

MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

1051

2007 HOUSE FINANCE AND TAXATION

HB 1051

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1051 A

House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 17, 2007

Recorder Job Number: 1264

Committee Clerk Signature

Michele Schmitt

Minutes:

Chairman Belter opened the hearing on HB 1051. Vice Chairman Drovdal took over the meeting while the Chairman Belter testified. The clerk read the roll and everyone was present.

Chairman Belter: HB 1051 is a State paid property tax credit. The credit in the Bill is for amount of 10% for residential property and 5% for commercial and Ag property. It also has a tax credit for property owned by RR's as well as Air Carriers. Sections 4, 5, & 6 on page 3 give the mechanisms by which the Tax Commissioner, State Treasurer and the County Auditors can do all the transactions that need to be done in order to make this provision of law work. The tax payer will still receive their 5% tax credit if they choose to do the early payment on their taxes. This doesn't affect any property tax credit that is effective by payments in lieu of personal property or real estate taxes. In section 5 there is an appropriation for this Bill for \$116,720,911.00. Pam Sharp from OMB will be testifying on this portion of the Bill. I do have amendments to this Bill. **(See attachment #1, amendment 0105 and 3 other attachments)** One of the unfortunate things with the Government, is the government giveth and government taketh away. What the amendments do is cap the Political Sub.'s to a 3% increase for the amount of levied dollars. The reason I introduced this portion is because if the State is going to become involved in property tax relief, it's important that we insure that tax payers are getting

actual property tax relief and necessary that we put some type of cap on Political Sub.'s.

These amendments are identical to Rep. Herbel's amendments except his doesn't change the percentage on the tax.

Rep. Gil Herbel: (See attachment #2, amendment #0104) testified in support. If you look on the back of the amendments that has been added where it has changed the 5% Ag land, 5% for commercial and the 10% for residential to 7.45% across the border for all entities involved. That's the only difference between the two amendments. \$116 million dollars is real property tax relief. As amended we've capped the Bill and also the percentage. This Bill has a tax statement and there is a provision in the statement that will specify how many dollars were returned. It gives relief to everyone and attacks our greatest problem, property tax. Our property tax is high compared to the national average.

Vice Chairman Drovdal: If we adopt your amendments and change it, will that change the fiscal note?

Rep. Gil Herbel: No, it's using the same number of dollars; it's just how it got spread out.

Sen. Dwight Cook: testified in support. We've had many a discussion on who should get the relief and we ended up with a Bill where all property owners in the State of ND get property tax relief. That is unique with this Bill compared to some of the others. We also ended up with a Bill with favorable attention in giving it to homeowners. I believe that is very important. We need to look at the property taxes levied in ND, you compare them to property taxes levied in neighboring States, and you'll find that our taxes on homes are really out of whack. We discussed multiple ideas of how to deliver this relief. At the end, keep it simple prevailed. It is easy for the tax payer to understand this Bill and more importantly it's easier to administer. We introduced this Bill early so the discussions and debate could be brought before the people of

this State. ND has a three-legged tax stool; sales tax, income tax, and property tax. I as you believe that the property tax leg is broken.

Representative Weiler: In all of the discussions, was there any discussion to the method of returning this money by sending a check back to the people versus just sending a notice to people that they received "x" amount of dollars and if so, if there was discussion on that, why was that not one of the options?

Sen. Dwight Cook: It was never discussed and also I believe it might be unconstitutional.

Representative Wrangham: Do you support the amendments that were offered by Rep. Belter?

Sen. Dwight Cook: Yes, I support those amendments.

Representative Wrangham: On the 3% cap, how did you determine the 3%?

Sen. Dwight Cook: I agree with the comments that the Chairman made that if we are going to offer property tax relief that we'd have to put some kind of caps on what local Political Sub.'s can do without the vote of the people. I think you'll probably have people from Political Sub.'s that will add some red flags to this Bill, and that this is a local issue. This does not mean that a Political Sub. cannot raise the taxes more than 3%, it just simply says they can't do it without the vote of the people. And I can't think of what's closer to the people than a vote of the people.

Representative Wrangham: Was 2% considered?

Sen. Dwight Cook: I didn't draft those amendments; the amount of the cap will certainly be discussed and debated.

