

1999 HOUSE FINANCE AND TAXATION

HB 1375

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1375

House Finance and Taxation Committee

Conference Committee

Hearing Date January 25, 1999

Tape Number	Side A	Side B	Meter #
1		x	6
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

REP. BELTER Opened the hearing.

REP. LOIS DELMORE, DIST. 43, Introduced the bill as the prime sponsor. Bill relates to park model trailers and the fees. This bill addresses the inequities and unfair tax processes on park models. Presented a letter from Jerry Ratzlaff, Director of Tax Equilization in Ramsey County. See attached copy.

REP. WARNER Asked whether there were substantial changes in this bill from the last bill last session?

REP. DELMORE No, there are not, the only reason I am bringing this bill back is because it was sunseting.

CHRIS BIONE, BUFFALO CITY WOOD PRODUCTS, JAMESTOWN, Testified in support of the bill. They manufacture what is called Dakota Park Model RV's. Have been producing this

product for nine years. When they first got into this product, they were not aware that the park model status did not exist in North Dakota. The product is designed for seasonal use in RV parks and campgrounds. The concept came from retirement communities down south. A lot of elderly people reside in these in Arizona and Texas. What they have been doing before this bill was in effect, it was basically called, a mobile home, which meant that they were taxed. Since the last bill was enacted, two years ago, it is clearly defined. The bill clearly states, if the product is in a seasonal campground or RV park, it will have a twenty dollar user's fee. If it ends up in a mobile home park, it will be taxed as a mobile home. The park model is basically four hundred square feet of floor space.

KEVIN CRAMER, DIRECTOR OF NORTH DAKOTA ECONOMIC DEVELOPMENT AND

FINANCE, Testified in support of the bill. I supported this bill two years ago when I was the state tourism director because I was interested in anything that would inspire more tourism development in the state. As the economic development director, I encourage you to vote yes, for all of the same reasons.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 1-25-99, Tape #2, Side A, Meter #40

REP. WINRICH Made a motion for a DO PASS

REP. KROEBER Second the motion. MOTION CARRIED.

11 Yes 2 No 2 Absent

REP. WINRICH Was given the floor assignment.

FISCAL NOTE

(Return original and 10 copies)

Resolution No.: HB 1375 Amendment to: _____

Requested by Legislative Council Date of Request: 1-18-99

- Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative:

The fiscal impact of this bill is estimated to be less than \$5,000.

- 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
Revenues						
Expenditures						

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

For rest of 1997-99 biennium: None

b. For the 1999-2001 biennium: None

c. For the 2001-03 biennium: None

- 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

Signed: Keith Kiser

Typed Name: Keith Kiser, Motor Vehicle Director

Department: Department of Transportation

Phone Number: 328-2725

Date Prepared: 1-20-99

Please type or use black pen to complete

Date 1-25-99

Roll call vote # 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1375

House HOUSE FINANCE & TAX Committee

Subcommittee on _____

Conference Committee

} Identify or check where appropriate

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Winrich Seconded By Rep. Kroeber

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

Total 11 2
(Yes) (No)

Absent 2

Floor Assignment Rep. Winrich

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

REPORT OF STANDING COMMITTEE (410)
January 25, 1999 3:12 p.m.

Module No: HR-15-1138
Carrier: Winrich
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1375: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **DO PASS** (11 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING). HB 1375 was placed on the Eleventh order on the calendar.

1999 SENATE FINANCE AND TAXATION

HB 1375

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1375

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 2-24-99

Tape Number	Side A	Side B	Meter #
HB 1375	X		2680 -3575
Committee Clerk Signature <i>Shila Wald</i>			

Minutes:

Sen Urlacher opened the hearing on HB 1375. A BILL RELATING TO PARK MODEL TRAILERS AND TO PROVIDE AN EFFECTIVE DATE.

Repr. Delmore - Introduced bill 1375. Written testimony submitted from Barry Hasti.

