

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



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| ROLL NUMBER |
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DESCRIPTION

1294

2001 HOUSE TRANSPORTATION

HB 1294

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1294

House Transportation Committee

Conference Committee

Hearing Date January 25, 2001

| Tape Number                            | Side A | Side B | Meter # |
|--|--------|--------|---------|
| 1                                      |        | X      | 551     |
|  |        |        |         |
|  |        |        |         |
| Committee Clerk Signature <i>Sauer</i> |        |        |         |

Minutes: Rep. Weisz - Chairman opened the hearing on HB 1294; A BILL for an Act to create and enact a new section to chapter 57-55 of the North Dakota Century Code, relating to documentation of taxes paid for transfer of title to a mobile home; and to amend and reenact section 39-18-03 of the North Dakota Century code, relating to documentation of taxes paid for transfer of title to a mobile home.

Rep. Clark: Basically this bill deals with the payment of the taxes on a mobile. That is the seller rather than the buyer should pay the taxes at the time or before the sale of the a mobile home. If the seller does not pay the taxes to the date of sale, either the seller or the mortgagor will get stuck for the taxes owing.

Frank Klein, Cass county, North Dakota Tax Director appeared in support of HB 1294. His prepared remarks were read. A copy of his prepared text is attached.

Rep. Thoreson: ( 849 ) How is the mobile home tax assessed?

Frank Klein: The mobile home tax is calculated much like the real estate property taxes are.

Usually it is based on cost less depreciation per a schedule determines the value of the mobile home. The mil levy is applied to that taxable evaluation. The tax dollars raised are apportioned like the real estate--- the schools get their share; the counties get their share; and the townships get their share.

Rep. Thorpe: ( 896 ) When are they due and payable? Are they similar to personal property?

Frank Klein: The mobile home tax is a little bit different from the real property tax in that the tax is levied at the beginning of the year and the due date is January 1. Like the real property tax, the tax you are allowed to make two equal payments --- first payment is due March 1 and the second payment is due June 1. If you pay by February 15th you do get a 5% discount.

Rep. Thorpe: ( 986 ) So if you buy a new mobile home in the middle of March, is that assessed on a prorated basis? And when is that due?

Frank Klein: That tax would be prorated -- you would go nine months paying 1/12th of the tax each of the nine months you owned it -- or 9/12ths of the tax. It is due within forty days.

Rep. Thorpe: I am not quite clear yet in my mind -- when you buy this new home do you pay the tax at the time you buy it? Or some time later?

Frank Klein: If you buy a new mobile home there are two taxes. You pay sales tax on a new mobile home. Then you also owe the property tax. For a used mobile home there is no sales tax. So the first time, if you purchase a new mobile home you pay the sales tax and then you will get a bill for the real estate taxes or mobile home tax prorated for amount of time. So there is a difference in real property in that when you buy a house you don't pay sales tax as such but you do pay sales tax on the materials used to build the home.

Rep. Thorpe: I was referring to the real estate tax.

Frank Klein: Yes the difference is that if you buy a mobile home you pay the tax right away whereas if you buy a home you may not have any tax due for six months or more depending when you buy it.

Rep. Thorpe: ( 1229 ) So, if they buy that mobile home in March, they pay their prorated taxes up front?

Frank Klein: Yes the mobile home tax is due the beginning of the year or beginning when you buy it during the year.

Rep. Thoreson: ( 1336 ) What is the procedure if I wanted to find out if there were taxes owing?

Frank Klein: You would check with the County Treasurer or the County Director of Equalization.

Rep. Hawken: ( 1378 ) The whole purpose of this bill is more for the person that owned to pay the tax and now he is selling it. So is it correct that they pay what they owe before they vacate the premises?

Frank Klein: That is correct. Hopefully it will protect the buyer.

Rep. Carlson: ( 1454 ) This doesn't affect any of the other laws on how you pay mobile home taxes --- it is just from owner to owner?

Frank Klein: Correct.

Rep. Lemieux: I represent Dist. 9 in Rollette County. We actually treat mobile home owners in North Dakota as second class citizens. We don't trust them. Rep. Lemieux handed out copies of 57-55-04 of the North Dakota Century Code. As the statute which I just handed out to you suggests, we don't trust mobile home owners. We ask them to pay their taxes up front while the

stick built owner pays at the end of the year -- they pay after the fact. If you buy a mobile home and move it into North Dakota you have to pay the real estate taxes within forty days. All the rest of us pay our taxes after the fact.

