

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2285

2005 SENATE FINANCE AND TAXATION

SB 2285

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2285

Senate Finance and Taxation Committee

Conference Committee

Hearing Date January 26, 2005

Tape Number	Side A	Side B	Meter #
2	X		3.0-23.0
Committee Clerk Signature <i>Sharon Penzance</i>			

Minutes: **Chairman Urlacher** opened the hearing on **SB 2285**. All Senators were present.

Senator Stan Lyson, the prime sponsor of SB 2285 appeared before the committee urging them to support the bill.

John Kautzmann, City Auditor for Williston, appeared before the committee in support of the bill. In Feb. 2000 they requested an attorney general's opinion that indicated an Indian Housing authority could extend to any Indian territory. A complaint was filed by Native Americans saying they were discriminated against by the city of Williston. We don't feel that the lost revenue of property taxes should be absorbed by the existing tax base of Williston. He read written testimony from Warren Larson, the Superintendent of Schools in Williston. See attached.

Senator Cook- Regarding the Attorney General's opinion, which said any Indian territory, meant anywhere in the state of North Dakota.

John- Our interpretation of the opinion was that areas where Indians have lived in the past, would now allow them to own homes.

Senator Cook- We need to pursue whether or not that interpretation is accurate or not. We need to examine the total value of the property and that at least the amount of money is being recovered.

John- The intent was to include not only loss property taxes but also special assessments. The congressional action allowed an exemption for both. If you have a housing development area with 10 homes that are purchased by the Indian housing authority, and the rest of homes independently owned, it would become very expensive to pick up any improvement costs.

Ward Kozer, the Mayor of the City of Williston, appeared in support of the bill. In our case in Williston, it is because of the Indian Housing Authority being established in a nontraditional area. It causes a burden on certain tax payers, because such housing authorities are not located all across the state. The cost is currently being absorbed by local taxpayers. Wherever an Indian moves to, is referred to as Indian Country, even if it is a lot in town. The lot then qualifies for the Indian Housing Authority.

Senator Tollefson- This is an open ended bill, that could go on to other areas.

Ward- If you distribute the burden over the state, rather than a certain community it would work better.

Dan Kail of Williams County appeared in support of the bill. There are 90 homes in Williams County that fall into the Indian Housing Authority equation. The value is 3.7 million dollars, the value of all homes including the City of Williston, would bring \$4.4 million dollars. The combined revenue would bring \$35,000 in tax revenue, which would be a significant impact of our area. He doesn't want to stand in the way of people having affordable housing, rather that it becomes a burden to the community having to absorb the costs.

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Senate Industry, Business and Labor Committee

Bill/Resolution Number SB 2285

Hearing Date January 26, 2005

Senator Tollefson- Have you explored this further, is the BIA aware of this?

John- Yes, they are aware of it, but we were unsuccessful in getting anywhere.

Senator Lyson- There is a bill in the house similar to this, but the bills will remain separate.

Jerry Hjelmstad, representing the ND League of Cities appeared in support of the bill.

Senator Cook requested a copy of the Attorney General's opinion for this bill, and a copy of the act that was passed by Congress on this in 1996.

Chairman Urlacher closed the hearing on SB 2285. No action was taken.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2285

Senate Finance and Taxation Committee

Conference Committee

Hearing Date February 3, 2005

Tape Number	Side A	Side B	Meter #
#1	X		8.9 - 16.9
Committee Clerk Signature <i>Sharon Lyson</i>			

Minutes:

SEN. COOK: if I was going to offer amendments on this bill it would be to the 23-11-29 section of all what you see in subsection 1. I think we have 2 choices here, one is to take away their right to the property tax exempt and exempt those special assessments. The other thing would be to leave em property tax exempt but make sure they pay special assessments .

SEN. URLACHER: we should determine the intent of Sen. Lyson

SEN. WARDNER: I really have a problem with this bill, the fact that first of all the counties will be coming in on housing authorities asking, if they do it here, they'll do it for other housing authorities, this will open it up to other housing authorities to do the same thing. But on the other hand, if we were to change it, in saying they have to pay taxes and specials, there isn't any hearing on it and I'm a little nervous to amend it, I couldn't support that.

SEN. BERCIER: did unconstitutional come in or mentioned when talking with the Attorney General.

SEN. COOK: my concern and why I went to the Attorney General's Office is Indian Housing Authorities and State authorized authorities I think are treated differently under HUD. I'm not sure, but they both work under entirely different set of HUD regulations. Both Housing Authorities are directly administered HUD programs. My only concern was what I wanted to do was regarding HUD regulations on housing authorities.

