

1999 SENATE FINANCE AND TAXATION

SCR 4049

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4049

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 2-24-99

Tape Number	Side A	Side B	Meter #
SCR 4049	X		4250-END
		X	0-1729
Committee Clerk Signature <i>Shirley Wald</i>			

Minutes:

Sen Urlacher - opened the hearing on SCR 4049, A RESOLUTION DIRECTING THE LEG. COUNCIL TO STUDY ESTABLISHMENT AND OPERATION OF A DISASTER RELIEF FUND TO ADDRESS PROPERTY TAX NEEDS IN FEDERALLY DECLARED DISASTER AREAS.

Sen. Grindberg - In Senate Appropriations, we passed an amendment to the Dept. of Emergency, in their general bill. An amendment that stated all future claims of a result of 1997 flood, upon and down the Red River Valley, where FEMA has been paying 90%, locals paying 5%, and the State paid 5%, we passed in the Senate that FEMA share that the locals will contribute full 10%, and the State will no longer pay any more of that disaster payment.

Bryan Hoime - Testimony submitted and attached.

Sen Urlacher - Would that direct appropriations to the fund?

Bryan Hoime - This has been introduced already. States have taken different ways of looking at it. They have looked at a sur charge on property insurance, that would go into a fund. Not only for Federal disasters, but for State disasters.

Sen. Stenehjem - Don't locals do that now? Set aside for a disaster?

Bryan Hoime - As far as a township goes they can set aside money for road maintenance which is \$30,000.

Sen. Christmann - Allowing sub divisions to grant an abatement, can they seek a credit on the money owed?

Sen. Stenehjem - If Burleigh had a disaster and it reduced the value by 50%, won't they still generate the same \$ they did in the past?

Sen. Urlacher - If you reduce the valuation, you lose \$, and you can't exceed the cap

Sen. Kroeplin - When you have a disaster, and the property is not worth being taxed anymore, you have to make the \$ up locally. Sometimes you get to the point where you can not raise taxes anymore.

Sen. Stenehjem - Caps, can they levy what they want? They still have to pay the same taxes after the disaster.

Sen Urlacher - Where do the caps come in at?

Bryan Hoime - Now they can only levy as much as they did the last three years. Under this the property owner would be able to seek the value, should it be half, please leave it there and the sub division would go to the fund for the amount that was needed.

Sen. Kinnoin - In event of a disaster, fund looks at only a temporary fix.

Bryan Hoime - No shifting, if fund can be accessible.

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Senate Finance and Taxation Committee

Bill/Resolution Number Scr 4049

Hearing Date 2-24-99

Sen Christmann - What would the people in your township react if we added more mills on their property taxes to make a pool of money, so others in Grand Forks or wherever needed to be helped out?

Bryan Hoime - We could possibly have an agriculture disaster, we would be helped from those people in the city. If everyone uses and shares in the fund, I think they would be comfortable with it.

Sen Scobinger made a motion to DO PASS and Sen Stenehjem seconded. Vote is 6 - 1 - 0.

Carrier will Sen. Kroepin.

Date: 2/24/99
 Roll Call Vote #: 11

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SCR 4049

Senate Senate Finance and Taxation Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken As Pass

Motion Made By Sen. Schobinger 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 _____

Floor Assignment Sen Kroepelin

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

REPORT OF STANDING COMMITTEE (410)
February 24, 1999 4:16 p.m.

Module No: SR-32-3500
Carrier: Kroeplin
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4049: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SCR 4049 was placed on the Eleventh order on the calendar.

1999 HOUSE FINANCE AND TAXATION

SCR 4049

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4049

House Finance and Taxation Committee

Conference Committee

Hearing Date March 8, 1999

Tape Number	Side A	Side B	Meter #
1		x	30.3
Committee Clerk Signature <i>Jamie Stein</i>			

Minutes:

REP. BELTER Opened the hearing.

SEN. TONY GRINDBERG, Introduced the resolution. Submitted testimony from Bryan Hoime, of the North Dakota Township Officer's Association. See attached copy.

When Mr. Hoime approached me to introduce this resolution, it made particular sense to me from the standpoint of being a member of the appropriations committee and being involved with the deficiency appropriations bill and the millions of dollars we are spending. One particular concern is how do we protect ourselves from the next disaster, whenever that might be. This resolution is trying to study the process of having a pool for property tax when it hits the locals across the state.

With no further testimony, the hearing was closed.

3-9-99 Tape #2, Side A, Meter #12.7 FURTHER TESTIMONY

BRYAN HOIME, NORTH DAKOTA TOWNSHIP OFFICER'S ASSOCIATION, Testified in support of the bill. Was not able to attend the earlier hearing because of a funeral. Added additional comments to the testimony which Sen. Grindberg submitted for him. Gave the benefits of the resolution to property owners. This legislative session we have put forth many bills trying to deal with the problems with farming and how we are trying to relieve some of the property tax issues in that area, but have also heard the moans and groans from those other areas who would have to pick up the difference. When you affect one class of property tax, the other classes have to pick it up. One of the things I thought of is establishing a state-wide disaster fund for property taxes. What it would do, if there is a declared disaster in any area, a property tax payer would be able to receive an abatement for credit for a portion of that property tax they would owe. Once they did that, then the political subdivision would be able to ask that the state funds be retrievable of that portion of the tax they had given to the property owner. The benefits of it, it does give a credit to the property owner, it allows the political subdivision to keep its funding level and it would prevent that shifting from one class to another. In recent years, there have been three federally declared disasters in our state. Several states have adopted legislation for some form of disaster funding.