Rep. Weisz - Chairman are you suggesting that we amend this bill to have mobile home taxes paid the same time as real estate taxes?

Rep. Lemieux: Yes.

Larry Osborne: We are here to support this. We live in a mobile home and we manage property. I hate to think how many times we have had to send out delinquent notices to new owners. They bought the mobile home. They were told that taxes were paid but they did not come to our office to check. All of a sudden they get a delinquent notice. They were told the taxes were paid and were not. We are very much in support of this bill. You can't transfer any other property -- if you buy stick built houses or if you buy farm land it can't not be transferred without the taxes being paid. I think it is a matter of fairness that we do the same thing with the mobile homes. I think if I could also address your question on your mobile home when you pay taxes. When we are dealing commercial, residential and farmland we are dealing with last years value being party to this years taxes. In dealing with mobile homes we are dealing with the current year values. So that is where that difference comes in.

Rep. Thorpe: ( 1961 ) Addressing Rep. Lemieux ' s question on the amendment, could we amend this bill to so that it would conform to the real estate tax?

Larry Osburne: You probably can -- but I don't know that you want to. That mobile home that you moved in March might move out in November. They then would be living there tax free.

Rep. Mahoney: On a mobile home - say a twenty thousand dollar mobile home -- is that taxed at the rate as regular homes?

Larry Osborne: Yes - the mil levy is the same.

Ron Landress: I am Rep. Lemieux's brother-in-law. Like other people in the trailer park, we don't mind paying our taxes. We just don't like having to come up with \$1500 - \$1700 in February. As for these mobile homes being moved out, I worked the company I bought my mobile home from. You must buy a permit from the state to move home anywhere, whether state road or county roads. That is in order to protect the gentlemen's taxes, I think that if you go in for a permit. Look back to see if the taxes are paid. If they haven't been paid, you pay before you move. The other question I have is what your mobile home is worth ----we paid \$58000 for our mobile home. We are being taxed on \$72000. Why is that - - you can't go into a bank and refinance without half down. These don't hold their values. What I would like to know is why we are taxed for more than we paid it. You don't go out and buy a \$20000 house and pay taxes on \$30000 worth of taxes on it.

Rep. Carlson: ( 2420 ) I sympathize with the testifier but we have to go back to this bill, it is a whole different bill and a whole different taxation issue. I think what we are trying to do here is to make sure that on a sale from owner to owner that we collect the tax. So my recommendation would be that would be a different bill at a different time instead of on this issue.

Leon Samuel: I am Tax Director in Morton County. We are in support of this bill basically for the reason that's been stated. We are looking for the right people to pay the tax. We want to protect the buyers. We would love to have mobile home taxes like real estate taxes. No body would enjoy it more than we would. It would take care of a lot of our problems in trying to

collect the taxes. Yes, the taxes must be paid to get a moving permit but the problem is that most mobile homes are sold and not moved from the site. The buyer is often quite unaware that the taxes are not paid.

Don Severt: I am the Tax Director from Ward County. We have the largest number of mobile homes of any county in the state. This has been a recurring problem for us. I have been Tax Director there for 25 years. In most cases the buyers seem to believe that the taxes are all paid up. Often they are not and it is a real good deal for the seller. We support this bill to protect the buyers.

There being no one appear either for or against HB 1294, Chairman Weisz closed the hearing for receipt of testimony on HB 1294. ( 2763 ) Side B Tape 1.



2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1294 b

House Transportation Committee

Conference Committee

Hearing Date January 25, 2001

| Tape Number                                      | Side A | Side B | Meter # |
|--|--------|--------|---------|
| 2  | x      |        | 1,480   |
|  |        |        |         |
|  |        |        |         |
| Committee Clerk Signature <i>Laurie H. Jorde</i> |        |        |         |

Minutes: In working session, Rep. Weisz - Chairman, opened the discussion on HB 1294.

Rep. Hawken moved a 'Do Pass' on HB 1294.

Rep. Thoreson: I second the motion.

