

**1999 SENATE FINANCE AND TAXATION**

**SB 2331**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2331

Senate Finance and Taxation Committee

Conference Committee

Hearing Date January 26, 1999

Tape Number	Side A	Side B	Meter #
1	x		4535-6188
1		x	0-1730
Committee Clerk Signature <i>Shila Maed</i>			

Minutes:

SENATOR URLACHER opened the hearing on SB2331: A BILL RELATING TO SALES, USE AND EXCISE TAXES IMPOSED BY TOWNSHIPS.

SENATOR URLACHER opened the hearing on SB2331.

SENATOR KELSH distributed amendments to the bill to make the bill more exact to what the statutes now read. This bill allows a township to impose a sales use tax. The reason for this bill is there are a considerable amount of counties that have gotten into the lumber business which places stress on the roads by trucks. The townships cannot raise the money for maintenance of the roads. The Hutterites do not feel it is their total responsibility to keep the roads maintained. This would allow the Hutterites to charge a small percentage of sales tax on the sales that they make that would be turned over to the townships to maintain the roads.

SENATOR URLACHER asked if the townships can contract with the Hutterites to cover certain costs involved.

SENATOR KELSH replied the main activity of the Hutterites is farming so it doesn't appear to be possible. The Hutterites do not have the equipment like the counties or townships, but they do have some equipment where they have helped to open a road.

SENATOR STENEHJEM asked if the Hutterites received revenue from the distribution of gasoline tax and the license plate fees that we pay in the state, so couldn't they contract with their county. What happens if you have 2 townships that encompass a city.

SENATOR KELSH replied that he is relating to a township that is standing on its own would have the ability to raise the tax.

SENATOR STENEHJEM asked where the Hutterites are charging a sales tax where a sales tax could be tacked on by a township.

SENATOR KELSH replied they have a store that sells various products in relation to Menards, but not as large, and they do charge sales tax.

SENATOR WARDNER asked about the status of property tax on the Hutterite Colony. Do they pay property taxes or do they come under a different statute.

SENATOR KELSH replied the Hutterites pay property taxes and other taxes like anyone else, but not on an individual basis because they are not salaried.

SENATOR CHRISTMANN asked if this township tax would be collected in the city.

SENATOR KELSH replied absolutely not.

SENATOR CHRISTMANN asked if the Hutterites that run the general store want to be required to collect taxes.

SENATOR KELSH replied the Hutterites are very willing to collect taxes. They are spending their own money and time to do as much as they possibly can do on these roads, but don't feel it is their full responsibility to do this on their own, especially to rebuild the roads.

SENATOR CHRISTMANN asked if the Hutterites are willing to collect a tax, why don't they just raise their prices by 1% and donate the money to the township to maintain the road that leads to their store.

SENATOR KELSH replied the Hutterites know there is no other business that has to maintain roads on their own and couldn't speak for the Hutterites to raise their prices by 1%.

SENATOR WARDNER asked if there is a process in place where you have a road that is traveled beyond the ordinary, that it could be transferred to become a county road because of the increased use.

SENATOR KELSH replied that has happened regarding reorganization of school districts. The townships involved asked the county if they would maintain them and agreements were made, but they were still designated as township roads.

SENATOR MARAGOS testified that taxes are tools used by elected leaders to discharge the financial obligations of the things that they deem are necessary in their taxing district, and encouraged the committee to give this bill a DO PASS.

REP. BRANDENBURG testified in support of SB2331. The Hutterites are looking for a solution and the township is trying to help them with a solution to keep these roads repaired.

BRYAN HOIME, ND Township Officers Association, testified in support of SB2331. (See attached testimony and drafted amendments)

SENATOR WARDNER asked about allowing a township to place a 1-cent sales tax on a business that happens to locate outside of a city, and if they create an impact on the budget of the township, the Hutterites should be the ones responsible for the 1-cent sales tax.

BRYAN HOIME replied this is the intent of the bill.

SENATOR STENEHJEM stated the legislature gave the colonies, townships, and other entities the ability to do their zoning and other planned development. If somebody puts a business in a township, it has to come and get some type of permit, zoning, and requirements. The purpose for that is so that at that point and time the county can see if there is going to be some kind of economic impact or road problems. The township did not foresee the problems that they have. You have find a business in an unincorporated city to tax.

BRYAN HOIME replied some townships do not know how to do zoning or have the technical ability to do it.

SENATOR URLACHER asked if townships can write an agreement with a business for a number of dollars in relationship to the effect that they will work on the roads.

BRYAN HOIME responded that entering into a contract is a provision that any political subdivision can do. Most of the townships contract with the county because the county has the equipment available to them to do the service. It is not always the cheapest rate because they can hire a private individual. When trying to contract with a private business for those businesses, you have to have both people agreeing in order to enter into a contract.

LEAH ANN SCHNEIDER, Assistant Attorney General, explained the 3 amendments she drafted for Senator Kelsh. The board of township supervisors may impose these taxes at the annual township meeting. The board of township supervisors doesn't have an annual township meeting,

but the electors do. The board supervisors are required by law to have at least 4 meetings during the year. The electors should have the authority, and not the board of township supervisors. All these amendments do is say that the township electors at the annual township meeting may approve this kind of a tax. The township does have the authority to accept donations and grants. SENATOR URLACHER closed the hearing on SB2331.

