

FISCAL NOTE
Requested by Legislative Council
01/14/2015

Bill/Resolution No.: SB 2196

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 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.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties		\$(1,000,000)	
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 2196 defines practices already part of the assessment process, eliminates property tax statements for parcels owing less than \$5, provides for interest on refunds, and requires an annual assessment notice for all parcels, regardless of the amount of change from the previous year.

- 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.*

There is no fiscal impact to the state from the provisions of this bill. However, counties will incur costs of at least \$1,000,000 (\$500,000 per year) for postage and other costs associated with sending an annual assessment notice to each parcel owner.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 01/20/2015

2015 SENATE FINANCE AND TAXATION

SB 2196

2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB2196

1/21/2015

Job Number #22312 @ meter :10:52

Subcommittee

Conference Committee

Committee Clerk Signature

Alice Grove

Explanation or reason for introduction of bill/resolution:

Relating to exclusion of intangible personal property from assessments of real property, notice of assessments to property owners, exclusion of de-minimus property tax from collection, and refunds on overpayment of property taxes.

Minutes:

Attachments #1, 2, 3, 4

Chairman Cook opens the hearing on SB2196

Senator Dwight Cook, State Senator, District 34, Mandan

I don't know how many of you have heard of COST, Council on State Taxation. COS is an organization, non-profit, that represents about 600 multistate corporations. They were put together about 50 years ago. The same time that Congress was looking at legislation to mandate state apportionment of corporate income tax. The same time that states reacted by forming the Multistate Tax Commission as a means of possibly killing that idea in Congress, which was successful. I first got involved with them in 2001 at the very first streamlined sales tax meeting that I ever went to. They have been a major player in streamlining. A few years again they entered another arena and the arena is property tax. They issue a report that evaluates every state tax policy, as far as property tax goes, and also foreign countries tax policy. The way they evaluate it is for transparency, simplicity, consistency and fairness. And they give grades. I took out of the report the 2 pages that you have before you. **(Attachment #1)**

John Walstad -- Senator Cook and I sat down with Mr. Nicely and had a discussion. First section of the bill doesn't really do anything but there is a subsection reference change. The second section of the bill does something that Senator Cook characterized as not too significant and I would agree. Mr. Nicely couldn't find that it said the things he wanted it to say which includes no real property tax on intangible personal property. I think that is a given but he wanted it spelled out and to spell out that it does, in fact, include things like good will, customer lists, copyrights, custom computer programs, etc. The list is there. The third section of the bill is one that we have seen many a time 57-02-08. It is the laundry list of the kinds of property that have been given property tax exemptions. There's a renumbering of subsections going on here. In the middle of page 3, you can see we've had a subsection 7. This was one of two different provisions that related to church property.

Those provisions were consolidated into what is current law sub 9 and in this bill it's sub 8, down at the bottom. And then from there there's some renumbering that goes on and then, when you get over to page 5, there's another repeal thing that's dangling that is struck out. This would renumber our old friend subsection 15, farm buildings and residences exemption would become 13. Here's what we're actually doing other than renumbering. On page 8, there's an exemption here for monies and credits, including shares of corporate stock and ownership interest. All of that is personal property. It shouldn't be on a list of exempt real property. That shouldn't be there. That's what Mr. Nicely didn't like. Then there are a couple of other subsections that have a dangling repeal in them that are cleaned up. The only substantive thing is that thing about money. We keep renumbering and renumbering, and renumbering. And that necessitates what's in the next section on page 16, which is cleaning up a cross-reference in another section to that farm residence sub 15 would become 13 so we need to change it there. Section 5 this is another change and this is probably the most substantive thing in here. Current law, as you know, requires the assessor to send you a notice that your property assessment has been increased if it's more than 10% of value and more than \$3,000.00. This would require that every parcel of property gets an assessment notice every year. The assessor would send you a notice. That is one of the things that COST sees as being very important to a quality tax system. That every taxpayer gets an assessment notice.

Senator Laffen -- We don't do that now?

John Walstad -- Under current law, the only time you are required to get a notice of an assessment is if your assessment from the previous year has gone up by more than 10% AND more than \$3,000.00. It's got to be both.

Chairman Cook -- And the grade, because we don't, is an F on that then.

John Walstad -- Middle of 17 there's some underscored language there about what has to be in that notice about the assessment. Time, date, location of equalization board meetings, where you can go to talk about what you think your assessment ought to be. Down at the bottom of 17. This is our deminimus provision. We've never had one and COST sees that as a strike against our tax system. Apparently, most states have some sort of deminimus provision.

Chairman Cook -- We have a deminimus for income tax?

John Walstad -- Yes. It's \$5.00. Using that \$5.00 deminimus here. County treasurer cannot send a tax statement to you. Cannot collect tax from you, if your property tax obligation for a parcel is less than \$5.00 for the year. Oh, yeah, Perth, \$2.38.

Senator Bekkedahl -- Where is the provision in here?

John Walstad -- The deminimus thing? Page 18, lines 6 to 9.

Senator Bekkedahl -- You said they can't collect the tax. They can't levy the tax. They can't collect the taxes below \$5.00. Is there also a reference that it cannot be sold at a tax sale because it was never paid then? What happens if somebody contests that?

John Walstad -- It should be struck from the tax list for the year, or something like that. Probably need to tuck a few more words in there.

Senator Triplett -- There's also the issue then if it's a really tiny little parcel. What if it just gets abandoned. Is there any provision for it ever to be put back on the tax rolls?

Chairman Cook -- Good point. We've got to think about this.

John Walstad -- Interest payment. COST is most concerned that interest on a refund should equal the interest on any underpayment penalty. The same interest for the state. The same interest for the taxpayer or the local government. On their list, they had a statutory site of where we do not do that, which we pointed out to them, the site they gave was for a sales tax section not property, but they still said no, should be the same. That's what this does. Same interest on a refund. Same interest on penalty. On line 18, the word inadvertently; you can't just write a huge check and ask for a payment of interest. The final section just does one little tweak to take care of a cross-reference change in 57-02-08.

Senator Bekkedahl -- After 20 years of chairing board of equalization hearings, you don't define in here what the board of equalization is made up of. It's always been my premise that any board at the local level that levies taxes should be present at that hearing. The city can be the board that sits as the board of equalization but the school boards never there, the park board is never there. Entities that tax should be hearing these citizens concerns on the valuation side so they can do their budgets.

Senator Triplett -- How could someone inadvertently pay taxes? If the system is computerized, the mistake should be caught right away as it's coming in. Maybe there should be a deminimus on that too?

John Walstad -- I'm not sure but when I was working on that it came to me that sometimes that payment is handled right out of your escrow, by your bank. And if the bank inadvertently overpays it shouldn't be to your detriment.

Chairman Cook -- Where did the 12% come from?

John Walstad -- We realized that people can borrow money from the county cheaper than from the banks so we raised it to 12% and since then interest has gone the other way.

Senator Laffen -- I see Indiana gets an A because their interest is the same both ways. Did we fix that? Ours were 12 & 10. If you overpay, we pay you 10%. If you underpay, we charge you 12%.

John Walstad -- Is that what we've got in here?

Senator Laffen -- That's what the handout from the ranking people said. And they give us an F for that. Whereby Indiana was the same and got an A.

