

2011 HOUSE FINANCE AND TAXATION

HB 1227

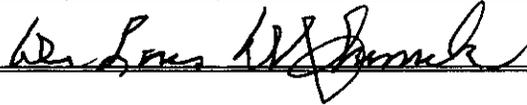
2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1227
February 9, 2011
Job # 14256

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to property tax statement inclusion of information to identify the percentage of property value that is imposed in property taxes; and to provide an effective date.

Minutes:

(Testimony #1)

Chairman Belter: Opened the hearing on HB 1227.

Rep. Headland: This bill is asking to add a couple of lines to the property tax statement one of which would be a percent of the true and full of value of that parcel of property being taxes. The other one is a statement of legislative property tax relief. I think it is important that property tax payers understand what the legislature is doing for them. This past year when I was in paying my property taxes I got in a conversation with the treasurer as to whether she believed people understood how much property tax relief they were getting through the state buy down. She had no idea. To start with what the state has bought down isn't necessarily what is happening for the property tax payer. They aren't necessarily receiving all the property tax relief so in discussions with her we decided that it might be important that people do understand what is going on with our property taxes and with the states buy down. Also maybe what is happening to the taxing districts and who may be increasing their taxes. I asked her how difficult would it be to add this line item? She didn't know so she checked with someone was it wouldn't be difficult at all. The calculations are all made so at some point would be entered so she didn't see it as a problem at all.

Rep. Weiler: Basically you are talking about a statement that says if the true and full value of my house is \$100,000 and my property taxes that I am paying; the total amount of property taxes is \$2000 then it is going to say 2%. It is as simple as that correct?

Rep. Headland: It is as simple as that.

Rep. Weiler: Are you talking about a specific percentage for each entity or just the total?

Rep. Headland: Just the total.

Rep. Weiler: In regards to page 2 of the bill where there is a line identified as legislative property tax relief, can you refresh my memory, there was at one time a couple sessions ago that we passed a bill and there was a statement on the property tax statements that came out that said there was a percentage or an amount due to the legislative. Two years ago we changed it to what it is today. Why is that statement that uses to be on the property tax statement not there anymore? It was in law at one time.

Rep. Headland: I would suggest to the committee and the audiences that it was legislative over site. They just forgot to put it in.

Up. Weiler: The mill levy system although some may say it works and some don't like it is about as difficult to understand as the school funding formula and the oil tax formula. If we can start working towards where people understand percentage and if we go to a system somewhere down the road that says you are paying 2% of your value in property taxes or you are paying 1.5% people understand that. I think this is a great bill.

Rep. Shirley Meyer: Do we really need that kind of credit. Could the reverse be true if the legislature causes your property tax to go up because we have dropping income tax or we are dropping sales tax or anyone of the four legged stool and including oil in that. Should we also have a column that this is the legislative reasons that your taxes have gone up? It looks like we are trying to take credit. Do we have to do that? Most people that pay their taxes are aware of this.

Rep. Headland: Frankly I don't think this has anything to do with legislatures trying to take credit for something. I think this is about property tax payers understanding where their money is going and who is increasing their property taxes and what the legislature is trying to do about it. Frankly I think property taxes are probably one of the most contentious taxes that anybody pays. One may be because you have to write a check for it. Honestly, I cannot understand why we wouldn't want to put the best information we can out to the property tax payer as to what is happening with their taxes and that is the reason for this bill. It has nothing to do with credit.

Rep. Winrich: My experience in my district was somewhat different than yours. When the property taxes came out a couple of years ago after the switch I got calls from several people saying wow you really reduced our property taxes. They noticed right away. I would also submit that Rep. Weiler said that people understand percentage. If they understand the percentage that was printed on the bill I think they probably are perfectly capable of calculating it themselves. It is one of the simplest computations you can do related to property taxes. I think this will cause more work by the auditor's office with very little benefit to the public.

Rep. Headland: Carrington that didn't see any property tax relief and they all wondered why. So it has nothing to do with what this bill is trying to accomplish in ways it does. Their assessor there wasn't properly assessing homes so they took advantage of this position where there was a great buy down and increased them to levels where some people's homes actually had a property tax increase on top of what the state buy down was. People didn't understand that and they went to us as their representatives and asked what happened here. They do now. This is just going to help them more.

Rep. Winrich: There are ways of dealing with assessors who are not doing their jobs properly. I don't see why we should penalize every other county in the state because one place didn't do it right.

Opposition:

Aaron Biarst, Association of Counties: (See Kevin Glut's testimony #1). He could not make it so he asked me to hand this out. It is hard to disagree with Rep. Headland. Getting the voters information is a good thing and we should all try to do that. The primary concern that the auditor's had when we reviewed this is this is one of the few bills that continues to readjust what they should put on their property tax statements and Mr. Glatt provided a couple of examples. Went over the testimony. We think there are advantages already on our property tax statements.

Rep. Shirley Meyer: what does it cost a county every time they have to change the tax statements?

Aaron Biarst: I don't. I will try to get that information for you. I know it is not simple and we have IT computer people who actually create these programs. There is a cost for the IT support.

Rep. Weiler: Why did you use my property for this example? Is there a reason for what? Because we are on this committee?

Aaron Biarst: I have no idea. I didn't even know that was your property.

Rep. Weiler: You mean you randomly picked two and it happened to be two people on this committee? What are the odds?

Aaron Biarst: I did not run this. Kevin Glatt did. I would not have minded my tax statement being on there. The only thing I look at is what I am paying and it is what it is.

Rep. Headland: You mentioned it isn't as simple as typing it in on an excel spreadsheet. We understand that. You mentioned it takes IT staff. Are these people on staff for the county already?

