

**FISCAL NOTE**  
**Requested by Legislative Council**  
**03/24/2015**

Amendment to: SB 2221

- 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			
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 2221 with House Amendments no longer has a measurable fiscal impact. All increases in the allowable income and the value of the homestead subject to the homestead credit have been removed.

- 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.*

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.*

**Name:** Kathryn L. Strombeck

**Agency:** Office of Tax Commissioner

**Telephone:** 701-328-3402

**Date Prepared:** 03/25/2015

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/14/2015**

Bill/Resolution No.: SB 2221

- 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
<b>Revenues</b>						
<b>Expenditures</b>			\$8,000,000		\$8,000,000	
<b>Appropriations</b>						

- 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
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 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).*

This bill expands the homestead tax credit program by increasing the income limit from \$42,000 to \$50,000, increasing the maximum refund available through the renter refund program from \$400 to \$600, and increasing the maximum homestead value to which the credit applies from \$100,000 to \$150,000

- 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.*

The current homestead tax credit program provides a state-paid credit against property taxes for persons age 65 and older, or persons who are permanently and totally disabled, with annual income less than \$42,000, and assets that do not exceed \$500,000. The credit applies to up to \$100,000 of taxable value, with a maximum reduction of 100% for those with annual income less than \$22,000. Section 4 of the bill adjusts the income brackets to increase the maximum allowable income from \$42,000 to \$50,000 and to increase the taxable value reduction in each category. The increased credit amount in each bracket reflects a 50% increase over current law as the maximum true and full value to which the credit applies is increased from \$100,000 to \$150,000. This section also increases the maximum allowable renter refund from \$400 to \$600.

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.*

The \$30 million appropriation required to fund the homestead tax program, as proposed in this bill, is an increase of \$8 million over the estimated cost to continue the program with no change. The appropriation is included in the executive budget recommendation for the Tax Department (SB2006).

**Name:** Joe Morrissette

**Agency:** TAx Department

**Telephone:** 701-328-3033

**Date Prepared:** 01/19/2015

**2015 SENATE FINANCE AND TAXATION**

**SB 2221**

# 2015 SENATE STANDING COMMITTEE MINUTES

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

SB2221

1/20/2015

Job Number 22230, beginning @ meter 17:00

Subcommittee

Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to the homestead exemption, when the homestead is subject to exemption, exempt proceeds of sale, and the homestead tax credit; and to provide an effective date.

## Minutes:

Attachment #1, 2

**Chairman Cook** opened the hearing on SB2221.

**Senator Jerry Klein, District 14** -- SB2221 just expands the homestead tax credit. What we are doing here is expanding it, providing an additional \$10 million into what it is going to cost. We are raising the income level from \$42,000.00 to \$50,000.00. It's increasing the renters refund from \$400.00 to \$600.00 and also the maximum value of the homestead from \$100,000.00 to \$150,000.00.

**Senator Bekkedahl** -- I agree with what's happening here. The dilemma I'm seeing is not necessarily that the income limits have to continue to go up but the valuation allowance limits need to go up. Is there discussion about putting more into that category and not broadening the scope of the ones that were available to take advantage of this?

**Jerry Klein** -- I don't know. I think the whole idea was just to move all of those numbers just a bit.

**Senator Triplett** -- I thought I heard you refer to this as a \$10 million bit of new money and the fiscal note says 8. So, could you clarify?

**Jerry Klein** -- I am going by what Joe, from the tax department, gave me, which indicates that we are increasing from \$20 to \$30 million.

**Chairman Cook** -- We'll give Joe his time under the neutral testimony.

## **Josh Askvig, AARP North Dakota**

We strongly support SB2221 which would implement the governor's recommendations to expand the homestead property tax credit with one suggested improvement which I'll get to at the end. **(Attachment #1)**

**Donnell Presky, North Dakota Association of Counties**

I handed out testimony prepared by Donald Flaherty, Dickey County Tax Director. North Dakota Association of Counties echoes Mr. Flaherty's sentiments on this bill. Our auditor's group and our county commissioners have also agreed with what he is saying here. In particular that this is a benefit for those who will have the greatest need in our state. **(Attachment #2).**

No further testimony in support or opposed to SB2221.