Representative Pinkerton: On the commercial property rates are fairly reasonable as compared to our residential property rates. Did the committee study that issue as far as the commercial property versus residential?

Sen. Dwight Cook: In the last three Interims that I served on and that issue was discussed in great detail. It's a tremendous amount of data that's been put out. A question that comes to mind is a company like Walmart, when they move into ND, do they consider the commercial property tax that they have to pay here, versus what they pay in another State? My guess is no. But I can tell you this, when I drive down the Strip in Mandan, and talk to the property owners, they will tell me that their commercial property tax is high and I can't argue with them.

Representative Pinkerton: Seemingly it's the school taxes that seem to be so escalated, and other entities have held their taxes. If you put a cap on it, will it affect all Political Sub.'s the same or capping school districts, cities, counties, parks?

Sen. Dwight Cook: It will affect all Political Sub.'s. If they need to exceed the cap, they can go to the vote of the people. When we talk about property taxes, we have to understand property tax pays for local government. That's what that leg of the stool is for. We demand local government and at the same time, to some degree the citizens have to understand that there's going to be a Bill to come along with that. When you try to find a way efficiencies or ways of downsizing local government, the citizens don't tend to be too receptive to that for some reason, yet they certainly don't like to pay the property taxes for local government. So we have a mixed message here and sooner or later we will have to address it.

Representative Pinkerton: The 3% cap, is that going to go to the vote of the people, a simple majority or require 60%?

Sen. Dwight Cook: I didn't draft those amendments.

Vice Chairman Drovdal: Thank you. I will turn the hearing back over to the Chairman.

Chairman Belter: John Walstad, could you walk us through the amendments?

John Walstad, Legislative Counsel: not for or against any of this. The amendment prepared by Rep. Belter. I think it's important to recognize the property tax levy increase authority that

Political Sub.'s have under current law. There are a number of caps. Many Political Sub.'s have levy authority based on a number of mills against taxable valuation, that's the traditional method for those that are not levying up to the number of mill allowed by statute, under current law, they could increase their levy in one shot right up to that number. If it's a 40 mill limit and they're levying 28, they could jump it up to 40 mills tomorrow. There are also some unlimited levies, some are voter approved, unlimited property tax levy authority, or by statute there are some kinds of levies for specific purposes that are unlimited that the levy goes as high as it needs to go pay the cost of whatever that thing is, like a judgment against a Political Sub. The other situation that exists for Political Sub.'s is with school districts. They can levy up to 185 mills for their general fund and if they're below that the statute allows them to increase their levy by 18% in dollars from what they levied last year. So those districts can bump up their property tax levy by 18% in one year under current statutory authority. The other situation that exists is derived from a 1981 statutory change. At that time the property tax system was restructured, we weren't sure what was going to happen. Subdivisions either gained or lost value and so a different kind of levy limitation was put in place. And what that was, we weren't going to look at mills against taxable value anymore because values flips all directions. This was going to be based on the number of dollars levied by the district in the previous tax year and that would be their bench mark for what they could levy the next year. That method is still in place. It used to provide a percentage increase each year until about 1993, at that point the Legislature locked it down. No more increases by a percentage but, that provision is still in law, you can levy the same amount of dollars that you levied in the highest levy of your most recent three years. That becomes your levy limit. There are a lot of Political Sub.'s that are under that kind of limit because for whatever reason, they are now levying at a number that is above those statutory mill rates that they could levy without this section and they need this section of

law to continue to levy at the amount they're levying now. The amendment that was prepared says that a levy increase of 35, but it is worded so that this by itself does not give a Political Sub. a 3% increase. It says if the Political Sub. has authority under mill rights, that increase for school districts or otherwise, if they have authority for an increase, they can take it but the increase is limited to 3%. So that district that was 28 mills, they couldn't jump to 40 mills, they could go up 3% above the 28 mills. The one situation where there's no increase in authority is those districts that are capped out under that levy in dollars measure. They've been capped out since 1993, which has been the Legislatures decision that that caps stays there. This would leave that there. This does not allow 3% on top of that number. Those districts that are capped under current law will remain capped and this would not give them the 3%. This is all very complicated. The question about the vote requirement to increase this, I don't think we have voters' authority to exceed this and if that was intended that that be in here, then my apologies Mr. Chairman, that was my oversight, and it's not in here.