John Walstad -- Oh, I think we're 10 & 12 in their report. But if you look at the cite there, that's the sale tax provision they are citing. We've got a 12% penalty on underpayment. I don't know if we have anything on overpayments right now. I think that's why we had to create this 12%. That would match our statutory penalty rate if you don't pay enough.

Chairman Cook -- I understand there's got to be a little penalty in here to encourage somebody to pay. I'd like to see a relationship between the interest of underpayment and overpayment, maybe tied to prime. I thought I'd seen a tax agency bill that addressed that issue.

Senator Bekkedahl -- I know we deal with fiscal notes from the state perspective, is there any way to estimate the fiscal note to the local entities because of this? Because of valuation increases we've seen in Williston, we send out notices to everybody now.

John Walstad -- To answer your question, there's no way to get a fiscal note on that. Best we could do is ask the counties for help.

Shirley Murray, Sheridan County Auditor (Attachment #2)
Do not pass SB2196.

Senator Dotzenrod -- You've got 143 parcels there. Are they all of one type?

Shirley Murray -- We have small villages that are not organized towns.

Senator Dotzenrod -- I can understand what you're saying.

Chairman Cook -- How low does the valuation have to be to get under the \$5.00?

Shirley Murray -- That will vary.

**Terry Traynor, NDACo's (Attachment #3) - Kevin Glatt
Attachment #4)**
Do not pass on SB2196

Chairman Cook -- Nobody knows better than I do, all the work that I've done with you in county government, that you are very cautious and concerned about making sure that taxpayers get the information they need. Before we go home at the end of this session, something is going to happen. We've got so many bills out there dealing with notices. We've got to find the right solution. My problem is with getting rid of the zero mill notice requirement. My concern with that is what got that in place in the first place. There are those that have a strong appetite for caps and we have been able to put those appetites for caps to rest but that zero mill. If we take that off, don't you think the cap appetite is just going to grow again and then we got to start fighting over caps again?

Terry Traynor -- I appreciate that and your concern about that. People on the other side don't like the word mills. They did request this proposal to be drafted as an amendment to the Truth and Taxation bill. They haven't decided to adopt it yet, but they are waiting for the amendments to come down. The Auditor's did the work on this.

Chairman Cook -- Is there a bill in the house that deals with the notice that is required on an assessment increase?

Terry Traynor -- Yes, there is and it is the one that we did not oppose. It makes sure that the notice goes to every parcel, regardless whether it's a class increase or an individual increase. If we go to a 100% pre-equalization meeting notice and then 100% truth and taxation notice, we're easily costing \$4 million of county cost.

Chairman Cook -- There's no reason for the notice requirement to stay in this bill. We're going to have that discussion and I look forward to working with the county folks again as we try to figure out what we want to send over to them as a good solution to the apparent problems that still exist with notifying taxpayer. Whether real or perceived.

Larry Syverson, North Dakota Township Officers

I wish to join the county association in opposing this bill.

Chairman Cook -- Dee, can I ask you one question. Why can't we have uniformity with interest rates, whether you owe or the state owes you?

Dee Wald, General Counsel with North Dakota Tax Commissioner's Office

There's no reason why the interest rate for refunds and underpayments shouldn't be the same. For the taxes that we administer, those rates are the same for both. In one of my earliest session, MDU came in and had that fixed for them. There is one tax type, though, where the interest rates are different for refunds and overpayments and that is the sale and use tax. If they didn't pay, the interest rate is 12% and we pay 10% on refunds.

Chairman Cook --Why?

Dee Wald -- I do not know. It's just always been that way.

Chairman Cook -- Did I not see an agency bill that was looking at making them the same?

Dee Wald -- One of our agency bills was dealing with the minimum refunds and payments which was the \$5.00 threshold. There is a bill that does change the interest rate from 12%, or 1% per month, to a per annum rate based on Wall Street Journal as of December 31, or something like that.

Chairman Cook -- Is that in the House?

Dee Wald -- I don't recall. And then we had a bill last session, Senator Mathern introduced dealing with interest rate refunds.

Chairman Cook closed the hearing on SB2196.

2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB2196
2/11/2015
Job #23637

- Subcommittee
 Conference Committee

Committee Clerk Signature

Alice Grove

Explanation or reason for introduction of bill/resolution:

Committee work.

Minutes:

Attachment #1

Chairman Cook opened the committee work on SB2196.

We kicked out an interim bill that needed some more work. Senator Dotzenrod you were involved in that. The counties came with a product of more work that tried to make it better. The House killed the bill. SB2196 is going to also have truth and taxation notices added to it. The counties have made a proposal to me. The concept of it is they would allow the counties, the cities, and the park districts to notify taxpayers in one letter. The school district would not be included in that. If the school district ever wants to be included in that, we can make that happen. We are going to see if we can improve this a little bit more. That is the only reason that SB2196 is here. If you want to look at the amendments, I will hand them out.

Senator Dotzenrod -- Does that leave intact the current policy we have then on the notices in the newspaper?

Chairman Cook -- I would hope that we take that out. I think if we notifying in letter, we certainly don't need the money spent on a newspaper that nobody reads.

Senator Dotzenrod -- Why don't we plan on being back here at 10:15. Can you see if Linda Leadbetter can be here at 10:15? If she can't, we will adjourn until a time when she can.

2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB2196
2/23/2015
Job #24272

- Subcommittee
 Conference Committee

Committee Clerk Signature

Alice Grove

Explanation or reason for introduction of bill/resolution:

Committee work.

Minutes:

Chairman Cook opened the committee work on SB2196.

The organization COST gave us not the nicest grade on our property tax system. This bill was introduced to help improve the grade. If you turn to page 2, subsection 4, makes it clear that intangible personal property is not included in real property. That is the practice but we have this language in code and because of that, we got a gig, you might say. (Senator Cook reviews sections of the bill.) (meter :34-2:59) So the bill is really just clean-up and when you take the sections out, there's nothing that changes law in it. The reason it's been held around here is because the interim committee also passed out what turned into HB1058 and that was the bill that came out of the interim regarding notices of a tax increase. What that bill did was take out the requirement for them to put it in the newspaper and it made the requirement that they had to send the notice to all taxpayers. And during the interim, Kevin Glatt from Bismarck said that would be just as easy as trying to figure out which taxpayers you had to send it to because they got a notice of an assessment increase. I've been holding this around to find a better way to improve our notice requirements. I've been working with the Association of Counties and there are still some things we can do but we are not there yet. What I'd like to do with this bill is simply give it a do not pass. We have bills coming over from the house and if we find the right vehicle and we find a means to improve our notice requirements, we can amend it onto a House bill. And, also, anything technical in here, we've got 1057 coming over here. It's a perfect fit for the technical stuff.

Senator Laffen -- I would move a do not pass on SB2196.

Seconded by Senator Bekkedahl.

Roll call vote on do not pass on SB2196. 7-0-0. Carried.

Carrier: Senator Cook.