**Joe Morrissette, Tax Department**

In response to Senator Triplett's question, both her and Senator Klein are correct. The cost for this program, as it is proposed in this bill, would be \$30 million for next biennium. The current appropriation is \$20 million

**Chairman Cook** -- What would be just the cost of the increase in the value of the home from 100,000.00 to 150,000.00?

Joe Morrissette -- I did try to break that out. It's difficult because they all kind of fit together when we are estimating the impact but the cost of increasing the income limit, we estimate that to be about 2.2 out of that 8 million. And the increase in the homestead value from \$100,000.00 to \$150,000.00 we estimate that to be about 5.1. The part that relates to the renter refund about \$700,000.00.

Chairman Cook -- And the income level is 2.2?

Joe Morrissette -- That's correct.

Senator Bekkedahl -- When I was up in legislative council the best estimate they had for me was that not changing the eligibility limits, but just changing the amounts for the valuations was about \$9 million per biennium of an increase for every \$100,000.00 in increase of the valuations. They told me that to go \$150,000.00 of valuation would have meant about \$4.5 million more per biennium, So you are saying that to go to \$150,000.00, instead of \$4.5 million, it's about \$5.1 million.

Joe Morrissette -- \$5.1 is our estimate, based on what we know from the applicants that we have now and assumptions that we've had to make about how many people that would pull in.

Chairman Cook closed the hearing on SB2221.

# 2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Lewis and Clark Room, State Capitol

SB2221  
2/9/2015  
Job #23469

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Committee work

Minutes:

**Chairman Cook** opened the committee work on SB2221.

Tax Credit expansion. It has an \$8 million fiscal note. It changes the value of the home from \$100,000. It moves it up to \$150,000, and it has a slight increase in the amount of income earned in the brackets. The new brackets are zero to \$25,000, 100%; \$25,000 to 30,000, 80%; \$35,000-35,000, 60%; \$35,000-40,000, 40%; \$40,000-45,000, 20%; \$45,000-50,000, 10%. And that is all it does. Committee, it hits both sides of the homestead tax formula, income earned and the value of the home, which I think is good. What we are seeing right now with a do pass of the bill is, yes, we want to expand the homestead tax credit for the people that can use it here in North Dakota.

**Senator Bekkedahl** -- I like the bill. I like what it does. I would rather see no changes in the qualifying language and more of that money disbursed back into the amount that could be applied against the \$150,000. I think that the ones that are truly in need, I could see a better benefit from that than expanding it to more people and not giving more benefit to the ones that really need it. In my community the average home price is \$267,000. This will help them to some degree. They are still going to pay taxes on that increased valuation they have seen out there. When six years ago they saw no taxes to their tax bill because the valuations were not there. That's my only point and I would have done it differently.

**Senator Triplett** -- Moves a do pass.

**Senator Unruh** seconded.

**Chairman Cook** -- Senator Bekkedahl, I tend to agree with you. I am going to vote for this motion. We'll have to see what the house did and then we'll have discussions in the conference committee.

Motion for a do pass on SB2221 and refer.

Senate Finance and Taxation Committee  
SB2221  
February 9, 2015  
Page 2

**Roll call vote 7-0-0.**

**Carrier -- Senator Unruh**

**Chairman Cook** closed the committee work on SB2221.

Date: 2-9-15

Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO 2221

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. Triplett Seconded By Sen. Unruh

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 0

Floor Assignment Sen. Unruh

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

**REPORT OF STANDING COMMITTEE**

**SB 2221: Finance and Taxation Committee (Sen. Cook, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2221 was rereferred to the Appropriations Committee.**

**2015 SENATE APPROPRIATIONS**

**SB 2221**

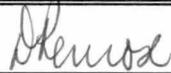
# 2015 SENATE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Harvest Room, State Capitol

SB 2221  
2/16/2015  
Job # 23876

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to the homestead exemption, when the homestead is subject to exemption, exempt proceeds of sale, and the homestead tax credit; and to provide an effective date.