COMMITTEE ACTION 3-9-99, Tape #2, Side A, Meter 31.4

REP. GROSZ Made a motion for a DO PASS

REP. GRANDE Second the motion. MOTION CARRIED

14 YES 0 NO 1 ABSENT

REP. KROEBER Was given the floor assignment.

Please type or use black pen to complete

Date 3-9-99
Roll call vote # 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. SCR 4049

House HOUSE FINANCE & TAX Committee

Subcommittee on _____ } Identify or check where appropriate
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Grosz Seconded By Rep. Grande

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. Kroeber

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

REPORT OF STANDING COMMITTEE (410)
March 10, 1999 10:49 a.m.

Module No: HR-43-4429
Carrier: Kroeber
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4049: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SCR 4049 was placed on the Tenth order on the calendar.

1999 TESTIMONY

SCR 4049

Testimony for Senate Bill No. 4049
Senate Finance and Taxation Committee
Prepared by Bryan Hoime

Mr. Chairman, members of the committee; Study resolution 4049 has been in the back of my mind for a few months now. I've noted as the Legislature got under way this session, several tax bills were introduced to try and alleviate some tax problems facing the agricultural community. As most of you know.. when tinkering with one taxing source, others must pick up the balance. I've heard the rumblings of dissatisfaction from the corners and the walls. And quite frankly I'd hope we could find a way to eliminate the shifting from one source to another. After visiting with state officials, legislators, and others the idea before you came into being. Quite simply establishing a disaster fund for property tax needs. Although the task in developing this strategy may not be so simple, but I feel worthy of trying, as I hope you'll feel its worthy of as well.

When a disaster occurs the private property bears the largest brunt, they not only have to repair or rebuild their businesses or homes; they also have to pay the property taxes owed which could be enough to cause them not to repair or rebuild but relocate. How the fund would work hypothetically.. since it isn't in its final form and will go through the study process, is when a disaster is declared, a property owner could seek an abatement or credit on the property tax owed by contacting the local political subdivision. The local political subdivision could grant the abatement and seek reimbursement from the state's disaster fund.

This does three things:

1. Gives a credit to the property owner.
2. Allows the political subdivision to keep its funding base level.
3. Prevents shifting from one taxable category to another.

The study resolution asks to determine at what level an actuarially sound fund will need to be, determine a funding source, and provide for operation of the fund. The resolution addresses federally declared disasters, maybe that's not appropriate. In recent years there have been 3 federally declared disasters, 300 state declared disasters, and 3,000 locally declared disasters. Several states, Florida, Georgia, Hawaii, Indiana, Iowa, Kentucky, Texas, Virginia, Louisiana, Nevada, Oklahoma, Pennsylvania, and Massachusetts have adopted or introduced legislation for some form of disaster funding. As members of the National Conference of State Legislatures each of you have received documents entitled "Emergency Management Proposed Legislation - A framework for Action" and "Emergency Management - A Legislator's Guide". Is this idea worth studying for the future of our state? I believe YES, and urge your support.

The Business Of Government

LEAD STORY

Pre-Funding Disaster Relief

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Environment

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Technology

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Finance

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Economic
Development

It has taken a plague of floods, earthquakes, hurricanes, tornadoes and ice storms, but a growing number of states are getting disaster-fund religion.

With Congress on the hunt for ways to slash federal disaster-relief money, states such as Vermont, Florida and Mississippi are now filling up their own pots of emergency money.

The Vermont legislature looked no further than outside its windows this past January. Ice from a severe storm had coated trees, downed power lines and closed roads. Legislators had debated creating a fund for natural disasters after the previous summer's floods. The winter disaster pushed them over the edge.

In fact, it often takes a big disaster to prod states to act. After Hurricane Andrew swept through Florida in 1992, the legislature created the Emergency Preparedness and Assistance Trust Fund. The fund, which currently holds \$18 million, is financed by an annual surcharge on private and commercial insurance. A large portion of the money is spent to lessen the impact of expected disasters.

Florida also allocates about one-fifth of the fund for non-federal disasters. "If a sinkhole gobbles up Main Street, it's not big enough for a presidential declaration. But for the community, it's a big deal," says Frank Koutnik, who heads up planning for Florida's Division of Emergency Management.

The establishment of dependable sources of emergency funding is likely to be on the legislative agendas of the eight member states of the Western Governors Association. Such funds were a recommendation of the association's flood risk report, which suggested that an emergency fund be established to repair local damage, especially if the president doesn't grant a governor's request to declare an emergency.

Several states that haven't set up separate funds have a disaster-financing plan: their budget stabilization, or rainy day, funds. Even though the funds were set up to cope with financial—not natural—disasters,

states such as California, Iowa, New Jersey, Oklahoma, Pennsylvania, South Carolina and Texas have provisions for tapping those moneys for natural calamities. But more than half the states currently rely solely on legislative appropriations after a disaster.

States where legislatures are in session for only a few months may find that problematical. Mississippi had been hit by enough tornadoes, hurricanes and floods during seasons when the legislature was out of session that in 1995 it set up a disaster trust fund. "There was no mechanism for emergency funding but whatever money agencies could squeeze out of the operating budget," says Leon Shaifer, deputy director of the Mississippi Emergency Management Agency.

As Shaifer sees it, more states should have such funds because they can never be certain they can wring money out of the federal government. Besides, they're responsible for 25 percent in matching funds. "When it's a highly visible disaster and CNN is on the scene, there's a tendency for the national government to be there," Shaifer says. Otherwise, agencies have to do a meticulous job of documenting needs and getting the money for them. They're not always successful.

—Ellen Perlman

