

2013 SENATE FINANCE AND TAXATION

SB 2371

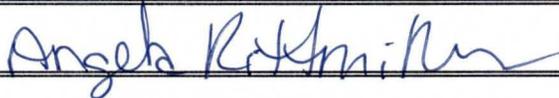
2013 SENATE STANDING COMMITTEE MINUTES

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

SB 2371
2/4/2013
Job Number 18190

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 57-02-08.3 of the North Dakota Century Code, relating to the homestead credit for special assessments; and to provide an effective date.

Minutes:

Attachments

Chairman Cook opened the hearing on SB 2371.

Senator Dotzenrod introduced SB 2371 and handed out attachments 1 & 2.

Senator Miller - In a nut shell, adding the special assessment on to the tax bill for the purpose of paying the tax credit for the elderly and the permanently disabled right?

Senator Dotzenrod - That is exactly it.

Chairman Cook - The \$6,000 cap right now that you are eliminating, that is accumulative I assume?

Senator Dotzenrod - That is accumulative over a period of years.

Senator Triplett - I'm assuming the calculations were based on the current limits that we have on the homestead exemption, is that correct?

Senator Dotzenrod - I'm sure that's what she was using.

Senator Triplett - So then if we have companion bills that are significantly expanding the homestead credit, this number would go up proportionately with whatever we do to expand.

Senator Dotzenrod - Right.

Chairman Cook asked for testimony opposed, then neutral.

Luella Dahme - The Valley City assessor became aware of a situation in that community pertaining to an elderly couple who was having trouble paying their annual installment of special assessments. The assessor was unable to attend the hearing today and asked if I

would relay the situation to the committee. They own an older home in an older neighborhood. They qualified for the homestead credit at 60% which reduced their property tax liability significantly. The infrastructure of their older neighborhood needed upgrading, therefore the city upgraded storm sewer, a water main, and they had a paving project also all within the last 3 years. Their annual installment for 2012 was \$1,400 and that comprised nearly 1/10 of their annual income. That annual installment will continue for 14-18 years they estimate. The Valley City assessor informed the couple about the provisions for the homestead credit for special assessments, however they were reluctant to further encumber their property because of the lien so they did not want to do it, but they indicated that they would or could use some help with paying their special assessments. The Valley City assessor informed me that she has seen annual installments of up to \$3,000 per year in some of those older homes so it is a significant burden for those elderly people.

Chairman Cook - \$1,400 you said was 1/10 of their income, so they have an annual income of \$14,000. They have another choice. They could sell the home, invest the dollars and become a renter and at \$14,000 they would qualify for a very nice housing voucher that would pay the vast majority of their rent. Very likely they could probably even relieve themselves of the burden of taking care of a home. Do they not understand this, or are they so attached to the home they don't want to do that?

Luella Dahme - I have spoken with a number of the assessment officials who call our office regarding this credit and they have indicated that these people are reluctant to further encumber their property. I don't know if the assessment officials inform the elderly people or these people who are in these situations that that would be an option. I do think people have that pride of homeownership and that's where they have lived.

Chairman Cook closed the hearing on SB 2371.

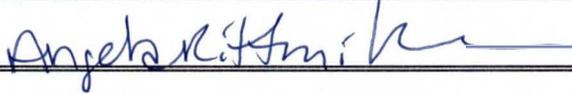
2013 SENATE STANDING COMMITTEE MINUTES

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

SB 2371
2/11/2013
Job Number 18671

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 57-02-08.3 of the North Dakota Century Code, relating to the homestead credit for special assessments; and to provide an effective date.

Minutes:

Committee Work

Chairman Cook opened discussion on SB 2371.

Senator Dotzenrod - The regular normal property tax and the special assessments would be basically viewed the same way. The brackets, the rates, whatever we use for homestead credit that would apply to special assessments. The only people who would benefit would be those who are old and have income that is on the lower end as it does for homestead credit.

Chairman Cook - We have a letter here from Marcy Dickerson that not a whole lot of people used this in the past, I assume because of the lien.

Senator Dotzenrod - That is what I've been able to gain too. (2:49)

Senator Burckhard - Senator Dotzenrod, what age group are we talking?

Senator Dotzenrod - I think law says 65 or older.

Senator Triplett - I'll move a **Do Pass**.

Seconded by **Senator Dotzenrod**.

Roll Call Vote 2-4-1

Senator Oehlke - I'll move a **Do Not Pass**.

Seconded by **Senator Burckhard**.

Roll Call Vote 4-2-1

Carried by **Senator Oehlke**.

Chairman Cook closed discussion on SB 2371.

FISCAL NOTE
Requested by Legislative Council
01/28/2013

Bill/Resolution No.: SB 2371

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2371 expands certain provisions of the homestead credit for special assessments program, including the \$6000 limit and the requirement that a lien in favor of the state be placed against the property.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

It is not possible to estimate the fiscal effect of SB 2371. No data exists concerning special assessments on properties owned by persons eligible for homestead credit. It is not known how many persons may choose to apply beginning with 2013 if the lien provision is repealed.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 01/31/2013

Date: 2-11-13
 Roll Call Vote #: 1

**2013 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2371**

Senate Finance & 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 Dotzenrod Seconded By Senator Burckhard

Senators	Yes	No	Senator	Yes	No
Chairman Dwight Cook		X	Senator Jim Dotzenrod	X	
Vice Chairman Tom Campbell		X	Senator Connie Triplett	X	
Senator Joe Miller					
Senator Dave Oehlke		X			
Senator Randy Burckhard		X			

Total (Yes) 2 No 4

Absent 1

Floor Assignment _____

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

REPORT OF STANDING COMMITTEE

SB 2371: Finance and Taxation Committee (Sen. Cook, Chairman) recommends DO NOT PASS (4 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). SB 2371 was placed on the Eleventh order on the calendar.

2013 TESTIMONY

SB 2371

Dotzenrod, Jim A.

From: Dickerson, Marcy D.
Sent: Friday, January 25, 2013 1:51 PM
To: Dotzenrod, Jim A.
Subject: Outstanding liens for homestead credit special assessments

Senator Dotzenrod, our oldest existing lien for homestead credit for special assessments goes back to 1985. The total amount owed by 30 people is \$40,104.87.

*Marcy Dickerson
State Supervisor of Assessments
Office of North Dakota Tax Commissioner
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701.328.3128*

Dotzenrod, Jim A.

From: Dickerson, Marcy D.
Sent: Monday, January 28, 2013 4:32 PM
To: Dotzenrod, Jim A.
Subject: Homestead credit for special assessments

Senator Dotzenrod, the most recent estimated number of residential parcels in North Dakota is 198,301. That number is probably a couple of years old. The number of homestead credit recipients paid in 2012 is 4,359. The total amount of special assessments levied in North Dakota in 2011 is \$83,171,131.

The above figures indicate only 2.20 percent of residential parcels were subject to homestead credit. Assuming that all of those parcels also were subject to an average special assessment installment, the cost of those estimated special assessments would be \$1,829,765.

We have no information on how many homestead credit recipients had special assessments but chose not to apply for homestead credit for special assessments.

There are large differences between installment amounts for various specials, so any estimates of average costs are not very useful when applied to a particular group of taxpayers.

*Marcy Dickerson
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