Aaron Biarst: No, we privately contract with them. We have IT people on staff, but that is the break fix kind of stuff. The actually programming for property tax statements we usually contract for most of the counties.

Rep. Headland: So you are in contract with a private contractor; how difficult is it really for this private contractor to add a couple of simple lines on property tax statements

Aaron Biarst: It is hard for me to say this is the worst idea in the world. There are some reasons why it would make sense, but the overriding issue is that this continues to come up session after session. There are costs to continue to change these processes.

Rep. Headland: I would agree that session after session we are dealing with these issues. Why do you think that is? I believe it is because people don't understand why their taxes continue to go up and they would like to have a better knowledge; something simple that is understandable, and that is what this does.

Aaron Biarst: We agree.

Rep. Zaiser: If one were to have this percentage put on the property tax statement, would that indicate the reasons it went up? Perhaps there was a huge flood in Burleigh County and there were all kinds of extra services provided and therefore, additional costs. This doesn't really indicate why the property tax is increased; it just says it was correct.

Aaron Biarst: That is correct. At some point what all should be on there?

Rep. Trottier: I am very thankful what the legislature has done for property tax relief in the last few years. You made a statement earlier that you don't look much at your tax statement; you just see what you have to pay. Would it not be helpful to see what the ND legislature had done if property tax relief was not given?

Aaron Biarst: Obviously in Burleigh County you can look at these examples and you can see that school one is down significantly. I understand why that is and there was a lot of media accounts in the legislature was clear on why that was going down. I look at the bottom line. I do that with my income too.

Rep. Trottier: A lot of people that are making house payment and have an escrow account probably even throw this away when they get it; don't even look at it. With income tax much of it is withheld by their employer so it is not a huge issue either other than you pay or you get back. Property taxes are a real thing once a year.

Aaron Biarst: Same thing with sales tax. On my sales tax receipt when I go out to eat there is nothing there either.

Rep. Weiler: Any idea of what it would cost to add those two lines?

Aaron Biarst: I will get back to you. I will look for that.

Rep. Headland: I want to thank you for your not so opposing opposition.

Neutral: None

Rep. Shirley Meyer: Looking at this property tax; your column on 2010 you would have a column beside that and the dollar amount would be where? Explain to me the percentages and who this bill would work.

Rep. Headland: I don't know but I will check on it.

Rep. Shirley Meyer: On the bill we are reading?

Hearing closed.

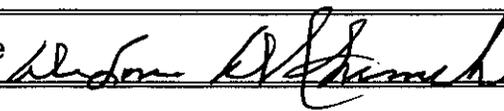
2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1227
February 14, 2011
Job # 14528

Conference Committee

Committee Clerk Signature



Minutes:

Chairman Belter: reopened the hearing on HB 1227.

Do Pass Motion Made By Rep. Grande; Seconded by Rep. Streyle:

Discussion:

Rep. Shirley Meyer: We had asked what the cost would be and the Association of Counties was going to provide that to us on the individual costs to the counties on making changes on the tax statement. Has that been done?

Chairman Belter: It is going to vary from county to county.

Rep. Winrich: I would propose a do pass on this one. We were provided tax statements from Burleigh County; the Grand Forks County Auditor emailed a copy of a tax statement from there. They contain the true and full value. It is already on the tax statement. If you want to know the percentage that the school tax is or park district tax or any particular one it is a very simple calculation. I don't think we need to change the tax form and put it on there.

Vote: 6 Yes 7 No 1 Absent Motion Failed.

Do Not Pass Motion Made by Rep. Winrich: Seconded by Rep. Zaiser:

Vote 7 Yes 7 No Tied

Chairman Belter: We will delay action.

Rep. Shirley Meyer: I would be much more comfortable voting for that if I knew it cost the counties 3.2 million or it cost the counties \$30. I requested information so that is the big factor with me.

Chairman Belter: I think it is hard to determine.

Rep. Headland: I received an email and I don't recall the county but they said they wouldn't even have to take it out of house; their own IT people could deal with it. Another county auditor said he hadn't looked at it, but he didn't think it would be that big of a deal.

Rep. Shirley Meyer: Can you get that information by tomorrow so we can act on it.

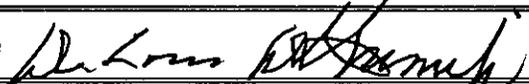
Hearing closed.

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1227
February 15, 2011
Job # 14548

Conference Committee

Committee Clerk Signature 

Minutes:

Chairman Belter: Reopened the hearing on HB 1227.

Do Pass Motion Made by Rep. Headland: Seconded by Rep. Owens

Discussion:

Rep. Froseth: My concern on this was how much it was going to cost the counties to initiate this bill if it passed. Did anyone ever get any figures on that?

Rep. Headland: I did receive an email and I believe there was one auditor that estimated the cost at about \$4500. Another response was although he didn't know what the cost would be; he estimated they could do it within their own IT program. If this bill makes it over to the Senate we are going to find out what those costs are going to be.

Rep. Wrangham: I am still not totally clear what this bill does. Does this bill require that the percentages of increase be on the statement for each entity plus the statement of the amount of release from the state?

Rep. Headland: No it doesn't require a percent of each taxing district. It is the total of what your property tax is as a percent of the total that your property tax bill is. It is one line.

Rep. Winrich: The language that is added on the bottom of page 1 and the top of page 2 appear to do what Rep. Wrangham suggested. It talks about the percentage of the true and full value that the property tax dollars is for taxes levied by the county and school district and city or township against the parcel. Also an item identified as legislative property tax relief. I don't understand Rep. Headland's answer.

