

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2033

2007 SENATE FINANCE AND TAXATION

SB 2033

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2033**

Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 17, 2007

Recorder Job Number: 1324

Committee Clerk Signature



Minutes:

Sen. Urlacher called the committee to order and opened the hearing on SB 2033.

John Walstad: from Legislative Council appeared to explain the bill as he served on the Interim Committee. In looking at this, I advised the committee that going away from a mills based property tax system would take a bill about that thick because we'd have to change hundreds of sections of code and restructure how properties determine or values are determined that whatever your going to use instead of mills would be applied against. The bill before you amends the section of law that relates to what has to be contained on your tax statement now.

Sen. Anderson: there are some county auditors that are sending out information showing how much is going to each one of the taxing district.

Answer: yes, some of them provide very good information.

Sen. Anderson: has the Assoc. of Counties looked into this and agree with it?

Answer: I can't speak for them but they were involved.

Marcy Dickerson: Tax Dept. Personally wonder how important it is to put the dollars and taxes per \$1000 of true and full valuation of the property. On my Burleigh County tax bill breaks down the taxes by taxing district on my property, I don't know if I really care how much

it is per thousand in value because I know what it is on my property and that's what I'm looking at. It wouldn't hurt to have it there but I don't know why that would be necessary, but that's just my personal opinion as a tax payer.

Terry Traynor: Association of Counties appeared in opposition with written testimony. (See attached)

Sen. Cook: Do all the counties have a web page? No

Sen. Cook: somebody certainly thought we had a need to address this issue, whatever that need that was perceived is, do you suppose it could be met if this information that they are trying to get at would be posted on the web?

Answer: Not everybody has web access.

Sen. Urlacher: why wouldn't we build in some consistency in doing it? Not all counties do it?

No.

Sen. Oehlke: I don't see the difference between mils and dollars anyway, you pay it, don't you? Real property vs. real estate. Real property or real estate property is like land and permanent fixtures built on land, property tax could be a tax on any kind of property from a car to a mobile home to whatever. That's the difference you're looking for.

Answer: that's exactly right

Sen. Triplett: If we deleted the last piece, would that alleviate your concern but still provide some of the continuity across the state?

Answer: that certainly would be a much more acceptable solution. Assuming this is going to become effective August 1st, we would also appreciate changing the dates of December 31, 07 for taxing years, give us 18 months to implement it instead of 5.

Sandy Clark: of NDFB stating they would oppose the bill probably more on principal in that we view this is an unfounded mandate. No need for uniformity.

Claus Lembke: for the ND Assoc. of Realtors stating they didn't take a position for or against it but we thought that it probably wouldn't really be necessary because so many counties are doing it and gave a hand out on property in McLean County. (See attached)

Sen. Triplett: made a motion for DO NOT PASS, seconded by Sen. Oehlke.

Sen. Horne: I guess the issue is then how strong is the goal for consistency county by county? And if that's the goal then we might want to make some of those amendments to achieve consistency if that's what we want.

Sen. Anderson: who asked for this and is it a problem, if not a problem couldn't a suggestion to the Association of Counties be to try to get kind of a uniform thing.

Sen. Oehlke: Don't you recommend certain packages or have them on the same wave length?

Terry Traynor: we have tried for about 15 years to move towards one package and it's been difficult. Doesn't meet the needs of larger counties, so the size of the counties makes it difficult to move onto one package. Makes it difficult so we're struggling.

Sen. Tollefson: how important is this thing called consistency? Your recommending a DNP so apparently you don't think it's a good deal.

Terry Traynor: the county commissioners that serve on our legislative committee feel that its always a hard line to draw, as some point they feel that there should be administrative flexibility to let the counties decide how they best do that.

Sen. Cook: I think it would be wise for us before we put a DNP on here if that is going to be the will of the committee to at least make some amendments to this bill so that its in as good as shape as possible just in case the DNP fails. I'm suggesting the date of 2007 we make the

change of the real estate or property put it back to real estate and probably take out that last sentence in there.

Sen. Anderson: I'd like to offer a motion to lay the motion of DNP pass on the table so that we can discuss amendments first. Sen. Horne seconded the motion. Voice vote: 7-0-0
Motion carried.