On a roll call vote the motion carried. 12 yeas 0 nays 1 absent.

Rep. Hawken was designated to carry HB 1294 on the floor.

## FISCAL NOTE STATEMENT

House Bill or Resolution No. 1294

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, or school districts. However, no state agency has primary responsibility for compiling and maintaining the information necessary for the proper preparation of a fiscal note regarding this bill or resolution. Pursuant to Joint Rule 502, this statement meets the fiscal note requirement.

John Walstad  
Code Revisor

Date:  
Roll Call Vote #: 1294

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

House Transportation Committee

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

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

Action Taken Do Pass

Motion Made By Hawker Seconded By Thoreson

| Representatives              | Yes | No | Representatives | Yes |
|------------------------------|-----|----|-----------------|-----|
| Robin Weisz - Chairman       | ✓   |    | Howard Grumbo   | ✓   |
| Chet Pollert - Vice Chairman | ✓   |    | John Mahoney    | A   |
| Al Carlson                   | ✓   |    | Arlo E. Schmidt | ✓   |
| Mark A. Dosch                | ✓   |    | Elwood Thorpe   | ✓   |
| Kathy Hawken                 | ✓   |    |                 |     |
| Roxanne Jensen               | ✓   |    |                 |     |
| RaeAnn G. Kelsch             | ✓   |    |                 |     |
| Clara Sue Price              | ✓   |    |                 |     |
| Dan Ruby                     | ✓   |    |                 |     |
| Laurel Thoreson              | ✓   |    |                 |     |
|                              |     |    |                 |     |
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|                              |     |    |                 |     |
|                              |     |    |                 |     |

Total (Yes) 12 No 0

Absent 1

Floor Assignment Hawker

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

2001 SENATE FINANCE AND TAXATION

HB 1294

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1294

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 3/5/01

| Tape Number  | Side A | Side B | Meter #   |
|--|--------|--------|-----------|
| 1  |        | x      | 4.8-44.7  |
| 3/6/01 - 2   |        | x      | 5.7-15.6  |
| 3/7/01 - 1   | x      |        | 24.4-28.4 |
| Committee Clerk Signature <i>Raynelle M. Kragg</i> |        |        |           |

Minutes:

Senator Urlacher: Opened the hearing on HB 1294, relating to documentation of taxes paid for transfer of title to a mobile home.

Representative Byron Clark: Co-sponsored the bill, testified in support. This bill just clarifies some parts of the Code. This bill state that now before a title can be transferred, the county director of tax equalization will verify that all the delinquent taxes have been paid on that mobile home.

Frank Klein: Tax Director for Cass County, testified in support. Written testimony attached.

Senator Nichols: How often is this a problem?

Frank Klein: In Cass County, about a dozen transfers a year.

Senator Urlacher: I supposed there's a problem with out of state people.

Frank Klein: If the seller moves out of state, we can't even pursue the matter in small claims court. It does become a problem for us.

Senator Stenehjem: Isn't the sale of a mobile home like the sale of the house?

Frank Klein: Where we have the problem is when the sale is privately transacted. The buyer and seller get together on their own and make an exchange.

Senator Nichols: Can the purchaser get stuck with the back taxes?

Frank Klein: Currently, the administrative rules say that we can only collect the prorated portion from the buyer and you can go back after the seller for the full amount. There's another provision that says that we cannot issue a moving permit unless the taxes are paid in full.

Senator Stenehjem: I see the person who's buying the mobile home is going to be the one in the squeeze if the seller leaves the state.

Frank Klein: Hopefully the period of time will be short between buying the home and transferring the title. Hopefully when you come down to the title you can catch it right away if there's taxes owed on it and you can go back to the seller and get the matter straightened out.

Senator Stenehjem: Those mobile homes might be sitting there for quite a while or you could be dealing with an out of state seller.

Frank Klein: We would hope that the title's transferred right away.

Senator Wardner: Currently, if I buy a mobile home and I get the title changed, do I have to check on the taxes there or does that come later?

Frank Klein: Right now, you can buy a mobile home without checking on the taxes. When you purchase it, you have to come in and register the home with our office so that we know where to bill you.

Senator Stenehjem: What I see you doing is putting the responsibility on the buyer of the mobile home to see that the previous taxes were paid.

