

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1279

2001 HOUSE POLITICAL SUBDIVISIONS

HB 1279

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1279

House Political Subdivisions Committee

Conference Committee

Hearing Date 1-25-01

Tape Number	Side A	Side B	Meter #
1	xx		854-3151
2	xx		1120-1966
Committee Clerk Signature <i>Pam Dewar</i>			

Minutes: Chair Froseth called the hearing on HB1279 to order with all committee members present.

Rep. Kretschmar, Dist. 28 : (860) I introduced this bill to clear up the duties. We have a statute that requires when a deed is recorded, so that the information can be passed along to the state tax department. This bill is to help the recorder duties. When the deed does show full consideration of the price being purchased. If contract for deed, the full consideration is shown on that contract. In a regular warrantee deed, the consideration is shown on the deed. Under this proposed bill, you wouldn't have to add another paragraph on to the deed that says the price shown above is the full consideration. I would believe that people who draw deeds would say that price of the piece of property us \$25,000 and put in parenthesis, *as full consideration*. I think it is unnecessary to say it twice in the same instrument what the full consideration is. I don't want to change the requirement that the full consideration must be shown in some way so the tax

department can figure it for their purposes. If this becomes law, the full consideration will only need be listed once.

Sen. Traynor, Dist 15 : (1285) I'm here in support of HB1279. I have been practicing law for 50 years. If you recite the full consideration in the deed, why do you have to certify the full consideration through the full consideration. When anything above a dollar is stated, we know that's the true and full consideration. I don't think we need to have the certification as the grantee or grantees agent sign that. It's just another item that the lawyer charges for. It's a good bill for the consumer.

Sheila Dalen, Register of Deeds : (1504) (See Attached Testimony) I am here to explain how there may be some confusion if this bill is passed. We don't like the generic statement. We don't want to be in the position of having to decide what is full consideration.

Rep. Kretschmar : (1735) If a piece of property comes in with the \$1.00, most people know that is not full consideration.

Sheila : You are right. Most people would know that \$1.00 is not correct. But we do have situations when \$1.00 could be the full amount. We are concerned that it is such a generic item at the top.

Vice-Chair Severson : I'm trying to put myself in the register of deeds position. Does this confuse the already confusing issue.

Sheila : We feel it will confuse it. We want the register of deeds to know exactly what the amount to record is. Do we record a dollar or do we call the attorney back. It slows down the recording process for everyone.

Rep. Delmore : (1967) Are the deeds looked at?

Sheila : Yes, for land value purposes and purchase prices. Our records go back to the tax assessors office.

Rep. N. Johnson : (2147) By having this change, it would be more work for you?

Sheila : Would neither be more or less work for the register of deeds. We will be reporting information to the state as required by law. It may be incorrect if this is passed.

Rep. N. Johnson : I don't know why it would be incorrect. What the bill is saying is that it has to have the full consideration on the document already. And what you are saying is you want a separate one that says the same thing. I'm confused why it would make a difference.

Sheila : If it happens that way, it would be wonderful. We are concerned that the generic statement on the top will continue to come in and it won't say the exact amount. If the full consideration appears in the beginning, then it's O.K. then we don't need duplication.

Rep. Kretschmar : Have you ever had on the top \$1.00 or other consideration and then on the other part had \$1.00 listed as full consideration?

Sheila : Yes. The grantee is signing that statement that it is \$1.00.

Charles Krueger, State Tax Commission, State Supervisor of Assessments : We are neutral. I am here too let you know of some unintended consequences passage of HB1279 may permit. If the generic amount shows up on the face of the deed, it will require a judgment call on the part of the register of deeds. They have to decide whether this deed has meet the requirements of statute. The commissioner thought there may be unintended problems with this bill if passed.

Rep. Kretschmar : If the generic statement on the deed, *\$1.00 and other good and valuable consideration*; and then below the grantee your sign \$1.00 was the consideration. Do you do it?

It was obvious that it wasn't.

Charles : In the drafting of any deed, that is generally done by the grantor or their representative. It's really the call of the part of the grantee to make a decision if they want the amount paid for on the face of the deed, or do they want to provide that information on the statement of full consideration to the State Board of Equalization. It requires some part on the grantee when they record these. They will have to provide what they paid and sign. The register of deeds is off the hook as to whether the dollar is the amount paid. They don't have to make the call.

Vice-Chair Severson : (2732) You said the local states attorney will be responsible if the grantee said he bought the property for \$1.00 and it was false. Who would have to turn that over to the state's attorney?

Charles : It could be any local official; assessor, county director of equalization, etc., if legal action is called for.

Rep. Herbel : Could an individual challenge that as well?

Charles : I'm not sure. That is a legal issue outside my area.

Rep. Delmore : Under the current system, how often is it turned over to state's attorney?

Charles : Not sure. I know of one occasion but I don't know if there was legal prosecution.

Larry Osborn, Richland County : I can add to the last comment. Over the last 12 years in Richland County, we have pursued that three or four times. In all of those cases, it was not the dollar amount that was disputed. It was the fact that they did not file with the tax department. We don't think that the system is broke, so why fix it. We think things are uniform now.

Chair Froseth : Any more testimony? None, then HB1279 is closed. Committee wishes?

Rep. Kretschmar : tape 2, side A (1120) I believe this bill will work. It's just intended to eliminate duplication. **I move a DO PASS** on HB1279.