Sen Stenehjem - Why did we sunset this last time?

Repr Delmore - I think they wanted to make sure this would successfully work, or cause major problems either for the area which it was for the State.

Sen Christmann - If we are eliminating a sunset, why do we have all this new language?

Repr Delmore - Language is not exactly new, it is what was put in from when there was an actual fee charged, that was a fair license fee.

Sen Urlacher - Recognize the fiscal note..

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Senate Finance and Taxation Committee

Bill/Resolution Number Hb 1375

Hearing Date *Click here to type Hearing Date*

Kevin Cramer - Director of Economic Development, Support the bill. Tourism is a big factor in ND, we want to encourage tourism. I have participated in building of these park model RVs.

The ones that created this need. In Jamestown, they build these cabins.

Repr. Warner - Matter of fairness, only on seasonal vehicles and offer my strong support for this.

John Walstad - The bill will not be renumbered. Expiration date, basically the same. It expires and then we would need emergency clause, and they didn't want to do that.

SEN SCHOBINGER MADE A MOTION TO DO PASS AND SECONDED BY SEN.

KINNOIN. CARRIER WILL SEN. KINNOIN 7-0-0.

Date: 2/24/99
Roll Call Vote #: ①

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1375

Senate Senate Finance and Taxation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken do Pass

Motion Made By Sen Schobinger Seconded By Sen Kinnoin

Senators	Yes	No	Senators	Yes	No
SENATOR URLACHER	✓				
SENATOR CHRISTMANN	✓				
SENATOR SCHOBINGER	✓				
SENATOR STENEHJEM	✓				
SENATOR WARDNER	✓				
SENATOR KINNOIN	✓				
SENATOR KROEPLIN	✓				

Total (Yes) 7 No 0

Absent _____

Floor Assignment Sen Kinnoin to be

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

REPORT OF STANDING COMMITTEE (410)
February 24, 1999 12:52 p.m.

Module No: SR-32-3424
Carrier: Kinnoin
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1375: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1375 was placed on the Fourteenth order on the calendar.

1999 TESTIMONY

HB 1375



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER

STATE CAPITOL, 600 E. BOULEVARD AVE., BISMARCK, NORTH DAKOTA 58505-0599

701-328-2770

FAX 701-328-3700

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HTTP://WWW.STATE.ND.US/TAXDPT

Rock Clayburgh
COMMISSIONER

October 23, 1997

Jerry Ratzlaff
Ramsey County
Dir. of Tax Equalization
524 4th Ave., #7
Devils Lake, ND 58301-2400

*Presented by
Rep. Delmore*

Dear Mr. Ratzlaff:

As you know, there have been a number of complaints about the taxation of park model trailers in the campgrounds and resorts in Ramsey County. The tax commissioner is required by North Dakota Century Code § 57-01-02(8) to "examine all cases where ... violations of the laws of assessment and taxation of property ... are alleged, complained of, or discovered...."

An investigation of the administration of the mobile home tax as it relates to mobile homes, travel trailers, and park model trailers in campgrounds was conducted. The result of this investigation (copy enclosed) shows there is unequal treatment of taxpayers. Some trailers that should have been taxed as mobile homes were not taxed, while others were assessed and taxed.

The Tax Commissioner is required by N.D.C.C. § 57-01-02(2) to supervise property taxes to assure that assessments are just and in compliance with state laws and the State Supervisor of Assessments has the authority under N.D.C.C. § 57-01-05(6) to "require all county directors of tax equalization to do any act necessary to obtain uniform methods and procedures of assessment." Because the investigation showed nonuniform procedures in assessing mobile homes, travel trailers, and park model trailers in campgrounds in Ramsey County, I am requiring you to review the administration of the mobile home tax of mobile homes, travel trailers, and park model trailers located in campgrounds and resorts in Ramsey County and to take the necessary steps to comply with the provisions of N.D.C.C. Ch. 57-55.