Chairman Belter: Yes it was my intent; we'll have to add it.

John Walstad: As long as we're talking about that, what should that percentage be; majority vote?

Chairman Belter: Yes, 60%.

Representative Kelsh: Does this affect Home Rule?

John Walstad: This does not address Home Rule or contain a provision that this limit could not be exceeded under Home Rule Authority. That really gets into a different issue. I think Home Rule could supersede this. The Home Rule law says you can supersede any conflicting State law if it's properly implemented and approved by the voters under the Home Rule Charter. I suspect none of them have that now. Home Rule is not prohibited by current law

from superseding mill levy limitations and things like that under State Law. That might be an issue some people may want to open.

Vice Chairman Drovdal: Under this proposal, do the residences get 10%; commercial gets 7.45% with the one amendment? A number of our farmers in the State pay property tax on their home because of income farming and so forth, but when they get this tax statement it's all shown as part of the quarter of land. Does the Assessor have a different type of formula that they compute separately?

John Walstad: we got some Assessors in the room who could probably address that better. As you indicated, if there is a residence on farm land that is subject to property tax because of non farm income, the 10% reduction would have to apply against the residence and the 5% against the Ag land and how you sort that out, I don't know. I would imagine that the Assessor is going to have to provide separate assessments for those properties. When the property tax relief is provided it goes against the property it's supposed to at the rates provided here.

Representative Froelich: Has this been done in any other States?

John Walstad: Other States have all kinds of ways to deal with property tax levels and some of them do provide property tax relief. One that we are constantly asked to look at is Minnesota. Minnesota provides some substantial property tax relief for residence, which I think is unconstitutional, but I don't have property there, so I can't assume. They do provide a property tax refund, a payment from the State. We have a provision in our Constitution that the State cannot provide a gift, except for reasonable support of the poor. What that means is from the case law I've read, is that once a tax obligation has become fixed, in the case of a property tax, the tax year ends, boom, the mill rates are in place, your values in place, your liability is set. Once that liability is set, the State can't write you a check for part of that. The Legislature is always free to provide reductions of tax liability that has not yet become due. That's why the

Legislature can change income taxes effective for this tax year we're in right now because the liability doesn't fix until the end of the year. The Legislature can provide relief for property taxes based on this tax year because your tax bill isn't fixed till the year ends.

Representative Pinkerton: Can we have a list of the top property tax payers in the State?

John Walstad: It's available in the County Auditor's office. Are you talking about individual entities owning property?

Representative Pinkerton: Yes. Like Burlington Northern/Sante Fe, etc...

John Walstad: We can tag those guys.

Representative Pinkerton: So what can you tag out of this building?

John Walstad: Centralized assessed property only, public utilities, RR's, airlines, etc...

Representative Pinkerton: Are the RR's taxed at 100% value?

John Walstad: Yes. They are assessed by the State Board of Equalization. All of their property is valued at market value. Then that property within each taxing district in the State, the part of that RR property in a Township is subject to that Township's mill rate. The taxes that the RR pays in each County and each school district differ although the value of property is uniform; the mill rates in each district are different.

Chairman Belter: On page 2, line 11; Does that not answer Rep. Drovdal's question about the Treasurer shall allow credit for the appropriate percentage? Are they just talking in general terms or would it apply to a specific individual?

John Walstad: Yes, that provision that addresses the issue that Rep. Drovdal raised about if property contains, it could contain commercial, Ag, and residential all in one and if that is the case, then the Assessor is going to have to value those properties, the portion of the total value of the parcel, according to how much is each of those categories, so that each category receives the proper percentage of relief under the structure laid out here, the 10, 5, 5.

Bill Goetz, Chief of Staff for Governor Hoven: testified in support; central to tax policy as we're faced with it today, is that piece of policy that relates to ability to pay and the burden of the property tax that we as property owners are subject to pay within our jurisdictions. I'm here to encourage you to on behalf of the Governor to not only work on this particular Bill but other legislation that is coming forward, taking the best ideas and bringing those ideas together in what is right for the tax payers of ND.

