to purchase our home. If this bill is enacted, our yearly property tax liability will increase dramatically, from approximately \$200.00 to \$1,700.00 this year. This represents an increase of 750 percent or \$125.00 per month.

I believe, if this bill is passed, many North Dakotans who happen to be blind or have physical disabilities which require them to use crutches or wheel chairs may be precluded from owning homes in the future. Also, I believe passage of this bill may cause senior citizens who are visually impaired or who have significant physical disabilities great hardship. Many of these individuals live on fixed incomes. How would they cope with a substantial increase in their property tax liability? They may no longer be able to afford to stay in their homes.

If it is necessary for Tony and I to come up with an additional \$1,500.00 per year, we will be forced to make difficult choices in order to stay in the home we purchased, one week ago. The reality is, I may have to send Beauty back to Guide Dog Foundation. I would likely have to rely on family and friends to help read mail, pay bills, and shop for groceries with me. These choices take away my independence and freedom, and cause me to be more dependent. My parents fought hard to send me to public school, and I worked hard to earn my under-graduate and post-graduate college degrees. I am not alone. Many persons with disabilities have worked long and hard to purchase homes. We are tax paying citizens. We are active participants in the political process and we contribute much to the life of our local communities and the State of North Dakota. For these reasons I respectfully urge the Committee to give HB1240 a do not pass recommendation.

*Lynn Iverson*

Lynn R. Iverson

**ATTENTION:           Legislative Committee**

**RE:                    House Bill 1240**

**My name is Harvey Wald and I am writing this testimonial on behalf of myself and my wife, as well as other people who will be affected by the above named House Bill. It has come to my attention that House Bill 1240 is being considered to change the existing exemption for property tax for the blind and visually impaired for those with annual (combined) income greater than \$13,000.**

**I am a blind person and have been blind for 21 years. My blindness is due to complications of diabetes. In addition to the blindness, I have also suffered kidney failure two times and have received my second kidney transplant three years ago. I have also had by-pass surgery and am now suffering from congestive heart failure, being managed by medication. The anti-rejection drugs required for transplant and the heart medications easily total an amount greater than \$1250 a month, and after three years, Medicare no longer reimburses for any transplant drugs. As with any medical adversity, considerably greater amount of visits to physicians and/or hospitals is necessary, and with insurance deductions and co-pays rising every year, an additional \$2,500 of out-of-pocket expenses can be incurred for clinic visits and hospital admissions. As I am on a fixed Social Security Disability income, providing the financial resources for my medical needs alone does not allow for many additional expenses.**

**By changing the exemption for property tax without any consideration for allowance of these above average medical bills, owning my own home will be impossible. I would need an additional \$129 a month just to pay the property tax. And as I am totally disabled, I am required to find outside sources for most of the upkeep on my home and that also requires considerable financial resources.**

**I am asking you to please recommend a "Do-Not-Pass" of HB 1240 as this will create a considerable hardship on many North Dakota home-owners with limitations because this will prevent them from owning a home – any home, as \$13,000 a year is actually below poverty income for families.**

**Thank you for your consideration.**

**Harvey Wald  
600 N 33<sup>rd</sup> St  
Bismarck ND 58501  
Phone: 223-3283**



REF HOUSE BILL 1240

TO WHOM IT MAY CONCERN:

MY NAME IS BELINDA FADNESS, AND I UNDERSTAND THAT HOUSE BILL 1240 WOULD ELIMINATED MY PROPERTY TAX BENEFITS. I AM LEGALLY BLIND, DIABETIC AND HAVE HAD A KIDNEY TRANSPLANT. MY "OUT OF POCKET" MEDICAL AND PERSCRIPTION EXPENSES ARE VERY COSTLY. WITH SOARING MEDICAL COSTS AND LIMITED INCOME, IT WOULD BE A FINANCIAL BURDEN TO INCREASE MY TAXES.

I FEEL MOST OF OUR DISABLED NORTH DAKOTANS NEED THESE TAX BREAKS TO HELP DEFER OTHER MOUNTING COSTS IN WHICH TO LIVE. I AM CONVINCED THAT THE PASSAGE OF THIS BILL WOULD DO MORE HARM THAN GOOD IN THE LONG RUN. IT IS NOT IN THE BEST INTEREST OF THE DISABLED AND COULD BE A GRAVE ERROR.

IF SOMEONE WAS LIVING ON \$13,500.00 PER YEAR, HOW WOULD YOU SUGGEST WITH INSURANCE COST OF \$6,000.00 AND OTHER INSURANCE AND MEDICAL COSTS, PLUS OTHER DAY TO DAY LIVING EXPENSES, THAT THEY COULD ALSO BE IN A POSITION TO PAY THE EXTRA PROPERTY TAX LIABILITY THEY WOULD INCUR?

AS A FINAL THOUGHT I WOULD ASK EACH AND EVERY REPRESENTATIVE HERE TODAY IF THEY WOULD TRADE A TAX EXEMPTION FOR THIER SIGHT OR LEGS. PLEASE PAY VERY CLOSE ATTENTION TO THE RAMIFICATIONS OF THIS HOUSE BILL 1240.

THANKING YOU IN ADVANCE FOR YOUR WISDOM.