Date: 2-23-15

Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO 2196

Senate Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Sen. Laffen Seconded By Sen. Bekkedahl

Senators	Yes	No	Senators	Yes	No
Chairman Dwight Cook	✓		Senator Jim Dotzenrod	✓	
Vice Chairman Lonnie Laffen	✓		Senator Connie Triplett	✓	
Senator Brad Bekkedahl	✓				
Senator Dave Oehlke	✓				
Senator Jessica Unruh	✓				

Total (Yes) 7 No 0

Absent _____

Floor Assignment Sen. Cook

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

REPORT OF STANDING COMMITTEE

SB 2196: Finance and Taxation Committee (Sen. Cook, Chairman) recommends DO NOT PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2196 was placed on the Eleventh order on the calendar.

2015 TESTIMONY

SB 2196

	<p>the tax rate on residential property in Boise.</p> <p>Appraisal cycle – B Annually, supplemented by reappraisal including physical inspection at least every 5 years. <i>Idaho Code § 63-314.</i></p> <p>Treatment of intangible property –A Intangible property is exempt. <i>Idaho Code § 63-602L.</i></p>	
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Illinois - Overall Grade C-

Transparency – Grade C	Simplicity & Consistency – Grade C	Fairness – Grade D
<p>Property tax laws/regulations on a centralized website – B Yes, but not regulations: http://tax.illinois.gov/LocalGovernment/PropertyTax/</p> <p>Property tax forms on a centralized website - F No, site is very limited.</p> <p>Internet document explaining property tax system –B Illinois Property Tax System - http://tax.illinois.gov/Publications/LocalGovernment/PTAX1004.pdf An Overview of Property Tax – http://tax.illinois.gov/Publications/PIOs/PIO-16.pdf</p> <p>Property taxpayers receive valuation notice - C Taxpayers outside Cook County receive a mailed notice, unless the change was due to the application of an equalization factor by an assessor. Mortgage lenders are required to forward copies of all assessment change notices.</p> <p>Any change in real property assessments must be published in a newspaper of general circulation in each county annually. A complete list of assessments must be published for notification purposes every 4 years.</p> <p>Valuation of property available via a website - C Yes, at the local level.</p>	<p>Central oversight – D Local assessors are fairly autonomous, but the department administers several aspects including personal property replacement taxes.</p> <p>Standardized forms – D No, except for filing appeals with the Illinois Property Tax Appeal Board.</p> <p>Consistent due dates – B Yes. Reports are not due because personal property is exempt. Payments are generally due in two installments, June 1 and Sep. 1, but counties can change this through local ordinance. <i>35 Ill. Comp. Stat. 200/21-5.</i> Cook County follows different dates.</p> <p>De minimis exclusion – F No.</p> <p>Equal assessment – F Ratios are 33.33% except for Cook County. <i>35 Ill. Comp. Stat. 200/9-145.</i> There are no assessment caps, but counties may cap at 7% per year, not to exceed \$20,000. <i>35 Ill. Comp. Stat. 200/15-176.</i> In 2013, the effective tax rate on commercial/industrial property was 2.617 times higher than the tax rate on residential property in Chicago.</p> <p>Appraisal cycle – C Every 4 years except for Cook County, which is every 3 years. <i>35 Ill. Comp. Stat. 200/9-215.</i></p> <p>Treatment of intangible property –A Intangible property is equally excluded.</p>	<p>Equal interest rate - F No, interest on underpayments is 1.5% monthly. Interest on overpayments is at the discretion of the decision making body.</p> <p>60-Day appeal – C No, 30 days. <i>35 Ill. Comp. Stat. 200/16-25, 200/16-160, 200/16-110.</i></p> <p>Burden of proof – D On taxpayer to show by preponderance of the evidence if the appeal is based on market value at the Property Tax Appeal Board level. If the appeal is based on lack of uniformity, then burden on taxpayer is by clear and convincing evidence. At Circuit Court level, burden is on taxpayer by clear and convincing evidence.</p> <p>De Novo Appeal –A Yes, to the Illinois Property Tax Appeals Board.</p> <p>Escrow/Defer Pay on Disputed Tax –F No ability to not pay or escrow. <i>35 Ill. Comp. Stat. 200/23-5, 200/23-15.</i></p>

Indiana - Overall Grade B+

Transparency – Grade A	Simplicity & Consistency – Grade B	Fairness – Grade B
<p>Property tax laws/regulations on a centralized website – A http://www.in.gov/legislative/ic/code/title6/</p> <p>Property tax forms on a centralized website - A Department of Local Government Finance forms: http://www.in.gov/dlgf/8516.htm</p> <p>Internet document explaining property tax system –A The property tax system: http://www.in.gov/dlgf/2516.htm</p>	<p>Central oversight – B Yes, auditors for assessors; Department of Local Government Finance for auditors. The Department converts values to property tax rates.</p> <p>Standardized forms – A Yes.</p> <p>Consistent due dates – A</p>	<p>Equal interest rate - A Yes, interest on underpayments and overpayments is the rate used by the Commissioner of the Department of Revenue.</p> <p>60-Day appeal – B No, 45 days. <i>Ind. Code § 6-1.1-15-1(c).</i></p> <p>Burden of proof – B</p>

<p>The appeals process: http://www.in.gov.dlgf/2508.htm</p> <p>Property taxpayers receive valuation notice - B Yes, notice is received in one of two ways: the county assessor may send a notice of assessment, or Form 11. Otherwise, the assessed value of the property can be found with the tax bill, or TS-1 tax comparison statement.</p> <p>Valuation of property available via a website - A http://www.in.gov.dlgf.htm</p>	<p>Yes. Reports are due May 15. <i>Ind. Code §§ 6-1.1-1-7, 6-1.1-3-7.</i> Payments are due in two installments, May 10 and Nov. 10. <i>Ind. Code §§ 6-1.1-7-7, 6-1.1-22-9.</i></p> <p>De minimis exclusion – F No.</p> <p>Equal assessment – F Yes, ratios are 100% of true tax value. <i>Ind. Code §6-1.1-1-3.</i> Assessment caps vary by property type, from 1% to 3%. <i>Ind. Cont. Art. 10 § 1(f).</i> In 2013, the effective tax rate on commercial/industrial property was 2.831 times higher than the tax rate on residential property in Indianapolis.</p> <p>Appraisal cycle – A Every 2 years beginning in 2010. <i>Ind. Code § 6-1.1-4-4.</i></p> <p>Treatment of intangible property –A Intangible property is exempt. <i>Ind. Code § 6-1.1-10-39.</i></p>	<p>On taxpayer to establish a prima facie case proving both that the current assessment is incorrect, and what the correct assessment should be. However, if the assessed value increases more than 5% over the previous assessment, the burden of proof is on the assessing official. <i>Ind. Code § 6-1.1-15-17.2</i></p> <p>De Novo Appeal –A Yes, for the Indiana Board of Tax Review, but not for the Tax Court.</p> <p>Escrow/Defer Pay on Disputed Tax –B If an appeal is pending, taxpayer does not have to pay taxes, but must pay an amount based on the previous year's assessment if real property is involved.</p>
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Iowa - Overall Grade C+