Rep. Headland: The intent of the language was clear so I think Mr. Walstad is going to have come down and explain how it doesn't include the line item for each taxing district.

Rep. Wrangham: I am going to try to think through what maybe Mr. Walstad was saying on line 34 he said taxes against the parcel and the percentage that all property taxes levied against the parcel. If he wanted to be clear that it was each of them that all would be that each property tax levy would be in there. I just want to be sure that is the intent.

Rep. Winrich: that clause starts by saying the percentage of true and full value of the parcel that property tax levy in dollars for taxes levied by the county and school district and any city or township that levied taxes against the parcel and the percentage of all property taxes levied against the parcel. It seems to me we are describing several different columns there?

Rep. Headland: I think we need to get John Walstad down here to explain it.

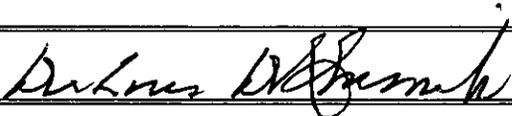
Hearing closed.

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1227
February 15, 2011
Job # 14550

Conference Committee

Committee Clerk Signature 

Minutes:

Chairman Belter: Reopened the hearing on HB 1227. Whether this percentage would have to be included on every line item of a taxing district or whether it is just one percentage figure on the tax statement for the total tax bill.

John Walstad, Legislative Council: I believe that percentage would have to appear for each line item. The city, county and school and then the total. I think the idea was to give taxpayers a good picture of taxing district is getting most of their tax money.

Rep. Headland: That was not my intent. My intent was just to have a single line item that said what the total property tax was and what it is today.

John Walstad: then we need to change it. Should I prepare an amendment accordingly?

Chairman Belter: Yes

Rep. Shirley Meyer: I believe in visiting with my county when you have so many columns then you are going to have to have to redesign your entire tax statement. Then the more lines you create the more paper it is going to take. My concern to start with was the cost of more paper and postage. Every column you add costs you several thousands of dollars.

Rep. Forseth: There is another aspect of this that I don't think we have discussed at all in committee. If you look at some of the testimony and the letters we got from county auditors and the examples of tax statements that came in there was a comment made by at least two of the auditors that there are already so many numbers on that tax statement that some taxpayers find it very confusing. They are not really sure what they need to pay.

Hearing closed.

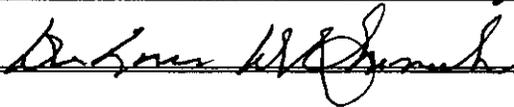
2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1227
February 15, 2011
Job # 14722

Conference Committee

Committee Clerk Signature



Minutes:

Proposed amendment

Chairman Belter: Reopened the hearing on HB 1227.

Rep. Headland: After the miss interpolation about what I wanted to do with the percentage of true and full value I just went with an amendment because I think it is important that legislative property tax amounts should show up on the statements. I asked John Walstad to amend was take out the language with true and full value so there is no questions as to how that is interrupted . We are asking for just legislative property tax relief to appear as it did prior to the legislative oversight where we failed to put it in on property tax relief last session.

Motion made to adopt the amendment .01002 by Rep. Headland; Seconded by Rep. Grande.

Voice vote carried.

Rep. Shirley Meyer: What will that show? Will it show 75 mills and the dollar amount of what each mill is?

Chairman Belter: dollars

Rep. Shirley Meyer: does that have to be specified? Will it just show 75 mills for example? It doesn't say dollars.

Chairman Belter: It says with amount of property tax relief. I would assume amount would mean dollars.

Rep. Headland: could I further amend it after the put dollar between the and amount on line 2 page 2. What does it correct? Motion made to move and further amend and seconded by Rep. Grande on page 2 line 2 after the last the insert dollar.

Discussion:

Rep. Winrich: (not on mike)

Rep. Streyle: On my property tax statement that I have seen in the past it has a mill rate on it. They are not all the same. There are different ones.

Voice vote carried.

Do Pass As Amended Motion Made by Rep. Streyle: Seconded by Rep. Owens

Discussion: None

Vote 13 Yes 0 No 1 Absent Carrier: Rep. Grande

Hearing closed.

Date: 2-14-11
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1227

House Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment

Rerefer to Appropriations Reconsider

Motion Made By Rep. Grande Seconded By Rep. Streyle

| Representatives | Yes | No | Representatives | Yes | No |
|----------------------------|-----|----|------------------|-----|----|
| Chairman Wesley R. Belter | ✓ | | Scot Kelsh | | ✓ |
| Vice Chair. Craig Headland | ✓ | | Shirley Meyer | | ✓ |
| Glen Froseth | | ✓ | Lonny B. Winrich | | ✓ |
| Bette Grande | ✓ | | Steven L. Zaiser | | ✓ |
| Patrick Hatlestad | | ✓ | | | |
| Mark S. Owens | ✓ | | | | |
| Roscoe Streyle | ✓ | | | | |
| Wayne Trottier | ✓ | | | | |
| Dave Weiler | AB | | | | |
| Dwight Wrangham | | ✓ | | | |
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Total (Yes) 6 No 7

Absent 1

Floor Assignment _____

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

MOTION FAILED

Date: 2-14-11
Roll Call Vote # 2

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1027

House Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment

Rerefer to Appropriations Reconsider

Motion Made By Rep. Winrich Seconded By Rep. Zaiser

| Representatives | Yes | No | Representatives | Yes | No |
|----------------------------|-----|----|------------------|-----|----|
| Chairman Wesley R. Belter | | ✓ | Scot Kelsh | ✓ | |
| Vice Chair. Craig Headland | | ✓ | Shirley Meyer | ✓ | |
| Glen Froseth | ✓ | | Lonny B. Winrich | ✓ | |
| Bette Grande | | ✓ | Steven L. Zaiser | ✓ | |
| Patrick Hatlestad | ✓ | | | | |
| Mark S. Owens | | ✓ | | | |
| Roscoe Streyle | | ✓ | | | |
| Wayne Trottier | | ✓ | | | |
| Dave Weiler | | ✓ | | | |
| Dwight Wrangham | ✓ | | | | |
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Total (Yes) 7 No 7

Absent ∅

Floor Assignment _____

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

TIE.