SINCERLEY,



BELINDA FADNESS  
2700 97TH AV NE  
BISMARCK, ND 58501

## H.B. 1240

Chairman Beiter and members of the committee. For the record my name is Chuck Stebbins and I am here in opposition of HB 1240. This Bill will put people with disabilities, young and elderly, who currently live in their own homes or own property in a position for only three choice, sell, move, and rent. I believe it is important for you all to understand that for some one who is blind, elderly with a disability, using a wheelchair for mobility, or crutches or whatever other alternative means to get around, there are added expenses outside of the normal month to month bills besides utilities, house payments, lot rent, food, and insurance premiums. Chances are there are out of pocket medical expenses and personal assistance expenses.

If one doesn't meet the income eligibility criteria and you need some kind of assistance in the your home, whether it be cleaning your house to helping you get up in the morning, to shoveling you snow and doing your lawn. Personal assistance is necessary to be able to live in your own home. The cost of personal assistance alone for some people is above the cost of what they would have to pay in property tax. This bill as I understand it, would be a devastating turn of events for people who are elderly, blind, and mobility impaired who currently are fortunate enough to live in and own their own homes.

This Bill would create disincentives for those who currently own their own homes and for people who would like to. It encourages divorce and discourages marriage. It forces dependence on already stressed alternative services, relatives, friends, or other resources in order to remain where you like to live. Please consider these factors in your deliberations on this Bill. Because it will put people at risk. Thank you.

Testimony Related to HB 1240  
Robert L Puyear  
January 18, 1999

For the record, my name is Robert L Puyear. I offer this testimony on behalf of myself and my family.

I speak in opposition to House Bill 1240 relating to property tax exemption for disabled and blind persons. I am wheelchair bound and 65 years of age.

In 1994 my wife and I moved to Bismarck and remodeled a side by side duplex so that it is accessible for me. We chose to remodel a duplex so that our daughter and her children could move into the other side to assist with my care when needed. We have developed this property so that we can house another caregiver, if necessary if something should happen to my wife. The cost of remodeling this property came to approximately \$73,000.00. In one more year my wife will be 65 and will retire. The increase in taxes by 2.78 times or more than 200% will be difficult for us to adjust to since we will have decreased income and the same or greater medical expenses than we presently incur.

If we are forced to sell, or need to have an outside caregiver, it may cost the state more than it does presently to allow for this exemption. The estimated cost of 3 hours of daily in-home care would equal \$7,000.00 annually. With our current arrangement the family is able to provide these services rather than looking to the state for assistance.

The cost to the state under the current tax exemption is approximately \$1,600.00. For these reasons, I respectfully urge the Committee to give HB 1240 a **do not pass** recommendation.

Robert L. Puyear

January 17, 1999

To: Finance and Taxation Committee  
Wesley R. Belter, Chairman  
Earl Rennerfeldt, Vice Chairman

Re: House Bill No. 1240

My wife and I strongly urge you not to amend House Bill No. 1240 as proposed by Representative Rex R. Byerly. The property tax exemption allows many disabled and/or blind people to own their own residences. Without this exemption we would not be able to afford a home of our own.

I am 46 years old and have been a diabetic since the age of four. I have been legally blind and unable to work for the past 20 years. Also in that time I have had additional health problems, including by-pass surgery and a kidney transplant. The medication I am required to take is very expensive, costing approximately \$1,000 per month. As you know, Medicare does not cover prescription medications and the state of North Dakota does not have a health program to assist with prescription medication costs.

Many of us who are disabled and/or legally blind have further medical conditions which can cause additional financial difficulties. The property tax exemption alleviates some of the financial burdens these families face.

Our disabilities have robbed us of many freedoms and choices others take for granted. Please don't rob us of the choice to be home owners and of the chance to be a viable part of the communities in which we live.

Once again, we urge you not to support the amendment to House Bill No. 1240. Thank you for your time and consideration.

Sincerely,



Dan Steckler  
1206 Portland Dr.  
Bismarck, ND 58504

TESTIMONY RELATING TO HB1240  
LaVonne J. and Randal E. Tank  
January 18, 1999

For the record, my name is LaVonne J. Tank. I'm offering this testimony on behalf of myself and my husband, Randal E. Tank. I wish it to be known that I want to speak in opposition to House Bill 1240, relating to property tax exemptions for disabled and blind persons.

Do you know what can happen in three months? In my case it was going from working as an LPN in a hospital to having daycare in our apartment. A very short year later and I had lost all my vision from complications related to diabetes. Further complications from diabetes brought on a kidney and pancreas transplant. My medical conditions have prevented me from finding any work outside of the home, therefore making me rely on my social security benefits as my only income. Randy works full time and is required to spend some time each month out of town. Having a serious medical condition like this requires many more visits to doctors and dentists than the normal person would make. When Randy is out of town, I am required to find transportation the best way possible. Now that Medicare has dropped home visits by nursing staff I am required to have lab work at the hospital or clinic instead of being able to have the nurse collect them at my home. The out of pocket expenses we have after insurance has been more than \$800 in some months with \$300 to \$400 being the normal each month.

Without having the property tax exemption we would not have been able to purchase the home we have five years ago. For us it means an extra \$100 plus each month if this bill passes. We cannot afford an increase like this.

I believe that passing House Bill 1240 would create hardship in many homes and also deny disabled citizens from the American dream of purchasing their own home in the future.

Thank you for voting no on this bill  
LaVonne and Randal Tank  
510 N 14<sup>th</sup> St  
Bismarck, ND 58501  
701-224-8306

*Randal Tank*

Submitted by  
Rep. Byerly HB 1240







