

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1340

2001 HOUSE FINANCE AND TAXATION

HB 1340

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1340

House Finance and Taxation Committee

Conference Committee

Hearing Date January 29, 2001

Tape Number	Side A	Side B	Meter #
1	X		3,900
Committee Clerk Signature <i>Jamie Stein</i>			

Minutes:

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

**REP. LARRY KLEMIN, DIST. 47, BISMARCK,** Introduced the bill. This is enabling legislation, it doesn't require anybody to do anything. It is a local controlled bill because it is decided by the school board in a community as to whether or not they want to do this. The provisions relating to a property tax exemption, are similar to provisions which already exist in the law for businesses. This provides an exemption up to one hundred fifty thousand dollars of the true and full value of the property if it is a homestead by a teacher. This figure was just picked, it could be a different number. The five year tax exemption also is just a number, it could be one or two or anything. It applies only to the school district portion of the property tax. The bill sets out a number of conditions which must be met in order to be granted this exemption. The school district must apply to the superintendent of public instruction by July 1, for a designation as a teacher shortage district. The school board must hold a hearing in their

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community. The county will have to know who is being exempted. The school district will have to provide the names. He stated the bill should be amended on page 2, line 3 by changing the word "credit" to "exemption".

**REP. HERBEL** In the teaching profession, there is a lot of mobility in and out of the profession itself, does this describe in here somewhere if a teacher took this credit and taught just part of the year, what would happen with that portion of the credit?

**REP. KLEMIN** Subdivision e, page 2, says that it is contingent upon a full time teacher, if the teacher quits, he is not eligible for that year. The school year and the tax year are not the same, so that teacher would have to be there at the end of that year to be eligible for the tax credit.

**REP. KROEBER** Asked whether any other state does this, and where did he get this from?

**REP. KLEMIN** There was some proposal to do this in the state of Iowa, it was not introduced. That is the only situation I am aware of.

**REP. DROVDAL** I think I understand what you are trying to do, what if someone gets an exemption and the other one doesn't. In my home district, other people are also in need of jobs, those teachers compare pretty favorable in the wage scale, how do I justify to the other ninety five percent of my population at home, why they shouldn't get the exemption?

**REP. KLEMIN** That is an extremely valid point, that is the reason for the public hearing that is required before a school board can do this, to get that community input.

**REP. DROVDAL** I can understand where school boards would have a little difficulty in this hearing because a lot of other people will come in to testify, have you had school boards who have requested this exemption?

**REP. KLEMIN** I have not solicited by anybody, this is strictly my own idea, I take all of the blame for it.

**REP. DROYDAL** Coming from the private sector, one of the incentives in the private sector is giving bonuses or additional incentives, which in a way this is, have you a problem if this bill would give the incentive to just the area where the teacher shortage existed, you may have a shortage of music teachers, but you have forty other teachers in the school system?

**REP. KLEMIN** That certainly is a good alternative.

**REP. WINRICH** In testimony, this committee took on another bill, we were shown an example of a commercial lease, where the leasee of the building was responsible for the property taxes, suppose a teacher leased a residence under those kinds of terms, where the teacher was responsible for the property taxes, this exemption would not apply to that?

**REP. KLEMIN** That is correct, only the property that is owned by the teachers, the bill could be designed to include that.

**NANCY SAND, NORTH DAKOTA EDUCATION ASSOCIATION**, Testified in a neutral position. She related to a survey taken in the fall of 1999 to get a handle on where shortages of teachers were, and perhaps, why, and where people were going. In 1999, we asked the question about the number of unfilled teacher positions at the beginning of the year. There were forty one school districts reporting that sixty one positions were unfilled. In the fall of 2000, forty one school districts reported seventy three unfilled positions. Whenever you conduct a survey, you always learn from hindsight, because people say why didn't you ask this, or this, or this. In the fall of 2000, we asked an additional question. We asked about the number of positions school districts cover in another way, in other words, found a way to cover the position. In the fall of

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2000, thirty seven school districts, reported that they covered fifty nine positions in some other way. Many of those districts are in the rural areas, but once in awhile they are in the bigger cities as well. This bill is an interesting concept, it could help. Another issue to consider, is quite frequently, there is a teacher who lives in one school district, but is employed in another. You have to decide if that teacher is teaching in a shortage district but doesn't live in that district, how would you want to treat that. Then, we have part time teachers who teach in a couple of districts.

**REP. DROYDAL** Would the NDEA support this bill, if they would exempt only one teacher who would be a designated shortage teacher?

**NANCY SAND** We haven't taken a position on the bill.

**CHUCK KRUEGER, STATE SUPERVISOR OF ASSESSMENTS, STATE TAX**

**DEPARTMENT**, Testified in a neutral position. Brought up the point regarding whether this bill meets all of the constitutional provisions. On page 1, line 7, it says up to \$150,000, true and full value of all real property. I believe, Article 10, Section 5, of the constitution, merely allows the exemption of buildings and improvements.

With no further testimony, the hearing was closed.

**COMMITTEE ACTION TAPE 2, SIDE A, METER # 235**

**REP. SCHMIDT** Stated the concept was good, but he could foresee problems with this bill, he felt it would divide the community.

**REP. HERBEL** Felt it would not influence people to come into the community by giving them tax free housing. The homes are not worth very much in a small community, so there wouldn't be that much of a benefit. Not many teachers have a \$150,000 home in the smaller communities.

**REP. WINRICH** Did not like the concept. We didn't have a fiscal note on this bill, and yet, everyone recognizes there would be a fiscal note. If we are going to address the teacher shortages in the state, I would much rather put it toward salaries.

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

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

13 YES 0 NO 2 ABSENT

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

Date: 12901  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1340

House FINANCE & TAXATION Committee

Subcommittee on \_\_\_\_\_

or

Conference Committee

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

Action Taken Do Not Pass

Motion Made By Rep. Brandenburg Seconded By Rep. Rennerfeldt

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. Brandenburg

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



**REPORT OF STANDING COMMITTEE (410)**  
January 29, 2001 12:01 p.m.

**Module No: HR-15-1817**  
**Carrier: Brandenburg**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1340: Finance and Taxation Committee (Rep. Carlson, Chairman) recommends DO NOT PASS (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1340 was placed on the Eleventh order on the calendar.**