Sen. Anderson: made a motion to amend the bill on line 20 between each and taxing was to put in major and then on line 21 there would be a period after property and the rest of that underlined would be eliminated. Sen. Cook seconded it. Voice vote: 7-0-0. Motion carried.

Sen. Cook: made a motion to amend the changes to strike the overstrike over real estate and remove the underline under properties so it says as it was originally, mail a real estate tax statement and then we also change the effective date to instead of 2006 to 2007, seconded by **Sen. Triplett**. Voice vote: 7-0-0, motion carried.

Sen. Anderson: made a motion to take the original motion off the table so we can vote on that. Sen. Horne seconded. Voice vote: 7-0-0 Motion carried.

Sen. Triplett: made a Motion for **DO NOT PASS as Amended**, seconded by Sen. Tollefson. 4-3-0. Sen. Triplett will carry the bill.

Sen. Anderson: I don't think it's a big problem and I think it can be worked out by the counties themselves.

Sen. Urlacher: I hope it would send the message to work it out.

FISCAL NOTE STATEMENT

Senate Bill or Resolution No. 2033

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

REPORT OF STANDING COMMITTEE

SB 2033: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO NOT PASS (4 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). SB 2033 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "property" with "real estate"

Page 1, line 7, remove the overstrike over "~~real estate~~" and remove "property"

Page 1, line 8, replace "property" with "real estate"

Page 1, line 9, remove the overstrike over "~~real estate~~" and remove "property"

Page 1, line 18, replace "property" with "real estate"

Page 1, line 20, after "each" insert "major"

Page 1, line 21, remove "and taxes expressed in dollars of taxes per one thousand dollars of true and full"

Page 1, line 22, remove "valuation of the property"

Page 2, line 2, replace "2006" with "2007"

Renumber accordingly

2007 TESTIMONY

SB 2033

**Testimony To The
SENATE FINANCE & TAXATION COMMITTEE
Prepared June 1, 2006 by the
North Dakota Association of Counties
Terry Traynor – Assistant Director**

REGARDING SENATE BILL 2033

Thank you Chairman Urlacher and members of the Committee for the opportunity to present the counties' position on SB2033, increasing the specific requirements for property tax statements.

This legislation mandates that counties include on their tax billing, or on an accompanying document, two series of numbers. It also clarifies the "valuation figure" to be included, however that is currently mandated by law.

The two series of numbers are:

- 1) the taxes expressed in dollars by each taxing district, and
- 2) taxes expressed in dollars per one thousand of true and full value for each taxing district

When this legislation was first proposed, a survey was conducted of the counties to assess the status of property tax statements. 38 counties responded, indicating that there are six primary tax software systems currently in use. Only two counties have software that is locally owned, the rest purchase from private vendors; although several counties have contracted to have the vendor software modified for local needs. Of the respondents, 87 percent (33 counties) already provide a breakdown of the total tax by "major" taxing district. No county reported that they provide the second series of numbers mandated by this legislation.

The difference between the proposed requirement of "each" taxing district and what the individual county (or their software vendor) has included as "major" districts, was noted as a concern. Over time, the Legislature has allowed for the creation of a fairly large number of individual units of government. Rural fire districts, rural ambulance, rural EMS, recreational service, soil conservation, Garrison Diversion, Southwest Water, and the State Medical Center are some of those that have distinct taxing authority from the major units of government such as counties, cities, city parks, schools, and townships. There are however an even larger number of sub-units that are not always taxing the same area as the county; such as, water districts, joint water districts, job development, weed control, library, tax increment, airport authorities vector control, hospital districts and others. The bill seems to suggest that counties become exhaustive in their detail on the statement.

It is understood that the second series of numbers is simply a mathematical computation of the true and full value and the first series of numbers. When asked about the proposed legislation, the counties felt that adding the new information would impact their county in three ways; more printing, more postage, and additional programming. For some, it may also require more staff time. The counties are cognizant of the fact that any "property tax relief" legislation will also likely involve significant programming.

I have attached two fairly common "types" of tax statements – keeping in mind that each county may be slightly different. About half of the counties use a multiple parcel format, which combines tax data for up to seven parcels on a single sheet (side 2 of attachment) – a cost saving feature for counties and a practice that has proven to increase the accuracy of payment. 85% of those responding indicated that they use a statement format that provides a "tear-off" portion to return with payment – eliminating a second copy of the statement (another paper/postage saving feature). Most "multiple-parcel" statements also include the "tear-off" feature.