Pam Sharp, Director of Office of Management and Budget: I am testifying in support of this Bill relating to property tax relief. The funding for this property tax relief is included in the Governors budget. This is a good plan. We believe that at the end of the current biennium that fund will have about 128 million dollars. We expect revenues at about 167 million to flow through into fund next biennium. Now after taking out 115.7 million for the property tax relief, the fund will still have a balance at the end of the next biennium of 178 million dollars. So even with funding this property tax relief, the fund is still growing by 50 million dollars per biennium and will continue to grow in the future bienniums. This Bill also contains an appropriation section, so we'll just need to work through it.

Cory Fong, State Tax Commissioner: (See attachment #3 & #4)

Representative Froelich: Has anybody crunched the numbers? All of these entities would allow at least 3% and I know it's not going to happen but if they did, would that exceed the 116 million dollar property tax relief?

Cory Fong: I've not seen the amendments that were proposed today. I know for certain those figures have not been crunched at least not by our department.

Representative Weiler: You talk about sustainability. As we look over the last 30 years that the oil tax revenue, I don't know if that number has always exceeded 100 million dollars. What happens if oil goes in the tank?

Cory Fong: I think you raised an important question. I think that this Legislature has to take a look at. Even with the 116 million, we're looking at 178 million dollars remaining in the current trust fund based on forecasting information that we will work on with Industry and other industries. We show that the price of oil will sustain at approximately that 45 dollar level in the future, which will provide a sustainable funding source. You're correct, what happens if the economy changes, global markets change and etc... I do think going forward with the current price and the forecasted price, I believe we are going to be able to sustain the level of relief.

Dewayne Pool, Citizen and Home owner from Bismarck: testified in support; I think the ND tax burden is significant the way it quotes property taxes and I think it's important you keep it in mind. This shows a respectful level of fiscal restraint.

Janis S. Cheney, State Director for AARP in ND: (See attachment #5)

Eric Aasmundstad, President of ND Farm Bureau: testimony in support; our position is quite simple; we pay our property tax relief. We're generally supportive of a lot of the concepts here in HB1051. We believe that the relief must go to all classifications of property. We're all paying too much and this Bill addresses that. We like the cap on dollars, although we think it should be something less than 3%.

Mark Johnson, President of ND Counties: The Counties of ND have looked at this proposal and we think there's much to like in the Governors initial proposal on property tax relief, but I cannot stand here and say that we totally support this because we see already there's going to be some suggested changes and amendments to this piece of legislation. I hope that this will maybe be the vehicle for which we include the session and that we can all come in to some agreement as to what's the proper way to deliver property tax relief. There are already a number of proposals and we also know that there are proposals trying to drain these 116

million dollars into other, where they would consider being more valuable proposals. We want to work with you, and support property tax relief. This is a good start.

Representative Weiler: The amendment of 3%, capped for the budgets, how many of the 53 Counties is that going to negatively affect?

Mark Johnson: I can't tell you the exact number. I can get back to you with that information with the cooperation of the Tax Dept. We could give you something that will show you what Counties would be affected that are already in effect capped out and not able to levy any more, with the exception that John Walstad talked about which is, we have some unlimited levy authority but it's things like providing for the poor. If we run out of money for Social Services we can in fact levy efficiency for those costs. But many of our Counties are capped out. It started down that path in 1993.

Representative Weiler: Could you get the last 3 or 5 years of each budget or some type of number along those lines so we can see a trend?

Mark Johnson: We as an Association independently pay an individual to be a State auditor to audit the odds of the Counties. We are unfortunate in terms of being able to go back any farther right now than 2005 because we don't have an audit on 2006. I can try to get that information for you. It's in their total dollars expended.

Rebecca Albers, Mandan Resident: I am here to state that I support the upper tool on our taxes as a resident of Mandan we're feeling the increase for high residential taxes. In 2008 our two year taxes will be less and my property taxes will surpass my monthly mortgage payment. Our property taxes are too high. I urge you to support the effort to lower our taxes.

Larry Severson, Farmer from Mayville, Tax Assessor of Roseville Township, and District

Director of the North Dakota Township Officers Association: I represent 6,000 Township Officers that serve 1,100 Townships. We support the efforts of this Bill. We are looking at the

amendments and we question the cap and this application to the Townships. The Township budget is determined each year by a vote of the people at our annual meeting. With that I ask you to support this Bill and carefully look at the amendments.

Dan Wogsland, Executive Director of the North Dakota Grain Growers Association:

Obviously Agriculture's very interested in this and we support your efforts. We all look forward to working with your committee as well as with the legislature to put together a package that we can all live with.