I trust that you will resolve the mobile home taxation issues for the 1998 assessment. If you have any questions, please call me at (701) 328-3128.

Sincerely,

Barry Hasti
State Supervisor of Assessments

enclosure
copy: Chairman, Board of County Commissioners
Cheryl Hahn
Dee Rector

MEMO

To: Rick Clayburgh, Tax Commissioner
Bob Christman, Deputy Tax Commissioner

From: Barry Hasti, State Supervisor of Assessments

Subject: Mobile home taxation in campgrounds in Ramsey County

Date: October 23, 1997

History:

The Office of State Tax Commissioner was made aware of allegations of unequal treatment of mobile home taxation in the campgrounds in Ramsey County in early 1996. Taxpayers reported that travel trailers without current license plates were not taxed while park model trailers were subjected to a mobile home tax. The taxpayers stated that they had first appealed to the Ramsey County Director of Tax Equalization followed by applications for abatement filed with the County Auditor. The applications were denied by the Ramsey County Board of Commissioners.

In response to taxpayer complaints of unequal treatment, the Tax Commissioner, as required by N.D.C.C. Chapter 57-01, conducted an investigation of the administration of the mobile home tax relative to the taxation of mobile homes, park model trailers, and travel trailers located in campgrounds in Ramsey County. Following is a report on that investigation.

Summary:

1. Property taxation of mobile homes, travel trailers, and park model trailers is governed by North Dakota Century Code Ch. 57-55.
2. A field inspection of a sample of mobile homes, travel trailers, and park model trailers indicated that Ramsey County was not following the statutes in the taxation of mobile homes located in campgrounds and resorts.
3. I recommend that the State Supervisor of Assessments require the Director of Tax Equalization to review the administration of the mobile home tax of mobile homes, travel trailers, and park model trailers located in campgrounds and resorts in Ramsey County and to take the necessary steps to comply with the provisions of N.D.C.C. Ch. 57-55.

Statutory considerations:

The Tax Commissioner and State Supervisor of Assessments have the supervisory responsibility of property assessment and taxation as defined in N.D.C.C. Ch. 57-01, the following relevant sections are quoted:

57-01-02. Powers and duties. The tax commissioner:

- ...
2. Shall exercise general supervision over all assessors of general property or other taxes, over township, county, and city boards of equalization and over all other assessing officers, in the performance of their duties, to the end that all assessments of property be made relatively just and equal in compliance with the laws of the state.
 - ...
 8. Shall examine carefully all cases where evasions or violations of the laws of assessment and taxation of property or other objects or subjects of taxation are alleged, complained of, or discovered, and shall ascertain wherein existing laws are defective or are administered improperly or negligently.
 - ...

57-01-05. State supervisor of assessments. The state tax commissioner shall appoint a supervisor of assessments who must be a person trained and experienced in property appraisals and familiar with assessment and equalization procedures and techniques. The supervisor of assessments serves at the pleasure of the state tax commissioner and office space must be furnished to the supervisor of assessments by the commissioner.

The supervisor of assessments shall perform the following duties under the direction of the tax commissioner:

- ...
6. The supervisor of assessments has general supervision of assessors and county directors of tax equalization pertaining to methods and procedures of assessment of all property and has authority to require all county directors of tax equalization to do any act necessary to obtain uniform methods and procedures of assessment.
 - ...

The taxation of mobile homes, including certain travel trailers and park model trailers, is governed by N.D.C.C. Ch. 57-55, relevant sections quoted as follows:

57-55-01. Definitions. For the purposes of this chapter, "mobile home" means a structure, either single or multi sectional, which is built on a permanent chassis, ordinarily designed for human living quarters, either on a temporary or permanent basis, owned or used as a residence or place of business of the owner or occupant, which is either attached to utility services or is twenty-seven feet [8.23 meters] or more in length. For purposes of this chapter "utility services" means services purchased by the occupant from a utility company under the jurisdiction of the public service commission.