Date: 2-15-11
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1227

House Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment

Rerefer to Appropriations Reconsider

Motion Made By Rep. Headland Seconded By Rep. Owens

| Representatives | Yes | No | Representatives | Yes | No |
|----------------------------|-----|----|------------------|-----|----|
| Chairman Wesley R. Belter | | | Scot Kelsh | | |
| Vice Chair. Craig Headland | | | Shirley Meyer | | |
| Glen Froseth | | | Lonny B. Winrich | | |
| Bette Grande | | | Steven L. Zaiser | | |
| Patrick Hatlestad | | | | | |
| Mark S. Owens | | | | | |
| Roscoe Streyle | | | | | |
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| Dwight Wrangham | | | | | |
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Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1227

Page 1, line 2, remove "percentage of property"

Page 1, line 3, replace "value that is imposed in property taxes" with "amount of property tax relief provided through legislative appropriation"

Page 1, line 20, remove "The tax"

Page 1, remove lines 21 through 24

Page 2, line 1, remove "of the true and full value of the parcel."

Renumber accordingly

Date: 2-15-11
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1227

House Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number . 01002

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
.01002

Rerefer to Appropriations Reconsider w/ further amendments p. 2 line 2 insert "dollar"

Motion Made By Rep. Headland Seconded By Rep. Grande

| Representatives | Yes | No | Representatives | Yes | No |
|----------------------------|-----|----|------------------|-----|----|
| Chairman Wesley R. Belter | | | Scot Kelsh | | |
| Vice Chair. Craig Headland | | | Shirley Meyer | | |
| Glen Froseth | | | Lonny B. Winrich | | |
| Bette Grande | | | Steven L. Zaiser | | |
| Patrick Hatlestad | | | | | |
| Mark S. Owens | | | | | |
| Roscoe Streyle | | | | | |
| Wayne Trottier | | | | | |
| Dave Weiler | | | | | |
| Dwight Wrangham | | | | | |
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Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

VOICE VOTE

MOTION CARRIED.

February 15, 2011

VK
2/15/11

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1227

Page 1, line 2, remove "percentage of property"

Page 1, line 3, replace "value that is imposed in property taxes" with "dollar amount of property tax relief provided through legislative appropriation"

Page 1, line 20, remove "The tax"

Page 1, remove lines 21 through 24

Page 2, line 1, remove "of the true and full value of the parcel."

Page 2, line 2, after the second "the" insert "dollar"

Renumber accordingly

Date: 2-15-11
Roll Call Vote # 2

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1227

House Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Streyle Seconded By Rep. Owens

| Representatives | Yes | No | Representatives | Yes | No |
|----------------------------|-----|----|------------------|-----|----|
| Chairman Wesley R. Belter | ✓ | | Scot Kelsh | ✓ | |
| Vice Chair. Craig Headland | ✓ | | Shirley Meyer | ✓ | |
| Glen Froseth | ✓ | | Lonny B. Winrich | ✓ | |
| Bette Grande | ✓ | | Steven L. Zaiser | ✓ | |
| Patrick Hatlestad | AB | | | | |
| Mark S. Owens | ✓ | | | | |
| Roscoe Streyle | ✓ | | | | |
| Wayne Trottier | ✓ | | | | |
| Dave Weiler | ✓ | | | | |
| Dwight Wrangham | ✓ | | | | |
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Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep. Grande

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

REPORT OF STANDING COMMITTEE

HB 1227: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1227 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "percentage of property"

Page 1, line 3, replace "value that is imposed in property taxes" with "dollar amount of property tax relief provided through legislative appropriation"

Page 1, line 20, remove "The tax"

Page 1, remove lines 21 through 24

Page 2, line 1, remove "of the true and full value of the parcel."

Page 2, line 2, after the second "the" insert "dollar"

Re-number accordingly

2011 SENATE FINANCE AND TAXATION

HB 1227

2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee
Lewis and Clark Room, State Capitol

HB 1227
3/22/2011
Job Number 15795

Conference Committee

A. R. Miller

Explanation or reason for introduction of bill/resolution:

Relating to property tax statement inclusion of information to identify the dollar amount of property tax relief provided through legislative appropriation

Minutes:

Written Testimony Attached

Chairman Cook opened the hearing on HB 1227.

Representative Headland – It's a simple bill that does one thing, it adds a line item on a property tax statement identified as legislative property tax relief and a dollar amount associated with that state buy down on that particular parcel of property. Just to comment, the original bill also had another line item that I would ask that maybe you talk about and that would have added another line that had a percent of taxable value as to what your property is.

Senator Triplett – The piece from the original bill that you are asking us to consider putting back in, isn't that just a really simple math problem that most 3 grade math students should be able to figure out for themselves?

Representative Headland – You probably are correct however I don't think a lot of people take the time to do it and it's just something I thought would be a nice addition to a statement.