Counties agree with the goal of providing taxpayers with the most understandable statement possible, but fear that adding much more to an already fairly complex assortment of figures may be moving away from that goal. Those officials using the "multiple-parcel" format are also concerned about the possibility that adding more information may force a return to the more costly "single-parcel" format – or the addition of a separate sheet that will involve staff time for collation and additional postage.

It must be kept in mind that the detailed breakdown will be different for each combination of the various taxing districts a particular parcel may fall into. A single taxpayer often has parcels in several water districts, school districts, fire districts and others – so adding a single separate sheet for all taxpayers wouldn't meet the letter of the law. The data would have to come out with the particular parcel information. This means programming by at least six private vendors and two counties in-house.

Should a county's taxpayers demand this sort of information, surely the county would respond – so counties feel a mandate is unnecessary. Frankly, what citizens are demanding right now is the ability to see their tax information online, and to be able to pay their taxes electronically. That is the present focus of most counties. In the past two years we have gone from a handful of counties with tax payment "on the web" to over 50%.

Counties don't believe a State mandate in this area is a wise use of county resources, and would urge a "do not pass" recommendation for SB2033.

** REAL PROPERTY TAX STATEMENT FOR YEAR 2005 **

DOROTHY I ROBINSON
101 DAKOTA STREET WEST #1
CAVALIER ND 58220-4100

RECEIPT # 9458
DELO TAX

Parcel Number
27-0010000

Legal Description
SECT-03 TWP-161 RANG-054
PT SW 1\4 NW 1\4 6.92 AC
CITY OF CAVALIER

TP# 72230

OWNER
P O BOX 65
CAVALIER ND 58220-0655

	2005	2004
TRUE AND FULL VALUE.....	186,788	166,188
TAXABLE VALU.....	8,378	8,378
HOMESTRAD CREDIT VALUE...		
NET TAXABLE VALOR.....	8,378	8,378

ENTITY	MILL RATE	2005	2004
STATE MEDICAL CENTER	1.000	8.38	8.39
PEMBINA COUNTY	95.660	801.44	831.94
CAVALIER CITY	102.980	862.77	782.92
CAVALIER SCHOOL	202.000	1,692.36	1,615.36
CNID	1.000	8.38	8.38

PENALTY ON 1ST INSTALLMENT & SPECIALS	
MARCH 2.....	3%
MAY 1.....	6%
JULY 1.....	5%
OCTOBER 16.....	12%
PENALTY ON 2ND INSTALLMENT	
OCTOBER 16.....	6%

TOTAL 402.640 3,373.33

TOTAL CONSOLIDATED TAX 3,373.33
SPECIAL ASSESSMENTS

TOTAL TAX AND SPECIALS 3,373.33 (IF PAID IN TWO INSTALLMENTS)

DISCOUNT 168.66	1st HALF DUE BY MAR 01 2006.....	1,686.67
NET TAX DUE BY FEB 15 3,204.67	2nd HALF DUE BY OCT 13 2006.....	1,686.66

PLEASE RETURN BOTTOM PORTION WITH PAYMENT TO PEMBINA COUNTY TREASURERS OFFICE - RETAIN TOP PORTION FOR YOUR RECORDS

Parcel Number
27-0010000

Legal Description
SECT-03 TWP-161 RANG-054
PT SW 1\4 NW 1\4 6.92 AC
CITY OF CAVALIER

Receipt # 9458

TP# 72230

OWNER
P O BOX 65
CAVALIER ND 58220-0655

MONSON COUNTY TREASURER
) BOX 204
) NEWAUKAN ND 58351
) 1-473-5458 FAX 701-473-5571
) PAY ON -LINE: WWW.N
) W.M. ASURES.COM
) STU P PORTION WITH CHECK
) RECEIVED MAILED UPON REQUEST