## Minutes:

Legislative Council - Chris Kadrmas  
OMB - Nick Creamer

Chairman Holmberg: Called the committee to order on SB 2221.

Sen. Jerry Klein: This is an addition to Homestead tax credit. There is an \$8 million fiscal note, we're just raising income limit to \$42 to \$50,000; we're increasing the maximum renter refund from \$400 to \$600 and raising the maximum value of the homestead, to which credit applies from \$100,000 to \$150,000. Then it expands the brackets. It's pretty simple - it's just an expansion. This has become a great program across the state. The bill came out fairly clean from Finance and Tax.

Sen. Jessica Unruh: The Finance & Tax committee recommended a Do Pass, 7-0 on this \$8 million of tax relief in the form of the extension of the homestead tax credit program.

Chairman Holmberg: These are not new issues to us. We have to have the hearing on the bill.

Josh Axvig, AARP, ND: We support SB 2221 which would implement the governor's recommendations to expand the homestead tax credit program. We support the circuit breaker avenue that this implements. As your income goes up and your ability to pay goes up, your relief goes down. If income goes down, then relief goes up. There are 33 other states and the District of Columbia that do this. In talking to my colleagues around the country, our program, as it is structured right now is used as a model about how others can look to structure their program. The importance of doing this when you consider that 92% of ND seniors or 122,104 received social security in 2014, with an average annual benefit of \$13,821.00. When you consider that 34% of them rely on that as their income alone

after the age of 65. Having circuit breaker programs allow individuals to stay in their homes, which is far cheaper than institutional care. The Taxation committee left the raise from \$400.00 to \$600.00 on the renters credit; we would encourage you to go farther on the renter's side, they face challenges as well; a \$400 cap a year when you consider the other end of it, you can get a pretty significant break. We would encourage you to look at adjusting, if not now the Session is still early.

Chairman Holmberg: We are still fresh.

Senator Kilzer: I'm curious as to what is the base level. How much homestead tax credits are being issued in the present biennium.

Josh Axvig: I don't have figures, but tax people are here. I know there was a significant spike from when you raised it last session.

Joe Morrissette, ND State Tax Department: I don't have figures on the number of applicants in the current biennium. I know that we are currently estimating that we'll spend about \$16M out of \$20M appropriation for the present biennium. It is a little lower than what we had anticipated, but we're still having people who are learning that they are eligible and apply and get abatements for the previous year, so the number is growing.

Senator Wanzek: I know that one of the qualifiers is the asset test of \$500,000 or less. How do you enforce that?

Linda Ledbetter, State Supervisor of Assessments: Currently the document requires just a signature that states that they swear that their assets are less, so there is a penalty clause at the bottom of the document for the application. There are certain counties that go thru more efforts of investigating, and of course, their property records are going to determine that value as well, because their homestead is included.

Chairman Holmberg: We will close the hearing on SB 2221.

Senator Robinson: Moved a Do Pass.

Senator Sorvaag: Seconded.

A Roll Call vote was taken. Yea: 13    Nay: 0    Absent: 0

Carrier: Sen. Unruh

Date: 2-16-13  
 Roll Call Vote #: 1

**2015 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2021**

Senate Appropriations 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 Robinson    Seconded By Sorvaag

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Heckaman	✓	
Senator Bowman	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator O'Connell	✓	
Senator Carlisle	✓		Senator Robinson	✓	
Senator Sorvaag	✓				
Senator G. Lee	✓				
Senator Kilzer	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13    No 0

Absent 0

Floor Assignment Unruh

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

**REPORT OF STANDING COMMITTEE**

**SB 2221: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS**  
(13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2221 was placed on the  
Eleventh order on the calendar.