Connie Sprynczynatyk, ND League of Cities: I know that the amendments that have been talked about, even though I haven't seen them, are probably going to be troublesome for City budgets where property tax isn't in the general fund and the general funds are used for policing, fire and emergency communications, in some cases, roads and streets. And so some of those essential services, if these amendments impact the provision of the essential services, I suspect there will be concern from the Cities. We are supportive of the original proposal and will be happy to take an in depth look at the amendments.

Chairman Belter: Is there any other testimony in support? Opposition? Neutral?

Bev Nielson, North Dakota School Boards Association: I did want to get up in favor of the Bill, but then when the amendments came up, unfortunately, I couldn't. **(See attachment #6)**

Representative Weiler: I'd like to go back to the mandated minimum teachers salaries that you said are unfunded. We fully funded those and you supported them when they were up two sessions ago... Of all of the school boards, this 3% cap, how many school boards will that affect?

Bev Nielson: According to what? Do you want to know how many are at the cap? John Walstad said it will affect everybody that there wasn't a provision. For those who are at the

cap, I'm going to say about 30%, but I can't be sure. DPI keeps all of those records and we don't do that in manipulation, like they do at DPI.

Representative Weiler: This Bill without the amendments, as I understand it, doesn't affect education funding. It's all about property tax revenues, correct?

Bev Nielson: That's absolutely correct, but the point that we were making was that we believe that the funds really are sustainable. That perhaps the better way to reach the percentage problem would be to push some of these funds into K-12 formula as opposed to giving it back.

Representative Weiler: How much is enough?

Bev Nielson: We've paid a quarter of a million dollars to do an adequacy study in the State of ND and they have done the majority of the adequacy studies for the court cases across the country. They said to provide with the Federal and State government requiring of local schools, yet we were 200 million dollars a year short. That's 400 million dollars a biennium. We've never supported the State mandating minimum salary.

Representative Headland: So we can fully understand what we're looking at with these caps, would it be possible that you provide the committee on per district basis for every school district, how much State aid that 's been received over the last five years?

Bev Nielson: I personally can't get that information, DPI has it.

Representative Pinkerton: You probably haven't seen this chart. It shows property taxes and inflation. If we were to get where the chart line was of the State funding, how do you think that would fit in there?

Bev Nielson: I know that you could get that from DPI. They also have information about the cost of education and the amount of State funding and how much has been picked up by the locals.

Chairman Belter: We can get that information. Are there any other questions? We will close the hearing.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1051

House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: February 1, 2007

Recorder Job Number: 2666

Committee Clerk Signature

Mickie Schmiel

Minutes:

Chairman Belter opened the hearing on HB 1051 and had the clerk read the roll; everyone was present except Rep. Grande. The Chairman handed out some amendments and asked John Walstad from Legislative Counsel to walk the committee through the amendments.

John Walstad, Legislative Counsel: I am not here to support or oppose the amendments, just providing my public service information. There are number of points covered by the amendments. The first section on the first page of the amendments, section 1, brings a new thing into 1051 and it is a homestead credit adjustment. The Homestead Credit is available for property owners, renters, mobile home owners, sixty-five or older or permanently and totally disabled; if their incomes are within the ranges provided by statute. The income ranges in statute begin on page 1, at the bottom. You can see the lowest income bracket amount in current law runs up to \$8,500. This amendment would increase that to \$10,000. On page 2, the current high end income to qualify for the HC is \$14,500 and this amendment would increase that amount to \$17,500. Those income adjustments don't sound like a lot, but the estimated effect of this is to increase the current cost of the HC to the State from about 4.5 million dollars a biennium to about 8.1 million dollars a biennium, so it is a significant fiscal affect. On page 4, the limitation on property tax levies by taxing districts. We already have a