Transparency – Grade C	Simplicity & Consistency – Grade C	Fairness – Grade D
<p>Property tax laws/regulations on a centralized website – F No.</p> <p>Property tax forms on a centralized website - C Site has limited forms. http://www.iowa.gov/tax/forms/prop.html</p> <p>Internet document explaining property tax system –A Yes, http://www.iowa.gov/tax/educate/78573.html</p> <p>Property taxpayers receive valuation notice - B Yes, no later than Apr. 15. <i>Iowa Code § 441.28.</i></p> <p>Valuation of property available via a website - B Yes, at the local level, and general statistical information is available on the state agency's website.</p>	<p>Central oversight – C The Iowa Department of Revenue oversees local property tax procedures and has general supervisory over operations. Assessors can equalize properties with 5% or more variation in actual value in similar, closely adjacent properties. <i>Iowa Code § 441.21.</i></p> <p>Standardized forms – C No, the state prepares some forms, but they are not mandatory.</p> <p>Consistent due dates – B No, reports vary slightly by type. <i>Iowa Code § § 432A.8, 437A.21, 441.19.</i> Payments are due in two installments, Sep. 30 and Mar. 31.</p> <p>De minimis exclusion – C Yes, if less than \$2.00.</p> <p>Equal assessment – D Yes, ratios are 100% of market value except for agricultural real estate, which is 100% of productivity and net earning capacity value. <i>Iowa Code § 441.21.</i> There is a 4% cap on residential, agricultural, commercial, railroads and industrial assessments. Central assessments are capped at 8%. <i>SF 295</i> limits increases in assessments for residential and agricultural properties (from 4% to 3%).</p> <p>Appraisal cycle – B Every two years for real property; annually for railroads and public utilities. <i>Iowa Code § 428.4.</i></p> <p>Treatment of intangible property –F Intangible property is taxable.</p>	<p>Equal interest rate - F No, interest on underpayments is 1.5% monthly. There is no interest on overpayments. <i>Iowa Code § 445.39.</i></p> <p>60-Day appeal – D No, 30 days for centrally assessed property, and 20 days for locally assessed property. <i>Iowa Code § 441.37.</i></p> <p>Burden of proof – D On taxpayer attacking such valuation as excessive, inadequate, inequitable, or capricious. <i>Iowa Code § 441.21(3).</i></p> <p>De Novo Appeal – C Yes, at Property Assessment Appeals Board. PAAB decisions appealed to district court on are de novo of evidence.</p> <p>Escrow/Defer Pay on Disputed Tax –F No ability to not pay or escrow.</p>

51-12-1
#1.2
SR 2/196

1/21/15 SR 2196 # 1,3

North Dakota - Overall Grade C		
Transparency – Grade C	Simplicity & Consistency – Grade B	Fairness – Grade D
<p>Property tax laws/regulations on a centralized website – A http://www.nd.gov/tax/centurycode/property.html</p> <p>Property tax forms on a centralized website - A http://www.nd.gov/tax/property/forms/</p> <p>Internet document explaining property tax system – B The property tax system: http://www.nd.gov/tax/property/pubs/. Limited explanation of appeals process: http://www.nd.gov/tax/property/pubs/guide/datesandproceduresforassessmentofrealprodates.pdf?20130321092520 is somewhat hidden.</p> <p>Property taxpayers receive valuation notice - F Actual notice is required when a property's value increases by more than 10% and \$3,000 from the previous valuation. Appeals information does not have to be included, but dates for appeals are included. <i>N.D. Cent. Code § 57-12-09.</i></p> <p>Valuation of property available via a website - D Yes, some are available at the local level. http://www.ndpropertytax.com</p>	<p>Central oversight – A Yes, Tax Commissioner sets rules for assessors. <i>N.D. Cent. Code § 57-01-02.</i></p> <p>Standardized forms – A Yes.</p> <p>Consistent due dates – C No, reports dates vary. Railroad reports due Feb. 15. <i>N.D. Cent. Code § 57-05-07.</i> Payments are due Jan. 1, and may be paid through Mar. 1 without penalty. <i>N.D. Cent. Code § 57-20-01.</i></p> <p>De minimis exclusion - F No.</p> <p>Equal assessment – C No, ratios vary by property type, from 1.5% to 10% of assessed value. Assessed value is 50% of full value. There are no assessment caps.</p> <p>Appraisal cycle - B Annually. <i>N.D. Cent. Code § 57-02-11.</i></p> <p>Treatment of intangible property – B Money, credit, and corporate stock are exempted, but capital that competes with bank stock is taxable. <i>N.D. Cent. Code § 57-02-08.</i></p>	<p>Equal interest rate - D No, interest on underpayments is 12% annually, <i>N.D. Cent. Code § 57-20-01</i>; interest on overpayments is 10% annually. <i>N.D. Cent. Code § 57-39.2-25.</i></p> <p>60-Day appeal – F No, 15 days. <i>N.D. Cent. Code § 57-12-09.</i></p> <p>Burden of proof – D On the taxpayer to show error. <i>N.D. Cent. Code § 57-11-04.</i></p> <p>De Novo Appeal – F No.</p> <p>Escrow/Defer Pay on Disputed Tax – C When a taxpayer pays under protest, the uncontested amount is deducted and the remainder is deposited in a protest fund. <i>N.D. Cent. Code § 57-20-20.</i></p>

Ohio - Overall Grade B-		
Transparency – Grade C	Simplicity & Consistency – Grade B	Fairness – Grade B
<p>Property tax laws/regulations on a centralized website – C Rules, but not the laws: http://www.tax.ohio.gov/legal/rules.aspx</p> <p>Property tax forms on a centralized website - A http://www.tax.ohio.gov/Forms.aspx?TaxType=Real%20Property%20Tax.</p> <p>Internet document explaining property tax system – F The property tax system (not appeals process): http://www.tax.ohio.gov/portals/0/communications/publications/annualreports/2010annualreport/propertytaxrealproperty.pdf; it is very difficult to find and for a taxpayer to understand.</p> <p>Property taxpayers receive valuation notice - C Yes, but appeals information does not have to be included. <i>Ohio Rev. Code Ann. § 323.13.1</i></p> <p>Valuation of property available via a website - D Yes, some at the county level.</p>	<p>Central oversight – A Yes, Tax Commissioner sets rules for assessors.</p> <p>Standardized forms – A Yes.</p> <p>Consistent due dates – D No, reports dates vary. Payments are due Dec. 31 and June 20. <i>Ohio Rev. Code Ann. § 323.12.</i></p> <p>De minimis exclusion - C Yes, assessments on a parcel of property may be cancelled if less than \$2.00.</p> <p>Equal assessment – B Yes, real property is valued at 35% except for land devoted to agricultural use. <i>Ohio Rev. Code Ann. § 5715.01.</i> There are no assessment caps.</p> <p>Appraisal cycle - B Every 3 years; full appraisal every 6 years. <i>Ohio Rev. Code Ann. §§ 5713.01, 5715.33; Ohio Admin. Code § 5703-25-06.</i></p>	<p>Equal interest rate - A Yes. <i>Ohio Rev. Code Ann. § 5719.041.</i></p> <p>60-Day appeal – B Yes. <i>Ohio Rev. Code Ann. § 5715.19.</i></p> <p>Burden of proof – D On the taxpayer to show that the assessment is erroneous. <i>Ohio Rev. Code Ann. § 5715.271.</i></p> <p>De Novo Appeal – A Yes. <i>Ohio Rev. Code Ann. § 2871.</i></p> <p>Escrow/Defer Pay on Disputed Tax – D Taxpayer may have prepayments escrowed, but there is no escrow for the disputed portion of the tax. <i>Ohio Rev. Code Ann. § 321.45.</i></p>

SENATE FINANCE & TAXATION COMMITTEE

Prepared January 21, 2015 by

Shirley Murray, Sheridan County Auditor

CONCERNING SENATE BILL 2196

Chairman Cook and members of the Committee, I am Shirley Murray, the Sheridan County Auditor. I am representing our county's opposition of SB 2196 that would mandate notices to all property owners whether increase of assessments or not, excluding collecting taxes from parcels that are under \$5.00, and adding 12% interest on refunds on overpayment or abatement of taxes.