Sandy Clark, North Dakota Farm Bureau – We stand in support of this bill. In the last couple of years taxpayers knew they received tax relief but I'm not sure they necessarily knew exactly how much. I think as time goes by and if you have the opportunity to continue this program in coming years the public will begin to take this tax relief for granted. If it's clearly listed on there the taxpayer will know every year what relief they received and know that the legislature gave it to them and not have that easily taken for granted.

Chairman Cook asked for testimony opposed to HB 1227.

Kevin Glatt, Burleigh County Auditor/Treasurer – (See attached testimony A opposed to HB 1227)

Terry Traynor, North Dakota Association of Counties – (See attached testimony B opposed to HB 1227)

Senator Dotzenrod – These changes that we made in getting all this extra information on here, did counties support those changes at the time or where they opposed or do you recall?

Terry Traynor, North Dakota Association of Counties – We were opposed at that time because of the cost.

Chairman Cook asked for neutral testimony for HB 1227. No one came forward.

Chairman Cook closed the hearing on HB 1227.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee
Lewis and Clark Room, State Capitol

HB 1227
3/30/2011
Job Number 16163

Conference Committee

A. Rittmiller

Explanation or reason for introduction of bill/resolution:

Relating to property tax statement inclusion of information to identify the dollar amount of property tax relief provided through legislative appropriation

Minutes:

Committee Work

Chairman Cook opened discussion on HB 1227.

Chairman Cook – I don't know if there is really any problem that this will solve or any great benefit if we pass it. I think it could be more of a nuisance than anything, even though my name is on it.

Senator Triplett – I will move a Do Not Pass.

Seconded by **Senator Oehlke**.

Vice Chairman Miller – I was just wondering if the same purpose could be served if perhaps we required that on the bottom of every tax statement they list the rough percentage of how much is actually collected by the state of North Dakota just to show this is a local tax not a state tax, but we don't have to do that now, someday in the future perhaps.

Chairman Cook – I was a lot more receptive to this concept of putting this on the tax statement back in 2007.

Senator Dotzenrod – I think there is one particular valuable thing that you could accomplish if this were to happen and I don't know if it's worth it or not, but if the state program of buying down property tax mills went away the typical taxpayer will not be able to tell by reading the statement what's going to happen, what will be my tax bill. If a person really wants to know this you can take the mills, you can figure it out, so it's obtainable it's just not quite straight forward.

Chairman Cook – I think with the 3 year history on there, people are able to recognize by looking at the history that their taxes went down.

Senator Triplett – I think this topic has gotten a tremendous amount of publicity in the last few years and the truth is that public education has always been a partnership between state government and local government. The local government has always paid more than half at least in my lifetime as far as I know, and the state government has paid something less and we've had this sort of long standing goal from decades ago to get the state up to the 70% level and we finally accomplished it more or less and I think people understand that there is a balancing and what we did was really just a rebalancing of the state and local partnership. I don't think there are too many people out there who pay any attention to local politics who doesn't understand that public education is a partnership and I can't imagine the newspapers won't throw a line about that into tax discussions along the way and that people will stay apprised of it. I just think the point made by the local folks that they have to field lots and lots of questions from people about what the tax statement actually says as the bottom line that's owed because there are so many different numbers on it now that they can't even make it clear what people should write their checks for. That's pretty convincing to me that we should just let this one go.

Chairman Cook – Ask the clerk to take the roll. (7-0-0)

Carried by **Senator Burckhard**.

Date: 3-29-11
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1227

Senate Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Triplett Seconded By Senator Oehlke

| Senators | Yes | No | Senators | Yes | No |
|----------------------------|-----|----|-----------------|-----|----|
| Dwight Cook - Chairman | X | | Jim Dotzenrod | X | |
| Joe Miller - Vice Chairman | X | | Connie Triplett | X | |
| Randy Burckhard | X | | | | |
| David Hogue | X | | | | |
| Dave Oehlke | X | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Burckhard

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

REPORT OF STANDING COMMITTEE

HB 1227, as engrossed: Finance and Taxation Committee (Sen. Cook, Chairman)
recommends **DO NOT PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1227 was placed on the Fourteenth order on the calendar.

2011 TESTIMONY

HB 1227

#1 p. 1

**TESTIMONY TO THE
HOUSE POLITICAL SUBDIVISIONS COMMITTEE**
Prepared by Kevin J. Glatt, Burleigh County Auditor/Treasurer
2/8/11

HOUSE BILL 1227

Mr. Chairman and members of the committee, this testimony is in opposition to HB1227.

- The current tax statement includes the several key pieces of information including three (3) years history. The calculation of the percentage of taxes levied by each major taxing district is relatively simple. Current statements are very "busy" and adding required percentages may add to confusion some taxpayers already experience when trying to make payment.
- Requiring percentages along with the amount and wording "legislative property tax relief" will add unnecessary programming costs for county governments.
- Tax payers are not as concerned as some in government of where the **relief** came. To quote former legislator Brynhild Haugland "Most any good thing can be accomplished eventually if you are not particular who gets the credit".

Mr. Chairman, members of the House Political Subdivisions Committee, I respectfully request a do not pass for HB1227.

Thank You.