A park model trailer, defined by the 1997 Legislative Session in HB 1364 (see endnote), meets the above definition of a "mobile home" and is subject to the provisions of chapter 57-55.

There is an exemption from the mobile home tax for a "travel trailer" under the conditions of N.D.C.C. § 57-55-10(2)(a), as follows:¹

57-55-10. Exemptions - Exceptions.

- ...
2. The provisions of this chapter shall not apply to a mobile home which:
 - a. Is used only for the temporary living quarters of the owner or other occupant while such person is engaged in recreational or vacation activities, provided that such unit displays a current travel trailer license.

Field inspection:

A field inspection was made on May 20, 1997 of Woodland Resort, the only operating campground remaining following the flooding of Devils Lake. Thirty-five units located in this facility were measured for length, excluding the hitch, and inspected for the presence of a current travel trailer license. These 35 units were a representative sample of the types of units located in this campground. The units ranged in length from 22' 3" to approximately 40 feet. The width of the units ranged from eight feet to 13' 5", excluding slide-out extensions. The following observations were made:

Units that measured less than 27 feet long	12
Units that measured 27 feet long or longer	
Wider than 8' 6"	5
8' 6" wide or less	
Displayed current travel trailer license	3
License expired in 1996	4
No current license	11
Total units 27' or longer	23

According to the county director of tax equalization, the units that are wider than 8' 6" are taxed as mobile homes under North Dakota Century Code Ch. 57-55, the other units are not being taxed.

Thirty-four percent (12/35) of the sample units were less than 27 feet in length and not subject to the mobile home tax.

Fourteen percent (5/35) of the sample units, those that are more than 8' 6" wide, are being taxed as mobile homes.

Twenty percent (7/35) of the sample units were greater than 27 feet long and displayed a travel trailer license that expires in 1996 or 1997.

Rick Clayburgh
Bob Christman
Page 4
October 23, 1997

Thirty-one percent (11/35) of the sampled units are greater than 27 feet long, did not display a current travel trailer licence, and were not taxed as mobile homes.

It is apparent that Ramsey County has not administered the tax on mobile homes located in Woodland Resort in a manner that is contemplated by N.D.C.C. Ch. 57-55.

To qualify for the exception provided by section 57-55-10(2)(a) for tax years prior to 1997, the mobile home must: be occupied for temporary periods of time of vacation or recreational activities, and have a current travel trailer license. Thirty-one percent of the units sampled apparently did not meet the criteria for the exception, yet they were not taxed.

Recommendation:

I recommend that the director of tax equalization is directed to review the administration of the mobile home tax of mobile homes, travel trailers, and park model trailers located in campgrounds and resorts in Ramsey County and to take the necessary steps to comply with the provisions of N.D.C.C. Ch. 57-55.

Endnote:

1. This exemption was expanded in the 1997 session of the Legislature as follows:

57-55-10. (Effective for the first two taxable years beginning after December 31, 1996) Exemptions - Exceptions.

...

2. The provisions of this chapter shall not apply to a mobile home that:

a. Is used only for the temporary living quarters of the owner or other occupant while such person is engaged in recreational or vacation activities, provided that such unit:

(1) Displays a current travel trailer license; or

(2) Is a park model trailer that is used only for seasonal or recreational living quarters, and which is located in a trailer park or campground and for which the owner has paid a park model trailer fee under section 39-18-03.1. For purposes of this paragraph, "park model" trailer means a recreational vehicle not exceeding forty feet [12.19 meters] in length which is primarily designed to provide temporary living quarters for recreation, camping, or seasonal use; is built on a single chassis; is mounted on wheels; has a gross trailer area not exceeding four hundred square feet [37.16 square meters] of enclosed living space in the setup mode; and is certified by the manufacturer as complying with American national standards institute standard A119.5.