On page 2 subsection 4. of the bill that is added with the intangible personal property I have no opposition with.

The first issue in the bill that I oppose is on page 16 subsection 1. With the mandate to notify all property owners of current assessment and last year assessment by mail or electronic mail even if no increase from year before. This would cost Sheridan County \$2,000-\$3,000 in extra postage costs depending on sending one parcel per notice for 6,800 parcels. This would be like another tax statement mailing. The tax levy bill HB 1058 is similar to this bill and a solution from the Auditors/Treasurers legislative committee has been recommended that Donnell or Terry can further explain if needed.

The second issue I oppose in this bill is on page 18 lines 6 thru 9 that has been added to instruct the County Treasurer not to collect or issue a tax statement for any property that is \$5.00 or less. This would cause problems with all entities being short in their budgets in the end. Sheridan County has 143 parcels that are under \$5.00 totaling close to \$350.00. This may not sound like much money involved but to some taxing districts esp. in larger counties it is and this part of the bill would cause a great amount of administrative confusion when taking those under \$5.00 parcels out when having to complete the tax abstract being the values would still be

#2.2
1-21-15

included. Also what happens with the 3 year delinquent process if there are no taxes to pay? Especially if a landowner up and leaves who takes possession of property if there is no tax obligation for County to fall back on for forfeited land sale??

The third issue that I oppose in this bill is also on page 18 lines 15 thru 22 instructing a 12% refund on overpayment or abatement of property taxes. I don't understand the concept being we are not a bank and where are we to come up with the 12% monies to refund? Increase our budgets? Raise taxes?? I didn't think that was the purpose we were here to do.

Please give SB 2196 a **Do NOT** Pass recommendation.

**TESTIMONY TO THE
SENATE FINANCE and TAXATION Committee**
Prepared by Kevin J. Glatt, Burleigh County Auditor\Treasurer
1/21/15

SENATE BILL 2196

Mr. Chairman I have three (3) primary items of concern with SB2196:

- 1) Assessment Notices sent to all property owners. I am not opposed to sending everyone an equalization notice. However, I am concerned with all the notices that current and proposed legislation requires. Every time we send another piece of mail – it diminishes the important mail (tax statements, delinquent notices, Truth in Taxation). I am concerned that township assessors are not equipped to handle this volume of work. I am concerned about the cost v. benefit of sending everyone multiple notices, especially when considering all the pending legislation. If we are going to send assessment notices to everyone – reduce other notice requirements (Truth in Taxation).
- 2) Extinguishing tax statements of \$5 or less. Is this calculated before the discount or after the discount? County Treasurers will not know the amount until after the statements are printed – what happens to the “lost” revenue as mill levies are calculated using all taxable values within a city, school, township, park, etc. In Burleigh County we have over 300 tax statements of less than \$2 and we have several parcels that have been combined (Lots 1 – 10, Block 1) – what happens if the landowner requests these parcels be separated after statements are printed? I would offer a suggestion that any property with a taxable value of less than \$25 exempt from taxation.
- 3) Payment of interest on refunds. My concern is the additional burden on counties, especially if the reason for a refund is due to an error of another jurisdiction (assessment error). What about those that “forget” or just do not complete their Homestead Credit and Veteran’s Credit applications? We should pay them interest for their lack of attention. Furthermore, the counties will be responsible for issuing 1099’s for the interest. This provision will increase our tax administration costs and increase taxes for all residents. In 2014 Burleigh County processed 337 abatements – that may not seem like many – however each one involves about $\frac{3}{4}$ of an hour to take through the entire process (1/5 of an FTE). Adding the interest requirement will add to this

Testimony to the
Senate Finance and Taxation Committee

January 21, 2015

By the North Dakota Association of Counties

Terry Traynor, Assistant Executive Director

RE: Senate Bill No. 2196

Mr. Chairman and members of the committee, I would like to speak on behalf of our Association in opposition to Senate Bill 2196.

Others with more specific experience have, or will, address the various county concerns with the different sections of the bill; however I would like to propose an alternative to Section 5, the “notice” section.

I would like to begin by assuring the committee that county officials across the state are, like you in this room, interested in providing our taxpayers with timely, clear, and accurate information so that they can better participate in government decision-making that affects their pocketbook and the services they enjoy.

This Association did not oppose the interim bill on the House side that would ensure that the notices currently addressed in this section of law are mailed for ALL properties with a \$3000 and 10% assessment increase – even if is some sort of class action. These are the individuals that have a significant need to be informed of their opportunity to address the various equalization boards.

We did however propose an alternative to the very significant expansion of the “Truth in Taxation” notice proposed in a house bill. It is this alternative that we also would like to suggest as an alternative to section 5 of SB2196.

As the chairman knows, county auditors and treasurers have been meeting in person, by phone, and by email for much of the fall with the goal of creating a notice process that is timely, understandable, and as accurate as possible. Although this strays from the bill slightly, to better understand the direction taken by the county officials, I must touch briefly on the “Truth in Taxation” notice.

Attached to this testimony is a single page of just the notices published in one county (Bottineau) this year. Many taxpayers in that county were also mailed copies of at least three of the four notices – and not together and not at the same

#A.2
1-21-15

time. Clearly, these notices increase taxpayer anxiety, but provide virtually no understanding on which to base that anxiety. Interim legislation in the House proposes to greatly increase the mailing of these notices, further increasing voter anxiety and multiplying the confusion.

It has often been suggested that pointing out a problem is unhelpful unless you have a solution. The Auditor's solution to that bill, and section 5 of SB2196, is contained in the alternative language and notice examples attached.

What is being proposed is replacement of the current "zero-mill" notices with a single, parcel-specific, consolidated notice; to be mailed by the county to ALL taxpayers before July 15th of every year. The notice would include:

1. The previous year's valuation, the valuation as equalized by the county board, and the net change;
2. The total consolidated ad valorem taxes levied against the property the previous year, the effective tax rate (no mention of mills) for the previous year, and the ESTIMATED TAX for the current year IF the effective tax rate stayed the same; and
3. The dates, times and locations of preliminary budget meetings for every major (>\$100,000) taxing district for this parcel.

Additionally, the alternative would retain a possible newspaper notice, but it would be triggered, not by "zero mills", but by a jurisdiction's preliminary budget anticipating an effective tax rate in excess of the previous year. So, essentially the mailed notice would show the "worst case scenario", unless there was a notice in the paper.