DISCUSSION -01/27/99-TAPE #2 A. 4380-END. MOTION MADE BY SEN. STENEHJEM MOVES TO ACCEPT THESE AMENDMENTS, SECONDED BY SEN. CHRISTMANN. A VOTE TAKEN 6 Y AND 1 N, 0 ABSENT OR NOT VOTING. MOTION CARRIED AND WE CAN MOVE THEM TO LEG. COUNCIL. SEN. STENEHJEM MAKES MOTION ON BILL TO DO NOT PASS, AS AMENDED. WE SHOULD BRING AMENDMENTS BACK AND THE MOTION IS WITHDRAWN.

DISCUSSION 1-27-99 TAPE A 4380 TO END #1- MOVED TO ACCEPT AMENDMENT 0200, SEN CHRISTMANN SEN STENEHJEM SECONDED ALL IN FAVOR 7Y 0N A MOTION WAS THEN MADE TO DO NOT PASS W/ AMENDMENT, SEN WARDNER MADE THE MOTION AND SEN STENEHJEM SECONDED. VOTE WAS 6 Y 1 N AND THE CARRIER WILL BE SEN STENEHJEM.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2331

Page 1, line 6, remove "board of"

Page 1, line 7, replace "supervisors" with "electors", remove "by resolution approved", and replace "impose" with "approve"

Page 1, line 8, after "township" insert ", excluding territory within an incorporated city"

Page 1, line 11, after "periods" insert ", may not be used to replace general fund levy authority of a township, and may be imposed only after general fund mill levy limitations have been met"

Page 1, line 14, replace "person required to collect taxes" with "township receiving revenues"

Page 1, line 15, remove "be required to" and replace "thirty" with "twenty"

Page 1, line 16, after the period insert "The tax commissioner shall mail a notice to the township to suspend the tax under this section when the twenty thousand dollar limitation is reached before the end of that calendar quarterly period."

Renumber accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2331

Page 1, line 6, remove "board of"

Page 1, line 7, replace "supervisors" with "electors" and remove "by resolution approved"

Page 1, line 8, after "township" insert ", excluding territory within an incorporated city"

Page 1, line 11, after "periods" insert "and may not be imposed if the township has not levied its maximum general fund mill levy permitted by law for the most recent taxable year"

Re-number accordingly



Date: 1-27-99  
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2331

Senate Senate Finance and Taxation Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

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

Action Taken Do not Pass as amended.

Motion Made By Sen Stenehjem Seconded By Schabergier

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

Total (Yes) 6 No 1

Absent 0

Floor Assignment Sen. Stenehjem

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

Date: 1/27/99  
 Roll Call Vote #: (2)

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2331

Senate Senate Finance and Taxation Committee

Subcommittee on \_\_\_\_\_  
 or  
 Conference Committee

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

Action Taken do not pass w/ amend

Motion Made By Sen Wardner Seconded By Sen Stenehjem

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

Total (Yes) 6 No 1

Absent 0

Floor Assignment Sen Stenehjem

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

1999 TESTIMONY

SB 2331

Testimony for Senate Bill No. 2331  
Senate Finance and Taxation Committee  
Prepared by Bryan Hoime  
North Dakota Township Officers Association

Good morning Chairman Urlacher, members of the committee. I'm here to support Senate Bill No. 2331 and I've drafted a few amendments for the bill which will make its intent much clearer to you. I'll be addressing the bill as if it had the amendments in place.

The purpose of this bill is to allow townships by approval of the electors at an annual meeting, to impose a sales tax on goods and services normally taxed within the township, outside of incorporated cities. This provision can only be imposed if the township has met its statutory levy limitations, can only be imposed at a sales tax no greater than one percent, and must be discontinued when the twenty thousand dollar cap is reached.

The reason for this bill being before you today is one of frustration, as more businesses locate in townships, they demand greater services.. Particularly road maintenance and snow removal. It stands to reason if a business in a township is successful, they'll have to market their goods, and most often this is accomplished by ground transportation. The more successful the business, the greater use of ground transportation is needed. Many townships can not keep up providing the services of summer and winter road maintenance. One of our main duties is safety and that is definitely a problem.

I truly don't believe this bill will have widespread use across the state, many townships don't even have businesses within their jurisdictions and won't meet the criteria laid out in this bill. However, those few townships who can utilize its use, again, upon the adoption of a resolution passed at the annual township meeting, can have another tool to use for providing the needed services. Townships are not standardized.. there are townships with populations of 10 as there are with 1,000 or more. Townships have within their jurisdictions unincorporated town sites, which may have businesses. Many subdivisions are located in townships around 678 recreational areas and need increased services. Cottage industries are growing across the state which will need additional services. For these reasons and many more I'd hope this committee would adopt the amendments and look favorably upon the bill.

Mr. Chairman, members of the committee. As I've listened to the debate by both chambers over the past few weeks, I've noted one thing. There is a current that's alive and well, that those individuals at the front lines.. Should be allowed to make the decisions necessary for the good of the whole.