**2015 HOUSE FINANCE AND TAXATION**

**SB 2221**

# 2015 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2221  
3/16/2015  
24871

- Subcommittee  
 Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A bill relating to the homestead exemption, when the homestead is subject to exemption, exempt proceeds of sale, and the homestead tax credit.

### Minutes:

Attachment #1, 2

**Chairman Headland:** Opened hearing.

**Senator Klein:** Introduced bill. This bill is an expansion of what we started last session to the homestead tax credit. We are raising the income limit from \$42,000 to \$50,000, raising the maximum renter refund amount from \$400 to \$600, and also raising the maximum value of the homestead for which the credit applies from \$100,000 to \$250,000. It expands those other brackets and expands the fiscal note adding about \$8 million on to that.

**Representative Steiner:** Where are all the homestead tax credit bills? Have you been tracking what's coming over and what's been killed? How does this stack up there to what's out there now?

**Senator Klein:** I don't recall anything else the senate has. This is the senate bill I introduced with no amendments. This is part of the governor's overall budget. I don't know if the house that had anything similar that may be coming across.

**Chairman Headland:** We disposed of three different bills dealing with the homestead tax credit.

**Senator Klein:** Then this is probably the only one left.

**Chairman Headland:** We'll take testimony in support.

**Josh Askvig, AARP North Dakota:** Distributed testimony. See attachment #1. (Ended testimony at 6:57)

**Chairman Headland:** For several bienniums in a row we've expanded this program. Is this going to be a bi-annual thing and every session we're going to be asked for senior

relief? I understand that seniors on the bottom end of the spectrum need some help but I think we're getting in areas where we are giving this benefit to some seniors who don't need it.

**Josh Askvig:** Please refer to the social security sheet in my testimony. As long as there is a discussion of property tax relief and ensuring that we are providing property tax relief we believe in protecting those who are most vulnerable and protecting those where their number one concern is to safely stay in their home. I think you're adjusting it upwards that allows people with incomes that are a little bit farther up to stay in their homes but in many instances they are one fall or one accident away from seeing their incomes drastically plummet and this would be an opportunity to allow them to put money towards some of those measures so they don't have to rely on other social safety net programs. When you consider that 34% of North Dakotans rely on social security alone as their income over age 65 and are receiving social security and over 61% rely on it for 50% or more of their income it's a big chunk. Most of them will be captured under the existing program but probably not all.

**Donnell Preskey, North Dakota Association of Counties:** Distributed testimony from Donald Flaherty of Dickey County Tax Equalization; see attachment #2. This is probably the best homestead tax expansion that we can support; it's a step in the right direction and it will benefit those who have the greatest need throughout our state.

**Representative Froseth:** Was all that money paid off from the homestead tax credit from what was appropriated?

**Donnell Preskey:** I could find that out for you.

**Chairman Headland:** Is there further testimony in support? Is there any opposition? We have some question for Linda.

**Vice Chairman Owens:** Do you have the current use levels of how the program has been used so far?

**Linda Leadbetter, Office of State Tax Commissioner:** We are in the middle of reviewing the abstracts from last year's program. We know that we are going to have an amount that we are turning back. We don't have a number yet. We discussed the idea of an additional buy down in the taxes for the mil levies to the schools and the 12% state paid credit then had a portion of that adjustment for homestead credit as well. We didn't use that large amount that was appropriated for this biennium but we don't have the 2014 figures yet.

**Vice Chairman Owens:** You're saying the other tax relief we gave altered the calculation that we expected the expansion of the program and thus reduce the amount the program ate in to?

**Linda Leadbetter:** Yes, we do believe that is playing a role in this because at the end of the session there was an additional levy buy down for the school districts that reduce their consolidation of their mills. With those mills being reduced based on the state's participation in the school funding we believe that had an impact. We still think that

reaching out to all those that are eligible is still a big challenge and I do believe there are more that would be eligible for it.