Rep. Maragos: **SECOND. VOTE: 12 YES, 1 NO, 2 absent. PASS. Rep. Kretschmar carrier.**

Date: 1-25-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1279

House POLITICAL SUBDIVISIONS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DU PASS

Motion Made By Rep. Kretschmar Seconded By Rep. Maragos

Representatives	Yes	No	Representatives	Yes	No
Chairman Glen Froseth	/		Rep. Wayne W. Tieman	/	
Vice-Chair Dale C. Severson	/				
Rep. Lois Delmore	/				
Rep. Rachael Disrud	/				
Rep. Bruce Eckre	/				
Rep. Mary Ekstrom	AB				
Rep. April Fairfield	/				
Rep. Michael Grosz	/				
Rep. Jane Gunter	/				
Rep. Gil Herbel	AB				
Rep. Nancy Johnson	/				
Rep. William E. Kretschmar	/				
Rep. Carol A. Niemeier		/			
Rep. Andrew G. Maragos	/				

Total (Yes) 17 No 1

Absent 2

Floor Assignment Rep. Kretschmar

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

REPORT OF STANDING COMMITTEE (410)
January 25, 2001 3:43 p.m.

Module No: HR-13-1660
Carrier: Kretschmar
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1279: Political Subdivisions Committee (Rep. Froseth, Chairman) recommends DO PASS (12 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). HB 1279 was placed on the Eleventh order on the calendar.

2001 SENATE POLITICAL SUBDIVISIONS

HB 1279

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1279

Senate Political Subdivisions Committee

Conference Committee

Hearing Date March 1, 2001

Tape Number	Side A	Side B	Meter #
1	X		39.2-55.0
		x	3.5-6.5
March 2, 2001		x	0.0-9.0
Committee Clerk Signature <i>Mary Jo Wocken</i>			

Minutes:

The hearing was opened on HB1279; relating to statements of full consideration on deeds. All the senators were present except for Senator Flakoll who was absent.

REPRESENTATIVE KRETSCHMAR: Introduced HB 1279, also a sponsor of this bill to ease the burden on lawyers. We have a provision in our statutes and its been there a number of years that requires a little certificate on a deed or contract for deed when its recorded. Sometimes deeds say that the consideration is one dollar and other valuable consideration or something like that and then either you have to state the full consideration on this certificate or fill out another form that shows it. The purpose of the law is to give I believe the state tax department or equalization board or whatever some information on what sales of property are doing around the state of North Dakota for their tax studies and so forth. One of the provisions or the bill that is before you would provide that if the document, deed, or the contract for deed does state the full consideration for the price being paid for the property in the transaction then there would be no

need to put on another certificate and say twice on the deed that were selling this for \$50000 and below also say the dollar amount. It just seems to me that is a duplication that is kind of unnecessary. It would make it a little easier for people who are drawing deeds for the people who are registering deeds office in the recording of these instruments. Senator Traynor, I believe is a cosponsor on the deed with me, he testified in the House committee. He sent me a note this morning that he has some other hearing regarding Devils Lake water, that he is at, and he couldn't come. But he is fully supportive of the bill and would urge the committee to pass it as I will do now too. SENATOR LEE: I see a lot of these myself and I just have a hard time thinking that the one little sentence is such a really big deal, because if it says a \$1.00 and other good and valuable considerations that's the way the computer spits out the deed. And then the additional sentence that says that the grantee is signing thing at the purchase price of \$95000 is just another sentence which on the bottom of the deed. Would this have to be, so I don't think this would be a lot of work. But my real question is whether or not this is going to interfere at all with the ability of the person buying and selling to not have full consideration on the deed. If this were a perfect state, all disclosures would be made on all property bought and sold and that would make it easier for assessment purposes for everyone to absorb his equal share of the responsibility. But this legislature has chosen never to do that. So long as its possible for people not to tell what their buying and selling for I want that option to remain that way. In other words, if I, I did, we bought a different home three years ago. I don't figure its anybody's business to know what we paid for our home. So the deed says a dollar and other good and valuable considerations and I sent the form out to the State Board of Tax Equalization where the information comes back to the county as statistical information, but not specific information. As long as the state prefers to do it that way I want to make sure we continue to leave that option open. If this is only saying you can

stick the settle price in the deed and not have the other sentence, I have a little less problem with that. The question was whether or not it interferes with the ability to not disclose the sale price, because all I see is "C" on the bill and I haven't looked up the rest of the code.

REPRESENTATIVE KRETSCHMAR: I do not in any way want to lesson the ability of the state to inquire this information or change the law in any way. It just would have provide that when the instrument on its face states the full consideration or the purchase price or whatever you want to call it, that they you don't have to put it down again. I certainly don't want to change the law that requires if someone puts one dollar or other valuable consideration on their deed that is the consideration that they either put the full price in this little paragraph on the deed or they fill out the other form that is sent into the state tax department or which ever agency it goes to. No it is not my intent at all to change any of that, its just if on the face of the deed or the contract for deed states the full consideration or the full purchase price for the property that you don't have to put it down again. That would I believe the effect of this bill. I really in my experience I have never seen a contract for deed that didn't say the purchase price of the property. Deeds are quite a few that don't say any. SENATOR LEE: Representative Kretschmar, does it make any difference that the seller signs the deed and the buyer signs the statement, at the bottom of the deed?

REPRESENTATIVE KRETSCHMAR: Under current law, I think that neither the seller or somebody or the agent does that. It would seem to me if the people who are signing the deed, selling the property it says on top this property is being sold for \$50,000 in full consideration that should be enough. CLAUS LEMBKE: North Dakota Association of Realtors. We have taken a look at this bill and we have the same concerns that Senator Lee did. But we are comfortable the way that it is written that allows you to do that. It still allows you the privacy that is respected here. If you want the privacy, if you want it non disclosed, you don't put it on the face of the

