

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2328

2007 SENATE POLITICAL SUBDIVISIONS

SB 2328

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2328**

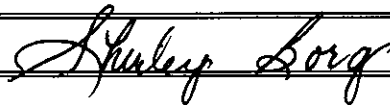
Senate Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: **February 2, 2007**

Recorder Job Number: **2712 & 2714**

Committee Clerk Signature



Minutes:

Chairman Cook called the Senate Political Subdivisions Committee to order. All members (5) were present.

Chairman Cook opened the hearing on SB 2328 relating to home rule city authority to impose income taxes.

Senator Fiebiger, District 45, Fargo, ND, introduced SB 2328. (See attachment #1A)

Senator Fiebiger passed out testimony by Kent Costner (attachment #2) for a Do Pass.

Gene P. Johnson, Retired Lawyer, Fargo, ND testified in support of SB 2328. (See attachment #3)

Senator Hacker: this program would have a fiscal impact on the state. Did you talk to the tax department about this situation?

Gene Johnson: I think there would be a very small impact on the tax department.

Connie Sprynczynatyk, North Dakota League of Cities, delivered testimony from the Fargo City Commission. (See attachment #4)

No further testimony in favor, opposed or neutral on SB 2328.

Chairman Cook closed the hearing on SB 2328

Senator Hacker moved Do Not Pass on SB 2328

Senator Warner seconded the motion

Discussion:

Roll call vote: Yes 5 No 0 Absent 0

Carrier: **Senator Olafson**

Date: 2-2-07
Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2328

Senate Political Subdivisions Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Senator Hacker Seconded By Senator Warner

Senators	Yes	No	Senators	Yes	No
Senator Dwight Cook, Chairman	X		Senator Arden C. Anderson	X	
Senator Curtis Olafson, ViceChair	X		Senator John M. Warner	X	
Senator Nicholas P. Hacker	X				

Total Yes 5 No 0

Absent 0

Floor Assignment Senator Olafson

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

REPORT OF STANDING COMMITTEE

SB 2328: Political Subdivisions Committee (Sen. Cook, Chairman) recommends DO NOT PASS (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2328 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

SB 2328

Senate Bill 2328

Mr. Chairman, members of the Senate Political Subdivisions Committee, my name is Tom Fiebiger, Senator, District 45, Fargo. I come to you today on behalf of residents of Fargo and other home rule cities in North Dakota requesting a "Do Pass" on Senate Bill 2328.

Senate Bill 2328 amends Subsection 2 of section 40-05.1-06 of the North Dakota Century Code by eliminating the last sentence that currently provides home rule authority does not include the authority to impose income taxes.

The bill would provide home rule cities with a tangible vehicle to use to address property tax issues. Many of our citizens on fixed incomes are struggling to pay their property taxes and stay in their homes. This bill would permit, not require, home rule cities to impose an income tax to try and more fairly distribute this burden. It seems to me that imposing a tax upon our citizens based on their income is simply the fairest way to operate. The cities would have the local authority and responsibility for creatively implementing such a tax – if they elected to proceed that way. Let's give the cities this tool.

Mr. Chairman, Members of the Political Subdivisions Committee, I ask that you give Senate Bill 2328 a "Do Pass."

1 **City of Fargo – Testimony on SB 2328**

2
3

4 Honorable Chairman Cook, and members of the Senate Political Subdivision Committee,
5 the Fargo City Commission voted in support of SB 2328 at it's last legislative review
6 meeting on Monday, January 29, 2007.

7

8 A significant number of bills have been presented relating to property tax reduction and
9 reform in this session. During our testimony on other bills, HB 1449 and HB 1276, it is
10 apparent that financial needs of communities vary considerably, from one jurisdiction to
11 another, as governed by their locally adopted Home Rule Charters and voter support of
12 local issues.

13

14 We are supportive of efforts to control rising property taxes, and have taken steps in our
15 2007 budget to help in this effort, however, we are very concerned about restraining a
16 major revenue source and the negative fiscal impact this will have on North Dakota
17 Cities, and have consistently testified that taxes should not be restrained without some
18 level of revenue relief from other sources for Cities.

19

20 A locally imposed income tax would diversity^f our revenue streams, and would assist in
21 allowing property tax reform and reduction to occur legislatively, or locally, without
22 imposing undue negative pressure on communities that have extraordinary needs.

23

24 Fargo has a long track record of consistent growth in population served and a substantial
25 increase in the physical size of our City over the past ten years. In previous testimony,

26 the City of Fargo has grown in size by 50%, 48% in paved street lane miles, and 20% in
27 population. Growth trends are predicted to continue well into the future. Strength in our
28 local economy is imperative and our services help to facilitate a healthy and growing
29 City.

30

31 The ability of a Home Rule Charter City to enact a local income tax would provide
32 another financing tool for voters to consider, which would help to sustain resources levels
33 for growing communities.

34

35 The Fargo City Commission would encourage a DO PASS recommendation on SB 2328.

Attachment # 26

Gene P. Johnson

Good morning.

As a resident of Fargo I felt this bill warranted my time and expense of driving out here today to testify in support of it.

My purpose is to help replace some real property tax in home rule cities.

It seems to me that when the legislature has created the concept of and established the law of home rule cities that it has confidence in the wisdom of the governing bodies of those cities. It, therefore, seems logical and reasonable to me to allow those cities to choose to utilize the most fair tax there is, the income tax, a tax based on ability to pay, as a tool for partial funding its operations.

The statute I urge be changed is:

NDCC 40-05.1-06. which establishes the powers of home rule cities. It provides that a home rule city has the power, among other things:

2. To control its finances and fiscal affairs; including the power **“to levy and collect taxes, etc.”**

Then it ends with this provision:

“The authority to levy taxes under this subsection does not include authority to impose income taxes.”

I urge you to remove that prohibition.

The prohibition against income tax at the home rule cities seems to have been an afterthought at the end of the statute establishing home rule cities. I respectfully suggest that it was not a well-thought-out afterthought.

If a small income tax could be utilized by home rule cities, such as Fargo, it could reduce the ever-increasing real property taxes.

I was one of the 3 petitioners together with fiscal conservatives, former Gov. Sinner and former Adjutant General MacDonald, last year seeking a change in property taxes in Fargo by the only method that seemed available. As a retired lawyer I worked on that project on and off for a year together a man who sat for two different periods on the Supreme Court of ND here in Bismarck. We found that the best and fairest source of funds, the income tax, was prohibited by statute. That is why we sought the relief for the citizenry that we did in an initiated measure. We almost succeeded with our initiated measure.

Now I urge that the state law be changed in the manner of this bill being heard here today. It would be a very reasonable allowance of the governing bodies of home rule cities to utilize a small income tax which could easily be implemented and could be implemented together with a reduction in property tax. Please allow those elected governing bodies the right to exercise their good discretion in choosing to utilize a small income tax. If they decide not to use an income tax that is a matter that would be in their own discretion.

This is something you can do to partially relieve the very bad real property tax problem. It will not cost the state anything. And it will correct the afterthought that was not thoughtful.

Please vote affirmatively on this bill. Vote for "do pass."

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