

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER
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DESCRIPTION

1136

2001 HOUSE FINANCE AND TAXATION

HB 1136

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1136

House Finance and Taxation Committee

Conference Committee

Hearing Date January 16, 2001

Tape Number	Side A	Side B	Meter #
1		X	1300 only partially recorded. Recorder did not work.
Committee Clerk Signature <i>Jamie Stein</i>			

Minutes:

**REP. AL CARLSON, CHAIRMAN**, Opened the hearing.

**REP. WES BELTER, DIST. 22**, Introduced the bill at the request of a constituent in his district. The intent of this bill is, so you can be able to dike subdivisions to prevent floods. He stated there were a lot of exemptions in the bill, which created problems. He stated there would be amendments drafted. There will be a bill on the Senate side which may be a better vehicle to accomplish what they want.

**REP. CARLSON** Asked what the language was for the exemptions.

**REP. BELTER** Stated he was not sure what the constituent had in mind, maybe limited property eligibility.

**REP. CARLSON** Stated he would hold the bill until the companion bill in the Senate is available.

Page 2  
House Finance and Taxation Committee  
Bill/Resolution Number 1136  
Hearing Date JANUARY 16, 2001

**BRYAN HOIME, NORTH DAKOTA TOWNSHIP OFFICER'S ASSN** Testified in support of the concept of the bill. See attached written testimony.

**REP. SCHMIDT** Asked whether there were complaints regarding the roads as a result of the floods.

**BRYAN HOIME** Stated this bill was designed for buildings, residences, etc. He stated FEMA dollars are available for roads. He stated there were a lot of merits to the bill, but it did need some amendments.

**REP. CARLSON** Stated the bill would be held until amendments were drafted.

With no further testimony, the hearing was closed.

**COMMITTEE ACTION** 1-29-01, Tape #1, Side B, Meter # 6125

**REP. DROVDAL** Made a motion for a **DO NOT PASS.**

**REP. CLARK** Second the motion. **MOTION CARRIED**

13 YES      0 NO      2 ABSENT

**REP. LLOYD** Was given the floor assignment.

**FISCAL NOTE**  
 Requested by Legislative Council  
 12/28/2000

Bill/Resolution No.: HB 1136

Amendment to:

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>						
<b>Appropriations</b>						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This legislation enables organized townships to establish flood protection funds and levy a tax not exceeding one mill. If all organized townships levied one mill, it would generate \$500,000 per year for flood protection. Section 2 of HB 1136 also grants a sales tax exemption for qualifying materials purchased for flood protection. The potential fiscal impact of this sales tax exemption is indeterminable and based on the actions of the townships.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Tax Dept.
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Phone Number: 328-3402

Date Prepared: 01/05/2001

Date: 1-29-01  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1136

House FINANCE & TAXATION Committee

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

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

Action Taken Do Not Pass

Motion Made By Rep. Drovdal Seconded By Rep. Clark

Representatives	Yes	No	Representatives	Yes	No
CARLSON, AL, CHAIRMAN	✓		NICHOLAS, EUGENE	A	
DROVDAL, DAVID, V-CHAIR	✓		RENNER, DENNIS	A	
BRANDENBURG, MICHAEL	✓		RENNERFELDT, EARL	✓	
CLARK, BYRON	✓		SCHMIDT, ARLO	✓	
GROSZ, MICHAEL	✓		WIKENHEISER, RAY	✓	
HERBEL, GIL	✓		WINRICH, LONNY	✓	
KELSH, SCOT	✓				
KROEBER, JOE	✓				
LLOYD, EDWARD	✓				

Total (Yes) 13 No 0

Absent 2

Floor Assignment Rep. Lloyd

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

**REPORT OF STANDING COMMITTEE (410)**  
January 29, 2001 11:57 a.m.

Module No: HR-15-1816  
Carrier: Lloyd  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**HB 1136: Finance and Taxation Committee (Rep. Carlson, Chairman) recommends DO NOT PASS (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1136 was placed on the Eleventh order on the calendar.**



2001 TESTIMONY

HB 1136

**TESTIMONY FOR HB 1136  
HOUSE FINANCE AND TAX COMMITTEE**

**Prepared by  
Bryan Holme  
North Dakota Township Officers Association**

**Mr. Chairman, members of the House Finance and Tax Committee, I'm here this morning to support the concept allowing townships to establish a fund for flood protection. Certain areas of our state are prone to flooding as we're all aware of, flood protection measures may be just enough to allow protection to property in a township. This legislation is permissive giving the decision to individual townships.**

**I would like to recommend some changes as well as talk about certain aspects of the bill before you.**

**First on line 11 of page 1. Language says "A township" may establish this fund, to be consistent with language used for other funds which are permissive, most say "The electors of a township" may. Thereby creating a need coming from the residents of the township rather than the board imposing on them. In a township form of government its the electors who empower the board of township supervisors to act.**

**Subsection a at the bottom of page 1 talks about who is eligible to use the flood protection fund. One must read the entire bill to establish who is eligible. On Page 2 references to individual property owners, residential property, rural subdivisions are types of property allowed access to the fund. Referring the committee to page 3 and the ineligible properties one can see that this bill allows only those who pay taxes to benefit from the fund. For instance, farm homes, residential structures if tax exempt are ineligible, even a structure owned by the township is ineligible for funds for protection.**

**One can say that since farm homes are exempt from taxation they should not be allowed to use the fund. Contrarily if one looks at the larger picture, that farm home owner pays property tax on all of his land in the township. Besides there are provisions in law that provide for farm homes to become taxable when income levels of off farm income exceed farm income. In area's of the state farm homes have pivoted between non taxed and taxed. So one year they may get benefit from this legislation.. three years later not be eligible. Is this an appropriate use of this fund?**

Residential structures which are tax exempt are another group of owners who are ineligible. This group could contain those citizens who are disabled, of 65 yrs of age or older who've applied for the Homestead Tax Credit, or for that matter farm owners who've retired and are living on there farm. It doesn't address those properties which have been given tax exemptions as part of agreement with county or city officials. It also doesn't address property which have been granted abatements.

It also doesn't make any sense to raise funds in a township for flood protection and not allow the township to protect its own property where records may be kept.

On page 3, line 10, subsection 5 talks about structures placed in floodplain areas and which are not in conformance with township flood plans. I might suggest this be expanded to include county flood plans and flood platted areas as well. Many townships haven't delineated flood areas and FEMA doesn't provide flood plats to townships which have dropping populations.

Mr. Chairman, members of the committee, the concept of this bill is worthwhile, and could be used in many areas of our state. I feel that the concerns I've raised need to be addressed by this committee to make sure that the fund once established benefits residents of a township.