SEN. WARDNER: very reluctant to open the door and feels we should put a do not pass or get ready next session because there will be other housing authorities saying you took care of Williston, now take care of us.

SEN. TOLLEFSON: setting a precedence, your gonna get in trouble.

SEN. TOLLEFSON: made a MOTION FOR DO NOT PASS, seconded by Sen. Every.

ROLL CALL VOTE: 6-0-0 Sen. Tollefson will carry the bill.

FISCAL NOTE
 Requested by Legislative Council
 01/19/2005

Bill/Resolution No.: SB 2285

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.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations			\$44,680			

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 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.*

SB 2285 applies to housing authorities on tribal lands. It authorizes the payment of the difference between property taxes that would have been payable on housing authority property, if it were not exempt, and the total amount of payment in lieu of taxes made by that property.

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.*

It is not known how much property tax would have been due, if the property was not exempt, nor the amount of payments in lieu of taxes are received on qualifying housing authority properties.

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.*

There is a general fund appropriation of \$44,680 for the 2005-07 biennium. The bill does not state what should occur if the appropriation is insufficient.

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	01/25/2005

REPORT OF STANDING COMMITTEE (410)
February 4, 2005 10:12 a.m.

Module No: SR-23-1860
Carrier: Tollefson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2285: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO NOT PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2285 was placed on the Eleventh order on the calendar.

2005 TESTIMONY

SB 2285

Williston Public School District #1

Warren D. Larson, Superintendent
Post Office Box 1407
Williston ND 58802-1407
Phone (701)572-1580
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Cathy Schmitz, Board President
Garry Huber, Director
Daryl Pederson, Director

Kim Egge, Director
Tim Conlin, Director
Rodney Miller, Asst. Supt of Business Services

January 26, 2005

To the Finance and Tax Committee Members:

Re: Senate Bill #2285

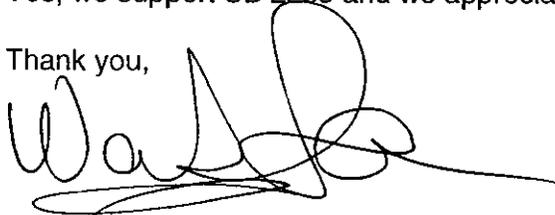
This correspondence is in support of Senate Bill 2285 relating to payments in lieu of taxes on certain housing authority's property; to provide an appropriation; and to provide an effective date.

Property of an authority, including an authority created under Indian laws, is public property and is exempt from all taxes and special assessments of the city, county, the state, or any political subdivision thereof. In lieu of such taxes or special assessments, an authority may agree to make payments. For us, the current 13 properties pay a minimum of \$150 each and Williston Public School District #1's share is about half or \$975.00 annually. If they were not tax exempt, WPSD#1 would receive between \$15,000 to \$20,000 additional dollars. If more personal property is converted to authority property, then the amount of reduced property taxes will exist to a greater amount and there is no limit to the number of authority properties.

Senate Bill 2285 is asking that a State appropriation be provided to pay the difference of lost property taxes. The rationale behind this appropriation is that the same high quality of services are provided to these authority properties by the city, county, state, or any such political subdivision for improvements. These services **are not related** to the payments of property taxes or in lieu of taxes. So why should the authority property receive the same services but at a drastically reduced payment? An equal payment for these improvements is only fair, necessary and appropriate.

Yes, we support SB 2285 and we appreciate it if you would also.

Thank you,



Warren D. Larson
Superintendent
Williston Public School District #1

The Board of City Commissioners of the City of Williston supports SB2285 which would require the State to pay the difference between the property taxes that would have been payable on property if it were not owned by a housing authority (other than a housing authority established pursuant to NDCC Section 22-11-03) and the payment in lieu of taxes (PILOT) payable by a housing authority. In the case of Williston this would be an Indian Housing Authority established in a non-traditional area.

While we understand and do not question the reasons for the present federal and state law, there is a greater and undue burden placed on some taxpayers because such housing authorities are not located uniformly throughout the state.

The City of Williston presently has thirteen properties in Williston owned by such a housing authority. The value on the homes at the time of purchase was \$754,482. The amount of tax money the city, county, park and school districts would have received would have been \$17,871 based on this value and would have increased each year with rising property values. Instead, \$150 is paid per unit, a total at this time of \$1,950 to be divided among all taxing entities. Since the cost of services provided remains the same, the difference must be absorbed at this time by the local taxpayers.

We are concerned that future development of more homes under this program will only make matters worse. Since there are no limits on the number of homes that can be a part of these authorities, it's hard to determine the final impact .

We urge a "DO PASS" recommendation for this bill to rectify this unfunded mandate.