**Chairman Headland:** Could you break down the fiscal note for us? Can you break down how much is due to increasing income and assets versus how much are renters' credit?

**Linda Leadbetter:** I will do that.

**Vice Chairman Owens:** Under B it says the credit applies to up to 100% of the taxable value which the bill is changing to 150% so was the \$8 million calculated on the \$150,000 or was it calculated on the \$100,000 as the paragraph reads?

**Linda Leadbetter:** In the fiscal note on B if you get toward the second to the last sentence it says the increase credit applies to an increase from 100 to 150 I believe that was addressed in this.

**Representative Dockter:** The asset really doesn't make a difference; the income bracket is what increases the appropriation. Last session they said you could move the assets to where you wanted and it didn't make any fiscal impact.

**Representative Schneider:** People who clearly should have qualified really had no clue this was allowed to them. Was there a state information campaign or was it left up to the cities and counties? If so how much money was that and how extensive was it?

**Linda Leadbetter:** I don't have the dollar amount numbers but it was a very large state campaign. There was a coupon publication that was mailed to everyone, ads in local newspapers, and public service announcements on radio and television. We are looking to have better outreach to so any recommendations would be appreciated.

**Chairman Headland:** Are there any other questions? Seeing none we will close the hearing on SB 2221.

# 2015 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2221  
3/23/2015  
25252

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Mary Brucher*

### Explanation or reason for introduction of bill/resolution:

A bill relating to the homestead exemption, when the homestead is subject to exemption, exempt proceeds of sale, and the homestead tax credit.

### Minutes:

Attachment #1

**Representative Haak:** Distributed proposed amendment 15.8169.01002. See attachment #1. I called John Walstad and asked him to zero out the fiscal note. If it was decided we could make this a priority later we could put money in it later and if it was decided not to then we could kill the whole thing again.

**Chairman Headland:** Does this just keep the bill alive for conference committee in hopes we find a little extra revenue somewhere to help further the process?

**Representative Haak:** Yes.

**Vice Chairman Owens:** I tried to amend it to do one portion of it but that didn't work either since it was more expensive.

**Chairman Headland:** I got a breakdown on the cost of different increases on this bill. From the increase on the income limit from \$42,000 to \$50,000 is \$2.2 million, the increased homestead tax value in which the credit applies from \$100,000 to \$150,000 is \$5.1 million, and the increase in the maximum renter refund is \$700,000.

**Vice Chairman Owens:** For the past five sessions we have tweaked this section of the law. This last time we did something we never did before. Before that we tweaked the levels but still anything over \$100,000 of your home value was counted as an asset and your assets could only be \$150,000 so it ate it up instantly and a lot of people didn't qualify. The whole system was funded at \$10 million. Last time we increased the asset value to \$500,000 and took out the requirement of the home. We fully expected it to go from \$10 million to \$20 million. We still have people out there who know nothing about it even though the cities and counties are doing a wonderful job in getting the word out. We changed this law five times in a row now. I'm inclined to let it ride this session and see if we

can't get more people that qualify and have them apply for it so we can determine the true cost of it.

**Chairman Headland:** I'm in complete agreement with you however I think we should put the amendment on in case there is desire on the floor to move this bill forward.

**Representative Haak:** Did we ever get a number of how much of the \$10 million was used?

**Vice Chairman Owens:** Last count was we were only using about \$6 million of the additional \$10 million and at one point it was 77% increase in users but because some of those may have been at the higher level they weren't eating the money up quite as fast.