ALL TAXES BECOME DUE ON JANUARY 1st AND DELINQUENT MARCH 2nd.
 5% DISCOUNT ON CONSOLIDATED REAL ESTATE TAXES IF TOTAL TAX IS PAID IN FULL ON OR BEFORE FEBRUARY 15th.
 FIRST PAYMENT CONSISTS OF ONE-HALF OF THE CONSOLIDATED TAX AND THE FULL AMOUNT OF THE YEARLY INSTALLMENT OF SPECIAL ASSESSMENTS. IF FIRST PAYMENT IS NOT PAID ON OR BEFORE MARCH 1st, USE THIS SCHEDULE:
 MARCH 2nd.....3 PERCENT PENALTY
 MAY 1st.....6 PERCENT PENALTY
 JULY 1st.....9 PERCENT PENALTY
 OCTOBER 15th.....12 PERCENT PENALTY (TO JANUARY 1st)
 SECOND PAYMENT CONSISTS OF THE REMAINING ONE-HALF OF THE CONSOLIDATED TAX. IF SECOND PAYMENT IS NOT PAID ON OR BEFORE OCTOBER 15th, PENALTY IS 6% TO JANUARY 1st. SIMPLE INTEREST AT 12% PER ANNUM WILL BEGIN AFTER JANUARY 1st. NDCC

TRUE AND FULL VALUE MEANS THE VALUE DETERMINED BY CONSIDERING THE EARNINGS OR PRODUCTIVE CAPACITY, IF ANY, THE MARKET VALUE, IF ANY, AND ALL OTHER FACTORS THAT AFFECT THE ACTUAL VALUE OF THE PROPERTY TO BE ASSESSED. THIS SHALL INCLUDE, FOR PURPOSES OF ARRIVING AT THE TRUE AND FULL VALUE OF PROPERTY USED FOR AGRICULTURAL PURPOSES, FARM RENTALS, SOIL CAPACITY, SOIL PRODUCTIVITY, AND SOILS ANALYSIS. NDCC 57-02-01.15.

OWNER NAME

468 HWY 19
 ADDOCK ND 58348-9509

2,606.08 TAX DOLLAR SHARE

PARCEL #C1 0000 00068 000 00001651 EL MF5 ELDON TOWNSHIP
 15-153-68 NW4
 RES 160.00 MILLS 330.75 SECOND HALF 313.38
 & F VALUE 37,902 CONSOLIDATED 626.77 TOTAL 626.77
 ASSESSED VALUE 18,951 SPECIALS ETC 5% DISCOUNT 31.34
 TAXABLE VALUE 1,895 FIRST HALF 313.39 PAID BY FEB 15 595.43

PARCEL #J1 0000 00086 000 00001671 EL MF5 ELDON TOWNSHIP
 18-153-68 W2SE4 (LESS RW 2.03A)
 PRIOR YRS ALSO DUE
 RES 77.97 MILLS 330.75 SECOND HALF 184.72
 & F VALUE 22,336 CONSOLIDATED 369.45 TOTAL 369.45
 ASSESSED VALUE 11,168 SPECIALS ETC 5% DISCOUNT 18.47
 TAXABLE VALUE 1,117 FIRST HALF 184.73 PAID BY FEB 15 350.98

PARCEL #01 0000 00090 000 00001677 EL MF5 ELDON TOWNSHIP
 19-153-68 NE4 (LESS RW 4.01A)
 PRIOR YRS ALSO DUE
 RES 155.99 MILLS 330.75 SECOND HALF 516.30
 & F VALUE 65,300 CONSOLIDATED 1,032.60 TOTAL 1,032.60
 ASSESSED VALUE 32,650 SPECIALS ETC 5% DISCOUNT 51.63
 TAXABLE VALUE 3,122 FIRST HALF 516.30 PAID BY FEB 15 980.97

PARCEL #01 0000 00091 000 00001678 EL MF5 ELDON TOWNSHIP
 20-153-68 NW4 (LESS RW 4.01A)
 PRIOR YRS ALSO DUE
 RES 155.99 MILLS 330.75 SECOND HALF 269.06
 & F VALUE 32,540 CONSOLIDATED 538.13 TOTAL 538.13
 ASSESSED VALUE 16,270 SPECIALS ETC 5% DISCOUNT 26.91
 TAXABLE VALUE 1,627 FIRST HALF 269.07 PAID BY FEB 15 511.22

PARCEL #01 0000 00088 006 00067604 EL MF5 ELDON TOWNSHIP
 19-153-68 N 790' OF LOT 3 & OF NE4SW4
 RES 47.31 MILLS 330.75 SECOND HALF 88.14
 & F VALUE 10,650 CONSOLIDATED 176.29 TOTAL 176.29
 ASSESSED VALUE 5,325 SPECIALS ETC 5% DISCOUNT 8.81
 TAXABLE VALUE 533 FIRST HALF 88.15 PAID BY FEB 15 167.48