number of kinds of limitations on property tax levies under current law. Under those provisions there are three situations that a Political Sub. might be in. One is the authority to levy up to a certain number of mills for general fund or special fund purposes, and there are all kinds of those in law. Under any of those, if the sub division is levying below that number of mills under current law, that sub division can, without approval from voters or anything else, kick that levy from wherever they are up to that statutory maximum, even if it's a 100% increase. The other possibility is for school districts. The statutory mill levy limit is 185 mills. Get the school district to levy below 185 mills, the current law says they can raise their levy in dollars by 18% from the previous year until they hit that 185 mills. So they've got a limit but it's 18% a year. The other ones, there was no limit till they hit the cap. The other situation that exists is for sub divisions that have capped out. For whatever reason above those mill levy numbers otherwise provided by law 57-15-01.1 allows them to levy the same amount in dollars as the highest of the previous three tax years and that is their benchmark for what their levy is. Within that there are some adjustments made to reflect property that comes on or goes off the tax rolls. There's an exception for bonded indebtedness, new levies approved by the voters or by the legislatures. Under those three scenarios, a sub division might be capped out at no more tax levy increase authority, might have an 18% increase authority, but the school district might have a substantial increase authority if it has been able to keep it's levy below the statutory mill levy limits. This section would lie above and over the top of all of those kinds of provisions. This says not with a standing that a taxing district may have some unused levy authority anywhere else in law. That taxing district can't increase its property tax levy by more than 3-1/2% over the previous year's amount in dollars. Then there are some exceptions. The same kind of adjustments that exists in 57-15-01.1 for improvements to property, this is commonly called growth, growth in a tax base, property tax exemptions that existed in a previous year but

now the property is taxable and adjustment is allowed for that so there's more property tax can be levied against that property. There's an adjustment for property that was taxable but has become exempt now and an adjustment has to be made downward. Temporary mill levy increases have now expired, there has to be an adjustment made for that. There's a mistake here, and that's sub division three. It says 3%; it should say 3-1/2% on page 4.

Representative Weiler: At the top of page 4, number 1. Is that each individual home or is that as a whole basically the dollars that they took in for property taxes can't exceed more than 3-1/2%?

John Walstad: It's the whole kit and caboodle levied by the taxing district.

Representative Weiler: Is there a provision in here? We had Rep. Koppelman in here the other day and one of his concerns is if you get a new development in town where 30 new houses went up, that's going to greatly increase the property taxes that you take in. Where is that? Is that sub A?

John Walstad: Yes that's that sub A.

Representative Weiler: It says when improvements to property have been made which were not taxable, that's improvements. I'm talking about brand new subdivisions.

John Walstad: You mean the land that was not within the City that's been annexed in?

Representative Weiler: I'm talking about new houses that go up.

John Walstad: Those are improvements.

Representative Weiler: Those are considered improvements? Ok.

John Walstad: Now that you mention it; that does not deal with annexation if property is annexed into a City. There wouldn't be an adjustment here, and there probably should be.

Looking at subsection 2, these are exceptions. This 3-1/2% cap will now apply in the case of newer increased levies authorized by State law, that is, if something is enacted by the

Legislature saying you can levy 2 mills or whatever, that will be an add on, it won't be subject to this cap.

The second thing is irrepealable taxes to pay bonded indebtedness, we have to allow property taxes to cough up the money necessary to pay off bonds or nobody will write bonds in this State. It's also required by the Constitution.

The third thing is the County or City emergency fund levy. Under current law, Counties and Cities have authority to levy its 2 mill levy for Counties and 2-1/2 mill for Cities with a maximum that can be held in a fund for emergencies of 5 mills in both Counties and Cities. That emergency fund is available for snow removal, unanticipated kinds of expenditures and things like that. That levy is limited by law, 2 mills and a 5 mill balance, but 3-1/2% limit on the increase from last year would not apply to that levy for the City and the County. The Governors office had some concerns about that ability to deal with emergencies. That levy is accepted but its still subject to the 2 mill or 2-1/2 mill limit per year and a 5 mill balance.

In subsection 3 the mill rate for property that wasn't taxable can't be subjected to a higher mill rate than property that was taxable.

Subsection 4; the limitation here is this limit on property tax levies can't be superseded by City or County Home Rule but, it can be suspended within a taxing district by a majority vote of electors voting on question at a regular or special election. So Home Rule can't supersede it, but any taxing district can present the question to their voters, will you let us live without this limitation and if the majority of the voters approve it, this limitation doesn't apply and there's no sunset on this, so whatever the voters are willing to approve, a permanent suspension, that's what will happen.

Vice Chairman Drovdal: It was brought up that annexations are covered; if you went into A in subsection 1; and put the word "annexation and/or" right before improvements so it reads