Kevin J. Glatt
Burleigh County Auditor/Treasurer

#1 p. 2

2010 Burleigh County Real Estate Tax Statement

Receipt # 45348

| | | |
|--------------------------------------------------|----------------------------|-------------------|
| Property Number 39-138-79-72-01-010 | Tax Breakdown | |
| Property Address 301 SE 52ND ST | Tax Plus Specials | 2034.9 |
| *DUPLICATE COPY | Discount 5% on Tax | 86.10 |
| | Amount Due Feb 15th | \$1,948.85 |
| Or pay the following installment payments | | |
| | 1st Payment Due March 1st | 1174.00 |
| | 2nd Payment Due Oct 15th | 860.95 |

Make checks payable to: Burleigh County Treasurer
P.O. Box 5518
Bismarck, ND 58506-5518
701-222-6694

Return this portion with remittance

Check here to request receipt

2010 Burleigh County Real Estate Tax Statement

Receipt # 45348

| | | | |
|-------------------------------------|-----------------------------------------------------------------------------------------|-------------------|-------------------|
| Property Number 39-138-79-72-01-010 | Tax Breakdown | | |
| Property Address 301 SE 52ND ST | Consolidated Tax | 1721.90 | |
| Addition Name PRAIRIE VIEW | Specials | 313.05 | |
| Block 01 | Tax Plus Specials | 2034.95 | |
| Legal Description L1 & 2 | Discount 5% on Tax | 86.10 | |
| 308279 | Amount Due Feb 15th | \$1,948.85 | |
| Acres 1.6600 | 1st Payment Due March 1st | 1174.00 | |
| Homestead Credit Applied 0 | 2nd Payment Due Oct 15th | 860.95 | |
| Disabled Veteran Credit Applied 0 | Special Assessments | | |
| | Principal | 258.21 | |
| | Interest | 54.84 | |
| | Installment Due | 313.05 | |
| | *Balance after Installment | 774.63 | |
| | *Specials interest starts accruing on the unpaid principal balance after February 15th. | | |
| Tax Distribution | 2010 | 2009 | 2008 |
| True and Full Value | 166000 | 160000 | 148000 |
| Taxable Value | 7470 | 7200 | 6660 |
| Mill Levy | .23051 | .23112 | .30803 |
| State | 7.47 | 7.20 | 6.66 |
| County | 426.16 | 417.02 | 375.29 |
| City/Township | 93.67 | 95.98 | 99.50 |
| Rural Fire | 102.11 | 91.08 | 54.15 |
| County Library | 23.31 | 23.04 | 21.45 |
| Park | 7.47 | 7.13 | 6.66 |
| School | 1061.71 | 1022.62 | 1487.78 |
| Ambulance | .00 | .00 | .00 |
| Total Tax | \$1,721.90 | \$1,664.07 | \$2,051.49 |

When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction. When we use information from your check to make an electronic fund transfer funds may be withdrawn from your account as soon as the same day we receive your payment, and you will not receive your check back from your financial institution.

* See Important Information On Back *

Please keep this portion for your records. No receipt will be sent unless requested.

<http://www.co.burleigh.nd.us/>

#1 p. 3

2010 Burleigh County Real Estate Tax Statement

Receipt # 16813

| | |
|------------------------------------------|--------------------------------------------------|
| Property Number 1082-004-040 | Tax Breakdown |
| Property Address 526 MUNICH DR | Tax Plus Specials 3786.79 |
| *DUPLICATE COPY | Discount 5% on Tax 179.06 |
| | Amount Due Feb 15th \$3,607.73 |
| | Or pay the following installment payments |
| | 1st Payment Due March 1st 1996.24 |
| | 2nd Payment Due Oct 15th 1790.55 |

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P.O. Box 5518
Bismarck, ND 58506-5518
701-222-6694

Return this portion with remittance

Check here to request receipt

2010 Burleigh County Real Estate Tax Statement

Receipt # 16813

| | | | | | |
|---------------------------------------------|--|-------------------|-------------------|-----------------------------------------------------------------------------------------|-------------------|
| Property Number 1082-004-040 | | | | Tax Breakdown | |
| Property Address 526 MUNICH DR | | | | Consolidated Tax | 3581.11 |
| Addition Name WASHINGTON MEADOWS 2ND | | | | Specials | 205.68 |
| Block 004 | | | | Tax Plus Specials | 3786.79 |
| Legal Description 9 | | | | Discount 5% on Tax | 179.06 |
| Acres | | | | Amount Due Feb 15th | \$3,607.73 |
| Homestead Credit Applied 0 | | | | 1st Payment Due March 1st | 1996.24 |
| Disabled Veteran Credit Applied 0 | | | | 2nd Payment Due Oct 15th | 1790.55 |
| | | | | Special Assessments | |
| | | | | Principal | 175.60 |
| | | | | Interest | 30.08 |
| | | | | Installment Due | 205.68 |
| | | | | *Balance after Installment | 351.20 |
| | | | | *Specials interest starts accruing on the unpaid principal balance after February 15th. | |
| Tax Distribution | | 2010 | 2009 | 2008 | |
| True and Full Value | | 250100 | 250100 | 247600 | |
| Taxable Value | | 11255 | 11255 | 11142 | |
| Mill Levy | | .31818 | .31873 | .40061 | |
| State | | 11.26 | 11.26 | 11.14 | |
| County | | 613.96 | 623.98 | 600.00 | |
| City/Township | | 908.05 | 907.49 | 922.33 | |
| Rural Fire | | .00 | .00 | .00 | |
| County Library | | .00 | .00 | .00 | |
| Park | | 448.17 | 446.04 | 441.11 | |
| School | | 1599.67 | 1598.55 | 2489.01 | |
| Ambulance | | .00 | .00 | .00 | |
| Total Tax | | \$3,581.11 | \$3,587.32 | \$4,463.59 | |

When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction. When we use information from your check to make an electronic fund transfer funds may be withdrawn from your account as soon as the same day we receive your payment, and you will not receive your check back from your financial institution.