The benefit of this alternative is one, parcel-specific notice, (the goal of SB2196) and a replacement of multiple notices that reference districtwide averages for individual overlapping but discontinuous districts. All meeting times, dates and locations would also be printed together with ample time to plan attendance.

It is our firm belief that this would come much closer to meeting the goals of timely, clear and accurate information. Mr. Chairman and committee members, we hope that you will seriously consider this alternative notice proposal, or return a Do Not Pass recommendation on SB2196 as proposed until a better solution can be developed.

#4.3
1-21-15

**IMPORTANT
NOTICE TO
BOTTINEAU COUNTY
TAXPAYERS**

A public hearing to consider increasing the 2014 Bottineau County property tax levy by **54.38%** will be held at the Westhope Public School 395 Main St., Westhope, North Dakota, on Wednesday, October 8th, 2014, at 6:00 p.m. Citizens will have an opportunity to present oral or written comments regarding the property tax levy.

The above percentage increase is due to the \$5.1 million dollar building project approved for Westhope Public School

**IMPORTANT NOTICE TO
BOTTINEAU
COUNTY TAXPAYERS**

A public hearing to consider increasing the 2014 Bottineau County property tax levy by 5.25% for the General and Special Revenue Funds will be held at the Bottineau County Courthouse Commissioner Room, 314 W 5th St, Bottineau ND on September 24th, 2014 at 6:00 pm. Citizens will have the opportunity to present oral or written comments regarding the property tax levy. The current General and Special Revenue Fund levies will **decrease from 82.07 to 77.99 mills.**

A copy of the Preliminary Bottineau County Budget is available at the Bottineau County Auditor's Office, 314 W 5th St, Bottineau, ND during normal business hours of 8:30 am. to 5:00 pm. Monday through Friday, except holidays.

**IMPORTANT
NOTICE TO
BOTTINEAU, ROLETTE, PIERCE, & MCHENRY CC
TAXPAYERS**

A public hearing to consider increasing the 2014 Bottineau, Rolette, Pierce and McHenry Counties Property tax levy By **19.67%** will be held in the James Holwell Auditorium 301 Brander St. Bottineau, ND On Thursday, October 2, 2014 at 7:00 p.m. Citizens will have an opportunity to present oral or written comments regarding the property tax levy.

**NOTICE TO BOTTINEAU CITY
TAXPAYERS**

A public hearing to consider increasing the 2014 Bottineau City property tax levy by 16% for the General & Special Levy Funds will be held at the City Armory on Oct. 6th, 2014 at 7:00 p.m. Citizens will have the opportunity to present written or oral comments regarding the levies. The proposed General & Special Levy Funds will remain at the same mill Levy of 77.08. The increase reflects the new value of the mill levy for 2015, which is anticipated to increase by 16%.

A copy of the preliminary budget for 2015 is available at the City Auditor's Office: 115 6th St W Bottineau, ND during regular business hours.

You are receiving this written notice of the public hearing to adopt the 2015 Budget of the City of Bottineau in compliance with NDCC 57-15-02.1, requiring a mailed notice if your property assessment increased in value by 10% or more, & at least \$3,000.00 from the true & full value assessment the prior year. The City of Bottineau has chosen to send this notice to ALL property owners in the City.

#4.4
1-21-15

57-15- . Property value and tax estimate notice.

1. On or before July fifteenth of each year, the county treasurer shall mail a notice to the owner of each parcel of real property at the owner's last-known address. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. The tax commissioner shall develop and distribute a model notice form and each county's form shall be substantially similar in format and shall include:
 - a. A dollar valuation of the true and full value as defined by law of the property for the previous tax year, the dollar valuation approved for the current year by county board of equalization, and the net change.
 - b. The time and place of the next meeting of the state board of equalization and the information needed for filing an appeal.
 - c. The effective tax rate and the prior year consolidated ad valorem taxes levied against the property.
 - d. A calculated estimated tax amount based on the prior year effective tax rate and the true and full value approved by the county board of equalization.
 - e. An explanation and notice that the estimated tax amount is based on the previous effective tax rate and if the county or a city, school district, or park district with a budget in excess of one hundred thousand dollars in which the property is located proposes an increase in that jurisdiction's portion of that rate, a notice will be placed in the official newspaper of that jurisdiction.
 - f. A budget hearing schedule with meeting locations for the county and the city, school district or park district levying taxes on the property.

57-15-02.1. Property tax levy increase notice and public hearing.

Notwithstanding any other provision of law, a taxing district may not impose a property tax levy in at a greater number of mills than the zero increase number of mills effective tax rate than the previous year, unless the taxing district is in substantial compliance with this section.

1. The governing body shall cause publication of notice in its official newspaper at least seven days before a public hearing on its property tax levy. A public hearing under this section may not be scheduled to begin earlier than six p.m. The notice must have at least one-half inch [1.27 centimeters] white space margin on all four sides and must be at least two columns wide by five inches [12.7 centimeters] high. The heading must be capitalized in boldface type of at least eighteen point stating "IMPORTANT NOTICE TO (name of taxing district) TAXPAYERS". The proposed percentage increase must be printed in a boldface type size no less than two points less than the heading, while the remaining portion of the advertisement must be printed in a type face size no less than four points less than the heading. The text of the notice must contain:
 - a. The date, time, and place of the public hearing.

#A.5
1-21-15

- b. A statement that the public hearing will be held to consider increasing the property tax levy by a stated percentage, expressed as a percentage increase exceeding the zero increase number of mills change in the effective tax rate.
 - c. A statement that there will be an opportunity for citizens to present oral or written comments regarding the property tax levy.
 - d. Any other information the taxing district wishes to provide to inform taxpayers.
- ~~2. At least seven days before a public hearing on its property tax levy under this section, the governing body shall cause notice of the information required under subsection 1 to be mailed to each property owner who received notice of an assessment increase for the taxable year under section 57-12-09.~~
3. If the governing body of the taxing district does not make a final decision on imposing a property tax levy exceeding the zero increase number of mills at the public hearing required by this section, the governing body shall announce at that public hearing the scheduled time and place of the next public meeting at which the governing body will consider final adoption of a property tax levy exceeding the tax district's zero increase number of mills.
4. For purposes of this section:
- a. Average effective tax rate" means the percentage calculated by dividing the total revenue from property taxes by the total true and full value of the jurisdiction.
 - b. "New growth" means the taxable valuation of any property that was not taxable in the prior year.
 - c. "Property tax levy" means the tax rate, expressed in mills, for all property taxes levied by the taxing district.
 - d. "Taxing district" means a city, county, school district, or city park district but does not include any such taxing district that levied a property tax levy of less than one hundred thousand dollars for the prior year and sets a budget for the current year calling for a property tax levy of less than one hundred thousand dollars.
 - e. "Zero increase number of mills" means the number of mills against the taxing district's current year taxable valuation, excluding consideration of new growth, which will provide the same amount of property tax revenue as the property tax levy in the prior year.
- ~~5. For the taxable year 2013 only, for purposes of determining the zero increase number of mills for a school district, the amount of property tax revenue from the property tax levy in the 2012 taxable year must be recalculated by reducing the 2012 mill rate of the school district by the lesser of:~~

#4.16
1-21-15

Example of Single Notice to All Taxpayers
By July 15th of each year

Notice of Real Estate Assessment & ESTIMATED Taxes

County of _____

Property owner and mailing address:

You are hereby notified, in accordance with North Dakota Century Code § _____ of tax information pertinent on property you own described as follows:

Real Estate Description: (address and brief legal)

Assessment

Last Previous Assessment (<u>year</u>) Assessment	Current Year Assessment (<u>year</u>)	Change in
<u>\$ 211,000</u>	<u>\$ 236,000</u>	<u>\$ 25,000</u>

If a property owner has appealed their current year's assessment to the local and county boards of equalization, they may still appeal this assessment to the State Board of Equalization which will be meeting

State Board of Equalization	August __, 2014	8:00 a.m.
Room XYZ, ND State Capitol, 500 E. Boulevard Ave, Bismarck ND		

To file an appeal, contact:	State Supervisor of Assessments 600 E Boulevard Ave, Bismarck, ND 58505
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Local Budgets and ESTIMATED Ad Valorem Taxes (DO NOT PAY THIS AMOUNT)

This is only an estimate at this time – Please read the following:

An increase or decrease in assessment does not mean property taxes on the parcel will increase or decrease. Each taxing district (County, School, City, Township, etc.) must base its tax rate on the number of dollars to be raised from property taxes and the total valuation of all property in that district. However, if all taxing districts levied taxes at the same effective tax rate as they did the previous year, the following is an example of the effect on the taxes of this parcel.

Current Year (<u>year</u>) Effective Tax Rate	Current Year (<u>year</u>) Taxes	Example (<u>year</u>) Taxes
<u>1.15%</u>	<u>\$ 2,426.50</u>	<u>\$ 2,714.00</u>

A schedule of the public hearings for the budget of the county, city, school district, and park district in which your property is located is listed below. If one of these jurisdictions anticipates increasing that jurisdiction's effective tax rate, a notice to that effect will be published in the official newspaper of that jurisdiction prior to their meeting.

Budget Hearing Schedule:

Cass County Cass County Commission Room, 211 9th St. S, Fargo ND	September __, 2014	6:00 p.m.
City of Fargo Fargo City Commission Room, 200 3rd St. N, Fargo ND	September __, 2014	6:00 p.m.
Fargo PSD #1 Fargo School District Board Room, 415 4th St N, Fargo ND	September __, 2014	6:00 p.m.
Fargo Park District Fargo Park District Board Room, 701 Main Ave, Fargo ND	September __, 2014	6:00 p.m.

Taxpayers will have an opportunity to present oral or written comments regarding the entity's budget at or before the hearing. A copy of the entities budget will be available at their normal place of business at least 7 days prior to the meeting.

*Example of Notice to be published by a
"taxing district" that proposes to increase
their effective tax rate*

H 4.7
1-21-15

IMPORTANT NOTICE TO SAMPLE COUNTY TAXPAYERS

A public hearing to consider increasing the 2015 Sample County Property Tax levy will be held at the Commission Room of the Sample County Courthouse, 123 Main St, County Seat, North Dakota, 58555, on Tuesday, October 1, 2014 at 6:00 p.m.

Citizens will have an opportunity to present oral or written comments regarding the property tax levy.

The property tax levy necessary to support the preliminary budget of the county would increase the average effective tax rate from 0.243% to 0.246%.

This change represents, on average, an increase of \$3.02 per \$1000 of True and Full Value

Questions or comments regarding this notice can be addressed to Sample County Auditor, 123 Main St, Countyseat, North Dakota, 58555.

February 9, 2015

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2-11-15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2196

Page 1, line 1, after "Act" insert "to create and enact sections 57-02-53 and 57-15-02.2 of the North Dakota Century Code, relating to notice to a property owner of an assessment increase and property valuation and property tax estimate notices;"

Page 1, line 2, replace "57-12-09, 57-20-07," with "57-09-04, 57-11-03, 57-12-06, 57-15-02.1,"

Page 1, line 5, replace "exclusion of de minimus property tax from collection," with "notice to a property owner of an assessment increase,"

Page 1, line 6, after "taxes" insert "; to repeal section 57-12-09 of the North Dakota Century Code, relating to notice to a property owner of an assessment increase"

Page 16, remove lines 22 through 31

Page 17, overstrike lines 1 through 31

Page 18, overstrike lines 1 through 9

Page 18, after line 9, insert:

"**SECTION 5.** Section 57-02-53 of the North Dakota Century Code is created and enacted as follows:

57-02-53. Assessment increase notice to property owner.

1. a. When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the assessor shall deliver written notice of the amount of increase and the amount of the previous year's assessment to the property owner at the expense of the assessment district for which the assessor is employed. Delivery of written notice to a property owner under this subdivision must be completed at least fifteen days before the meeting of the local board of equalization.
- b. If written notice by the assessor was not required under subdivision a and action by the township, city, or county board of equalization or order of the state board of equalization has increased the true and full valuation of any lot or tract of land and improvements to an amount that results in a cumulative increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, written notice of the amount of increase and the amount of the previous year's assessment must be delivered to the property owner. The written notice under this subdivision must be mailed or delivered at the expense of the township, city, or county that made the assessment increase or at the expense of the township, city, or county that was ordered to make the increase by the state board of equalization. Delivery of written notice to a property owner under this subdivision must be completed within fifteen days after the meeting of the township, city, or county board of equalization that made or

ordered the assessment increase and within thirty days after the meeting of the state board of equalization, if the state board of equalization ordered the assessment increase.

1-2
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SR 2196

- c. The tax commissioner shall prescribe suitable forms for written notices under this subsection. The written notice under subdivision a must show the true and full value of the property, including improvements, that the assessor determined for the current year and for the previous year and must also show the date prescribed by law for the meeting of the local board of equalization of the assessment district in which the property is located and the meeting date of the county board of equalization.
 - d. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice.
2. The form of notice prescribed by the tax commissioner must require a statement to inform the taxpayer that an assessment increase does not mean property taxes on the parcel will increase. The notice must state that each taxing district must provide mailed notice of public hearing to the property owner if a greater property tax levy is being proposed than a zero increase number of mills. The notice may not contain an estimate of a tax increase resulting from the assessment increase.
3. The assessor shall provide an electronic or printed list including the name and address of the addressee of each assessment increase notice required under subdivision a of subsection 1 and the officer responsible for providing notice under subdivision b of subsection 1 shall provide an electronic or printed list including the name and address of the addressee of each assessment increase notice required under subdivision b of subsection 1 to each city, county, school district, or city park district in which the subject property is located, but a copy does not have to be provided to any such taxing district that levied a property tax levy of less than one hundred thousand dollars for the prior year.

SECTION 6. AMENDMENT. Section 57-09-04 of the North Dakota Century Code is amended and reenacted as follows:

57-09-04. Duties of board - Limitation on increase - Notice.

The township board of equalization shall ascertain whether all taxable property in its township has been properly placed upon the assessment list and duly valued by the assessor. In case any real property has been omitted by inadvertence or otherwise, the board shall place the same upon the list with the true value thereof. The board shall proceed to correct the assessment so that each tract or lot of real property is entered on the assessment list at the true value thereof. The assessment of the property of any person may not be raised until such person has been notified of the intent of the board to raise the same board may not increase the valuation returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the

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board to increase it. All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. The board must comply with any requirement for notice of an assessment increase under section 57-02-53.

