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2003 HOUSE POLITICAL SUBDIVISIONS

HB 1198

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1198

House Political Subdivisions Committee

Conference Committee

Hearing Date: January 30, 2003

Tape Number	Side A	Side B	Meter #
1	X		0.0-51
1		X	0.0-12.0
Committee Clerk Signature <i>Mickie Schmidt</i> 2-10-03			

Minutes:

TAPE 1: SIDE A:

(0.0) REP. GLEN FROSETH: We will open the hearing on HB 1198. I will have the clerk take the roll. We have a quorum.

(3.2) REP. GIL HERBEL: Testimony in support of HB 1198. (See attachment #1) The State Equalization board may not alter the final decision of the Commissioner.

(5.2) REP. NANCY JOHNSON: The State Tax Equalization Board looks at the value of similar land across the entire state. If you put this at the local level, how do you propose to make the values that the local level puts on their Ag. land equitable with the rest of the state land.

(5.6) REP. GIL HERBEL: This used to be that way, where they did it at the local level. There was some concern on what you just indicated. The Tax Equalization Board has taken over that authority. But the problem is the pendulum never stays in the middle. We in Walsh County have absorbed a 42% increase in evaluation, and the property hasn't gone up, based on the Ag formula.

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We believe that we know better what's happening and want to make that decision locally rather than having someone here at the State determine that. Could this possibly happen. I don't think it will happen, because you still need a certain amount of money to render counties in the school districts.

(6.5) REP. CAROL NIEMEIER: Will the State Equalization Board have any input at all?

(6.6) REP. GIL HERBEL: They will in terms of continuing the Ag statistic formula. The Ag community will do nothing differently than what they've done before. The information that comes out of NDSU will be used as a guideline for these people to determine whether or not they want to go up or down.

(7.1) REP. DALE SEVERSON: How long has the Tax Equalization Board been doing this? Is there concern for other counties or just yours?

(7.7) REP. GIL HERBEL: I think it goes back to the late 1970's. I met with a nine county region in early December. And the nine counties, which represents a variety of types of land, all voted in favor of this.

(8.0) REP. DALE SEVERSON: Have you had the opportunity to talk to State Equalization Board?

(8.2) REP. GIL HERBEL: I did not.

(8.3) REP. NANCY JOHNSON: Did you prepare any drafting of the bill to the consideration to the removal of the area's that say per tax year 1999? Are some deletions possible?

(8.6) REP. GIL HERBEL: I did not, I gave the information to the Legislative Council and John Walsh. It was in statute at the time. Yes, it could be amended.

(8.9) REP. MIKE GROSZ: What are your thoughts of putting a cap on it?

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(9.1) REP. GIL HERBEL: I did not because I still believe in local control. If you don't object, there is going to be an amendment offered.

(9.6) REP. ROBIN WEISZ: Testimony in support of HB 1198. I believe in bringing local control back to the counties. (See attachment #2, proposed amendments)

(12.0) REP. DALE SEVERSON: The biggest tax they have is the school district tax. This will not change that scenario?

(12.3) REP. ROBIN WEISZ: No, this will not affect the evaluation that that school district is going to use to enroll.

(13.6) REP. NANCY JOHNSON: This just applies to agriculture and land?

(13.6) REP. ROBIN WEISZ: This just applies to Ag land.

(13.9) REP. BRUCE ECKRE: What I hear from other people, they don't believe that it's equalization that's the taxes, because they believe the State is not providing proper funding to our counties and schools. Won't this reduce property tax on Ag land, but not on the cities?

(14.1) REP. ROBIN WEISZ: Again, it's up to local control.

(15.0) MAC HALCROW; PEMBINA COUNTY COMMISSIONER: Testimony in support of HB 1198. (See attachment #3)

(22.0) REP. RON IVERSON: Did the State Board of Tax Equalization give you a reason why they would not take suggestions into consideration about the bureau?

(22.1) MAC HALCROW: The law says that they have the ability to go to zero. The board has made a decision that they will only abate 5%.

(22.4) REP. GIL HERBEL: This plus or minus five is not in the statute.