From the Office of County Auditor
McLean County, ND
Washburn, North Dakota 58577

Dear McLean County Taxpayer:

12/8/2006

The 2006 tax statements are enclosed. The tax statement has a tear off portion to be mailed back with your payment and a top portion that you keep. We would request that you send in the bottom portion with your payment. The top portion and your canceled check will be your receipt. There will no longer be a separate receipt mailed back. You still have the option of paying in full by February 15th to get the 5% discount; paying the first installment by March 1st and the second installment by October 15th or making part payments until paid in full. We will return the bottom portion to you for the next payment if you are making partial payments. There is important penalty information on the back of the statement.

Although the auditor's office and the treasurer's office have been combined into one office as of September 1, 2005, please continue to make your checks out to the McLean County Treasurer's office. Also address your letters to the McLean County Treasurer's office, PO Box 1108, Washburn ND 58577-1108. If you should have questions on your tax statement, please call the McLean County Treasurer's office at 701-462-8541.

We are again offering the ability this year for the payment of taxes over the internet by credit card or by e-check. You can go to www.ndtreasurers.com, click on Mc Lean County and then click on search to pay. You can then search by name, parcel number or statement number. The amount due will be shown for each parcel. You can pay by Visa, MasterCard, American Express, Discover Card or by e-check. The service is provided through mylocalgov.com and Official Payment Corp. There is a convenience fee charged by Official Payments Corp.

The option of paying by credit card (Visa, MasterCard, American Express and Discover) through Official Payments Corp. by phone is still available. The phone number is 1-800-272-9829. You will need to have the full 8 digit statement number and use Code 4401 when asked for the County Code. There is a fee charged by Official Payment Corp. for this service.

If there has been a prepaid tax amount paid on the property (in the case of a sale), a receipt will be enclosed and any remaining balance will be marked on your statement.

Sincerely,

Les Korgel
Mc Lean County Auditor/Treasurer

Where Do We Stand?

McLean County ranks Number Two in North Dakota in having the lowest consolidated tax levy in 2005.*

Listed below are the five counties with the lowest 2005 consolidated county levies and as a comparison, the five counties with the highest levies.

Lowest Consolidated Mill Rates **

1st - McKenzie County - 61.81 Mills 2nd - McLean County - 62.86 mills
3rd - Bowman County - 65.75 Mills 4th - Cass County - 71.35 Mills
5th - Slope County - 83.55 Mills

Highest Consolidated Mill Rates

53rd - Eddy County - 180.75 Mills 52nd - Adams County - 178.56 Mills
51st - Morton County 173.28 Mills 50th - Sioux County - 159.04 Mills
49th - Stark County - 149.30 Mills

*Mill levy information from the North Dakota Tax Department "2005 Property Tax Statistical Report- North Dakota."

The 2005 annual report is the latest available, published June, 2006

** Includes Unorganized Township Levies which are not always levied county-wide.

WHERE YOUR 2006 TAX DOLLAR GOES!

School Districts - 65.32 cents	County - 14.14 cents (See Distribution Below)
Cities - 5.85 cents	Special Districts - 5.44 cents (See Distribution Below)
Townships - 1.77 cents	Unorganized Townships - 2.11 cents
City Parks - 1.84 cents	Fire Districts - 1.71 cents
Ambulance Districts - 1.45 cents	State Tax - 0.37 cents
TOTAL \$1.00	

2006 County Tax Dollar Distribution (A)

County General Fund - 34.4%	Social Service Fund - 36.1%
Farm-To-Market Road Fund - 27.3%	Road and Bridge Fund - 0.70%
Human Services Fund - 1.5%	
TOTAL 100.00 %	

2006 Special Districts Tax Dollar Distribution (B)

First District Health Unit - 20.9%	Regional Library - 23.9 %
Weed Control Board - 15.4%	Senior Citizens - 11.9%
Garrison Diversion - 6.0%	Water Management - 2.8%
Soil Conservation Districts - 14.6%	Historical Society 1.5%
County Fair - 3.0%	

TOTAL 100.00 %

(A) Distribution Breakdown of each dollar collected in county taxes.

(B) Distribution Breakdown of Each Dollar collected in special district taxes.