SECTION 7. AMENDMENT. Section 57-11-03 of the North Dakota Century Code is amended and reenacted as follows:

57-11-03. Duties of board - Limitation on increase - Notice.

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the assessed true and full valuation thereof as is reasonable and just to render taxation uniform, except that the board may not increase the valuation of any property returned by the assessor may not be increased to an amount that results in a cumulative increase of more than twenty-five fifteen percent from the amount of the previous year's assessment without first giving the owner or the owner's agent reasonable notice of and opportunity to be heard regarding the intention of the board to increase it. The notice must state the time when the board will be in session to act upon the matter and must be given by personal notice served upon the owner or the owner's agent or by leaving a copy at the owner's last known place of residence. All complaints and grievances of residents of the city must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the city board of equalization must be heard and determined by the county board of equalization. The board shall comply with any requirement for notice of an assessment increase under section 57-02-53.

SECTION 8. AMENDMENT. Section 57-12-06 of the North Dakota Century Code is amended and reenacted as follows:

57-12-06. Requirements to be followed in equalizing between County board of equalization - Equalizing among assessment districts and in equalizing between property owners among properties - Limitation on increase - Notice.

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in subsection 2, the board may raise or lower the valuation of classes of property only so as to equalize the assessments as between districts. If the board orders an increase under this subsection, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.
2. Notwithstanding any other provision of this section:
 - a. The county board of equalization after notice to the local board of equalization may reduce the assessment on any separate piece or parcel of real estate even though such property was assessed in a city or township having a local board of equalization; provided, that the

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~~The county board of equalization does not have authority to~~ may not reduce any such assessment unless the owner of the property or the person to whom it was assessed first appeals to the county board of equalization, either by appearing personally or by a representative before the board or by mail or other communication to the board, in which the owner's reasons for asking for the reduction are made known to the board. The proceedings of the board shall show the manner in which the appeal was made known to the board and the reasons for granting any reduction in any such assessment.

- b. The county board of equalization after notice to the local board of equalization may increase the assessment on any separate piece or parcel of real property even though such property was assessed in a city or township having a local board of equalization; ~~provided, that the~~ The county board of equalization does not have authority to increase any such assessment unless it first gives may not increase the valuation returned by the assessor or the local board of equalization to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent notice by mail to the owner of the property that such person that the owner or the owner's agent may appear before the board on the date designated in the notice, which date must be at least five days after the mailing of the notice. The county auditor as clerk of the board shall send such notice to the person or persons concerned. If the board orders an increase under this subdivision, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.
 - c. If the county board of equalization during the course of its equalization sessions determines that any property of any person has been listed and assessed in the wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.
3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

SECTION 9. AMENDMENT. Section 57-15-02.1 of the North Dakota Century Code is amended and reenacted as follows:

57-15-02.1. Property tax levy increase notice and public hearing.

Notwithstanding any other provision of law, a taxing district may not impose a property tax levy in at a greater number of mills than the zero increase number of mill effective tax rate than the previous year, unless the taxing district is in substantial compliance with this section.

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1. The governing body shall cause publication of notice in its official newspaper at least seven days before a public hearing on its property tax levy. A public hearing under this section may not be scheduled to begin earlier than six p.m. The notice must have at least one-half inch [1.27 centimeters] white space margin on all four sides and must be at least two columns wide by five inches [12.7 centimeters] high. The heading must be capitalized in boldface type of at least eighteen point stating "IMPORTANT NOTICE TO (name of taxing district) TAXPAYERS". The proposed percentage increase must be printed in a boldface type size no less than two points less than the heading, while the remaining portion of the advertisement must be printed in a type face size no less than four points less than the heading. The text of the notice must contain:
 - a. The date, time, and place of the public hearing.
 - b. A statement that the public hearing will be held to consider increasing the property tax levy by a stated percentage, expressed as a percentage increase exceeding the zero increase number of mills change in the effective tax rate.
 - c. A statement that there will be an opportunity for citizens to present oral or written comments regarding the property tax levy.
 - d. Any other information the taxing district wishes to provide to inform taxpayers.
2. ~~At least seven days before a public hearing on its property tax levy under this section, the governing body shall cause notice of the information required under subsection 1 to be mailed to each property owner who received notice of an assessment increase for the taxable year under section 57-12-09.~~
3. If the governing body of the taxing district does not make a final decision on imposing a property tax levy ~~exceeding the zero increase number of mills~~ at the public hearing required by this section, the governing body shall announce at that public hearing the scheduled time and place of the next public meeting at which the governing body will consider final adoption of a property tax levy ~~exceeding the tax district's zero increase number of mills.~~
4. For purposes of this section:
 - a. ~~"New growth" means the taxable valuation of any property that was not taxable in the prior year~~ Average effective tax rate" means the percentage determined by dividing the total revenue from property taxes by the total true and full value of the taxing district.
 - b. ~~"Property tax levy" means the tax rate, expressed in mills, for all property taxes levied by the taxing district.~~
 - c. "Taxing district" means a city, county, school district, or city park district but does not include any such taxing district that levied a property tax levy of less than one hundred thousand dollars for the prior year and sets a budget for the current year calling for a property tax levy of less than one hundred thousand dollars.

1.4
SB 2196
2.11.15

- d. ~~"Zero increase number of mills" means the number of mills against the taxing district's current year taxable valuation, excluding consideration of new growth, which will provide the same amount of property tax revenue as the property tax levy in the prior year.~~
- 5. For the taxable year 2013 only, for purposes of determining the zero increase number of mills for a school district, the amount of property tax revenue from the property tax levy in the 2012 taxable year must be recalculated by reducing the 2012 mill rate of the school district by the lesser of:
 - a. Fifty mills; or
 - b. The 2012 general fund mill rate of the school district minus sixty mills.

SECTION 10. Section 57-15-02.2 of the North Dakota Century Code is created and enacted as follows:

57-15-02.2. Property valuation and property tax estimate notice.

- 1. On or before July fifteenth of each year, the county treasurer shall mail a notice to the owner of each parcel of real property at the owner's last-known address. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. The tax commissioner shall develop and distribute a model notice form and each county's form shall be substantially similar in format and shall include:
 - a. A dollar valuation of the true and full value as defined by law of the property for the previous tax year, the dollar valuation approved for the current year by the county board of equalization, and the net change.
 - b. The time and place of the next meeting of the state board of equalization and the information needed for filing an appeal.
 - c. The effective tax rate and the prior year consolidated ad valorem taxes levied against the property.
 - d. A calculated estimated tax amount based on the prior year effective tax rate and the true and full value approved by the county board of equalization.
 - e. An explanation and notice that the estimated tax amount is based on the previous effective tax rate and if the county or a city, school district, or park district with a budget in excess of one hundred thousand dollars in which the property is located proposes an increase in that jurisdiction's portion of that rate, a notice will be placed in the official newspaper of that jurisdiction.
 - f. A budget hearing schedule with meeting locations for the county and the city, school district or park district levying taxes on the property."

Page 20, after line 20, insert:

"SECTION 13. REPEAL. Section 57-12-09 of the North Dakota Century Code is repealed."