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(22.4) MAC HALCROW: I believe that to be a true statement. My home county has the highest taxable valuation of Ag land in ND. We've already gotten next years certification and it's supposed to go up 9.75%.

(23.3) REP. GLEN FROSETH: Have you heard the proposed amendment, and do you agree with it?

(23.5) MAC HALCROW: I guess I knew about that amendment and I suppose we can live with it.

(24.1) REP. MIKE GROSZ: When the State Board of Equalization told you no, did you go back in and reduce the number of mills?

(24.2) MAC HALCROW: Yes, but the County Commission controls about 20% of the mills levy. We have lowered the mill levy of the county every year I've been here. But to say that it was lowered over all is not a true statement, because we control only 20% of the total.

(25.1) WILLIAM GORDER: WALSH COUNTY COMMISSIONER: (Testimony in support of HB1198.) There is a problem there. I do not fully understand the NDSU formula. It is very complicated. The bottom line is we could have control over Ag evaluations. I'm willing to take that responsibility. My constituents ask me why does it keep going up? We really don't have any control over it.

(28.1) REP. WILLIAM KRETSCHMAR: In your county, do the assessed valuations put on the land, are they in comparison to market values?

(28.4) WILLIAM GORDER: They are all over the board. We have a coat rail that is supposed to come into play. It's called Arc View. We're going to try to access the land by it's value, the

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higher land will pay more tax, the lower less expensive land will pay less. We're two years into the program and I think it will be ready in a year. We hope it will be more fair.

(30.1) ARVID WINKLER: FARMER AND TOWNSHIP ASSESSOR IN BARNES

COUNTY: (Testimony in opposition of HB 1198.) (See attachment # 4)

(39.6) REP. GIL HERBEL: Arvid, you had some concern about the Foundation Aide Force.

Does that commend to address your concern that Rep. Weisz put in?

(40.1) ARVID WINKLER: Yes it would but, basically we're keeping two sets of books. You're better off defeating the Bill and just go by the procedures in the first place. If you bought a business for \$100,000, you're going to get assessed made for \$100,000. If you bought a house for \$100,000, you're going to get assessed for \$100,000. But if you buy some Ag land for \$100,000, you're going to get assessed at, luckily 70% according to the state numbers. The state averages is 70.8% in this median thing.

(42.1) SANDY CLARK: ND FARM BUREAU: (Testimony in opposition of HB 1198.) (See attachment #5 and manual #6)

(TAPE 1: SIDE B:)

(3.2) SANDY CLARK: (ONGOING TESTIMONY)

(4.4) REP. ALON WIELAND: You said that the 5% variance is not in statute or in administrative rule. What is it?

(4.6) SANDY CLARK: It was established by the State Board of Equalization some time ago. How that was established, you'll have to ask the Board or Tax Dept.

(4.8) REP. ALON WIELAND: You also stated that you would not like to see it in either. You would not support that?

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(4.9) SANDY CLARK: We wouldn't want to place the statute, because once you start putting so much in statute, then you don't lose the flexibility of being able to do what you are talking about right here. I'd have to go back and talk about that in our committee, because we have not discussed it in that manner. I do caution, it may be a compromise at best. But we would caution that there might be variation, less variation.

(5.7) REP. GIL HERBEL: You mentioned that there is a Bill in the Senate that deals with the capitalization rates. You are aware of the Bill in the House on capitalization rates already failed?

(5.8) SANDY CLARK: Yes, we did oppose that Bill.

(6.1) REP. GIL HERBEL: Is it of your opinion then that you don't have any confidence in what the County Commissioners at the local level would do with this authority?

(6.3) SANDY CLARK: Not in any way, we have a great deal of confidence in the County Commissioners and in local government. Our opposition is based on uniformity across the state and the appeal process.

(7.0) MARCY DICKERSON: STATE SUPERVISOR ASSESSOR FOR ND STATE TAX COMMISSION: Testimony in opposition of HB 1198. (see attachment #7)

(12.0) REP. GLEN FROSETH: Any more testimony in opposition? Hearing none, we will close the hearing on HB 1198.

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