* See Important Information On Back *

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<http://www.co.burleigh.nd.us/>

TESTIMONY TO THE
 SENATE FINANCE and TAXATION Committee
 Prepared by Kevin J. Glatt, Burleigh County Auditor/Treasurer
 3/22/11

HOUSE BILL 1227

- The current tax statement includes the several key pieces of information including three (3) years history.
 - Current statements are very "busy" - adding more will **add to confusion** many taxpayers already experience when making payment.
 - **Will taxpayers incorrectly reduce their payment by the amount of "legislative property tax relief"?**
 - Not much room left on statements –
 - Comparisons with neighbors – why is yours higher than mine?
 - Value is KEY
- Requiring with the \$ amount and wording "legislative property tax relief" will add unnecessary **programming costs** for county governments.
 - **Burleigh County alone has 13 different school districts & over 80 different taxing districts – many span more than one county.**
 - **Additional cost to test & proof statements**
 - Changing to including 3 years history was expensive \$10,000(+)
 - How long will this change last?
- Property values and property use change
 - If value \ use change & taxes increase – how will a \$amount and wording "legislative property tax relief" look on a statement that has increased?
 - i.e. state mandated increases to AG Land values,
 - Market reassessment (oil counties),
- What happens if a school district increases it mill levy for HS TUITION
 - If mill levy increases & taxes increase - how will a \$amount and wording "legislative property tax relief" look on a statement that has increased?

With so many variables will the \$amount and wording "legislative property tax relief" mean anything?

Tax payers are not as concerned as some in government of where the relief came. To quote former legislator Brynhild Haugland "Most any good thing can be accomplished eventually if you are not particular who gets the credit".

2010 Burleigh County Real Estate Tax Statement

Receipt # 45348

| | |
|----------------------------------------|--------------------------------------------------|
| Property Number 39-138-79-72-01-010 | Tax Breakdown |
| Property Address 301 SE 52ND ST | Tax Plus Specials 2034.95 |
| *DUPLICATE COPY | Discount 5% on Tax 86.10 |
| | Amount Due Feb 15th \$1,948.85 |
| | Or pay the following installment payments |
| | 1st Payment Due March 1st 1174.00 |
| | 2nd Payment Due Oct 15th 860.95 |

301 52ND ST SE
BISMARCK ND 58501-8604

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Bismarck, ND 58506-5518
701-222-6694

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2010 Burleigh County Real Estate Tax Statement

Receipt # 45348

| | | | |
|-------------------------------------|-----------------------------------------------------------------------------------------|-------------------|--|
| Property Number 39-138-79-72-01-010 | Tax Breakdown | | |
| Property Address 301 SE 52ND ST | Consolidated Tax | 1721.90 | |
| Addition Name PRAIRIE VIEW | Specials | 313.05 | |
| Block 01 | Tax Plus Specials | 2034.95 | |
| Legal Description L1 & 2 | Discount 5% on Tax | 86.10 | |
| 308279 | Amount Due Feb 15th | \$1,948.85 | |
| Acres 1.6600 | 1st Payment Due March 1st | 1174.00 | |
| Homestead Credit Applied 0 | 2nd Payment Due Oct 15th | 860.95 | |
| Disabled Veteran Credit Applied 0 | Special Assessments | | |
| Tax Distribution | Principal | 258.21 | |
| True and Full Value | Interest | 54.84 | |
| Taxable Value | Installment Due | 313.05 | |
| Mill Levy | *Balance after Installment | 774.63 | |
| State | *Specials interest starts accruing on the unpaid principal balance after February 15th. | | |
| County | | | |
| City/Township | | | |
| Rural Fire | | | |
| County Library | | | |
| Park | | | |
| School | | | |
| Ambulance | | | |
| Total Tax | | | |
| 2010 | 2009 | 2008 | |
| 166000 | 160000 | 148000 | |
| 7470 | 7200 | 6660 | |
| .23051 | .23112 | .30803 | |
| 7.47 | 7.20 | 6.66 | |
| 426.16 | 417.02 | 375.29 | |
| 93.67 | 95.98 | 99.50 | |
| 102.11 | 91.08 | 54.15 | |
| 23.31 | 23.04 | 21.45 | |
| 7.47 | 7.13 | 6.66 | |
| 1061.71 | 1022.62 | 1487.78 | |
| .00 | .00 | .00 | |
| \$1,721.90 | \$1,664.07 | \$2,051.49 | |

*** See Important Information On Back ***

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<http://www.co.burleigh.nd.us/>

5

**Testimony To
THE SENATE FINANCE & TAXATION COMMITTEE
Prepared March 22, 201 by
Terry Traynor, Assistant Director
North Dakota Association of Counties**

REGARDING ENGROSSED HOUSE BILL No. 1227

Chairman Cook and members of the Senate Finance & Taxation Committee; while counties believe HB1227 was improved by the House amendments, they are still in opposition to its passage.

As the property tax administrators on behalf of all local governments and the State medical center, counties are proud of the efficient processes they employ. Based on State Auditor records and salary survey information, county government annually expends approximately \$7 million statewide in property tax and fiscal administration – collecting, investing, and distributing over \$700 million in ad valorem taxes. This 1% administrative percentage, we believe, is extremely efficient.

Unfortunately, counties must biennially alter their processes, at property taxpayer expense, to meet legislatively mandated changes. County officials recognize that some of these changes are essential – the wholesale programming costs of the 2007 tax relief measure being an example.

On the other hand, the changes to the property tax statement enacted in 2007 to add two prior years of tax information were met with mixed feelings. It increased programming; as well as postage and supply costs by greatly increasing the number and complexity of the statements required. Many counties went from a 7-parcel statement to the mandated 1-parcel/3-year format at significant taxpayer cost. While this format was already used by some – it was a local choice and implemented as budgets allowed. The current statement yields more information, but also considerably more confusion for some taxpayers – resulting in staff time to respond to questions and follow-up when the wrong number is chosen for payment.

HB1227 clearly makes only one, apparently, minor change – but one that has possibly unforeseen complexity. On average, every county will need to program for an average of 5 school districts. Multiplying this by 53 counties and the 7 different property tax billing programs will obviously result in considerable cost.

The fact that the “tax relief” to be noted will no longer approximate the difference between the current and previous year taxes will obviously prompt questions. Counties wonder, how many more questions and how many more incorrect payments will be made by adding another number to an already complex statement – and does the benefit warrant the costs.

North Dakota County Property Tax Administration

Parcel Numbers for 2006 Tax Year

| COUNTY | Real Property Parcels | Mobile Homes Taxed | Property Tax Billing Software |
|---------------|--------------------------|--------------------------|----------------------------------------------------|
| ADAMS | 5,451 | 28 | Software Innovations - PC Based |
| BARNES | 14,462 | 200 | Computer Professionals - AS/400 - Host County |
| BENSON | 10,927 | 55 | Dakota Programs/Maximus - PC Based |
| BILLINGS | 1,682 | 60 | Dakota Programs/Maximus - PC Based |
| BOTTINEAU | 17,328 | 280 | Dakota Programs/Maximus - PC Based |
| BOWMAN | 8,756 | 108 | Dakota Programs/Maximus - PC Based |
| BURKE | 7,647 | 32 | Software Innovations - PC Based |
| BURLEIGH | 34,534 | 2,500 | Locally Developed - AS/400 Based |
| CASS | 55,015 | 1,730 | New World - AS/400 |
| CAVALIER | 12,459 | 40 | Software Innovations - PC Based |
| DICKEY | 8,748 | 120 | Software Innovations - PC Based |
| DIVIDE | 7,867 | 9 | Dakota Programs/Maximus - PC Based |
| DUNN | 8,905 | 1,200 | Computer Professionals - AS/400 - Hosted Elsewhere |
| EDDY | 4,717 | 29 | Dakota Programs/Maximus - PC Based |
| EMMONS | 9,616 | 56 | Dakota Programs/Maximus - PC Based |
| FOSTER | 4,943 | 112 | Software Innovations - PC Based |
| GOLDEN VALLEY | 2,882 | 18 | Kadrmass Lee & Jackson |
| GRAND FORKS | 29,890 | 1,315 | New World - AS/400 |
| GRANT | 8,884 | 137 | Software Innovations - PC Based |
| GRIGGS | 4,985 | 25 | Dakota Programs/Maximus - PC Based |
| HETTINGER | 7,211 | 37 | Dakota Programs/Maximus - PC Based |
| KIDDER | 8,180 | 69 | Software Innovations - PC Based |
| LaMOURE | 9,473 | 60 | Computer Professionals - AS/400 - Hosted Elsewhere |
| LOGAN | 6,379 | 23 | Software Innovations - PC Based |
| McHENRY | 14,114 | 237 | Dakota Programs/Maximus - PC Based |
| McINTOSH | 7,800 | 90 | Software Innovations - PC Based |
| McKENZIE | 10,796 | 135 | Computer Professionals - AS/400 - Host County |
| McLEAN | 17,362 | 300 | Dakota Programs/Maximus - PC Based |
| MERCER | 9,851 | 285 | Locally Developed - AS/400 Based |
| MORTON | 21,338 | 1,200 | Computer Professionals - AS/400 - Host County |
| MOUNTRAIL | 13,500 | 558 | Computer Professionals - AS/400 - Host County |
| NELSON | 7,086 | 100 | Dakota Programs/Maximus - PC Based |
| OLIVER | 4,600 | 12 | Software Innovations - PC Based |
| PEMBINA | 12,370 | 273 | Computer Professionals - AS/400 - Host County |
| PIERCE | 8,464 | 95 | Software Innovations - PC Based |
| RAMSEY | 13,824 | 439 | Dakota Programs/Maximus - PC Based |
| RANSOM | 9,946 | 89 | Computer Professionals - AS/400 - Hosted Elsewhere |
| RENVILLE | 6,000 | 20 | Dakota Programs/Maximus - PC Based |
| RICHLAND | 16,387 | 375 | Dakota Programs/Maximus - PC Based |
| ROLETTE | 8,300 | 151 | Dakota Programs/Maximus - PC Based |
| SARGENT | 7,304 | 126 | Computer Professionals - AS/400 - Hosted Elsewhere |
| SHERIDAN | 6,500 | 12 | Dakota Programs/Maximus - PC Based |
| SIOUX | 3,167 | 7 | Software Innovations - PC Based |
| SLOPE | 3,700 | 10 | Computer Professionals - AS/400 - Hosted Elsewhere |
| STARK | 15,606 | 350 | Dakota Programs/Maximus - PC Based |
| STEELE | 5,300 | 85 | Dakota Programs/Maximus - PC Based |
| STUTSMAN | 21,637 | 488 | Computer Professionals - AS/400 - Host County |
| TOWNER | 7,000 | 20 | Dakota Programs/Maximus - PC Based |
| TRAIL | 9,188 | 134 | Dakota Programs/Maximus - PC Based |
| WALSH | 14,913 | 340 | Dakota Programs/Maximus - PC Based |
| WARD | 33,852 | 2,515 | New World - AS/400 |
| WELLS | 11,858 | 85 | Software Innovations - PC Based |
| WILLIAMS | 26,650 | 472 | Locally Developed - AS/400 Based |
| Total | 639,354 | 17,246 | |