**Representative Haak:** Made a motion to adopt the amendment.

**Vice Chairman Owens:** Seconded.

**Voice vote:** Motion carried.

**Vice Chairman Owens:** Made a motion for a do not pass as amended.

**Representative Kading:** Seconded.

**Roll call vote:** 9 yes 4 no 1 absent

**Motion carried for a do not pass as amended.**

**Vice Chairman Owens will carry this bill.**

SH  
3/23/15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2221

Page 1, line 1, after the second comma insert "and"

Page 1, line 2, remove ", and subsections 1 and 2 of section 57-02-08.1"

Page 1, line 3, after the third comma insert "and"

Page 1, line 4, remove ", and the homestead tax credit; and to provide an effective date"

Page 2, remove lines 11 through 31

Page 3, remove lines 1 through 31

Page 4, remove lines 1 through 31

Page 5, remove lines 1 through 8

Renumber accordingly

Date: 3-23-15  
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2221

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 15.8169.01002

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 Rep. Haak    Seconded By Rep. Owens

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND			REP HAAK		
VICE CHAIRMAN OWENS			REP STRINDEN		
REP DOCKTER			REP MITSKOG		
REP TOMAN			REP SCHNEIDER		
REP FROSETH					
REP STEINER					
REP HATLESTAD					
REP KLEIN					
REP KADING					
REP TROTTIER					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:  
Voice vote = Motion carries.

Date: 3-23-15  
 Roll Call Vote #: 2

**2015 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2221**

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 15.8169.01002

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 Rep. Owens Seconded By Rep. Kading

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND	✓		REP HAAK		✓
VICE CHAIRMAN OWENS	✓		REP STRINDEN	AB	
REP DOCKTER	✓		REP MITSKOG		✓
REP TOMAN	✓		REP SCHNEIDER		✓
REP FROSETH	✓				
REP STEINER		✓			
REP HATLESTAD	✓				
REP KLEIN	✓				
REP KADING	✓				
REP TROTTIER	✓				

Total (Yes) 9 No 4

Absent 1

Floor Assignment Rep. Owens

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

**REPORT OF STANDING COMMITTEE**

**SB 2221: Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (9 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). SB 2221 was placed on the Sixth order on the calendar.

Page 1, line 1, after the second comma insert "and"

Page 1, line 2, remove ", and subsections 1 and 2 of section 57-02-08.1"

Page 1, line 3, after the third comma insert "and"

Page 1, line 4, remove ", and the homestead tax credit; and to provide an effective date"

Page 2, remove lines 11 through 31

Page 3, remove lines 1 through 31

Page 4, remove lines 1 through 31

Page 5, remove lines 1 through 8

Renumber accordingly

**2015 TESTIMONY**

**SB 2221**



Real Possibilities in

# North Dakota

#1  
SB 2221  
1-20-15

Support SB 2221- Homestead Tax Credit Expansion

Tuesday, January 20, 2015

Senate Finance and Taxation Committee

Josh Askvig – AARP ND

[jaskvig@aarp.org](mailto:jaskvig@aarp.org) or 701-989-0129

Chairman Cook and members of the Senate Finance and Taxation Committee, I am Josh Askvig, Associate State Director of Advocacy for AARP North Dakota. We rise in support of SB 2221, which would implement the Governor's recommendations to expand the Homestead Property Tax Credit.

As you know, property taxes are the single most burdensome tax for many low-income and older homeowners. Many of our more elderly citizens have lived in their homes for a long time. As their property values have appreciated, so have their property taxes. But many do not have the income to afford the yearly increases in their property taxes while also meeting their basic needs for food, medicine and utilities.

AARP policy supports efforts for property tax relief provided in an equitable manner to low- and moderate-income homeowners and renters. AARP supports "circuit breaker" measures, like the North Dakota Homestead Property Tax Credit. Circuit breaker programs offer property tax credits or homestead exemptions that decrease as income increases, resulting in a more progressive tax system. Therefore, lower-income households receive greater tax relief than higher-income households. Further, these programs are specifically targeted to low- and moderate-income households.

About 33 states and the District of Columbia offer circuit breaker programs. Most of these provide tax relief to both homeowners and renters. Most of them are targeted to older homeowners and renters or provide more generous benefits to older homeowners and renters. Most circuit breaker programs are state-financed.

Last session you expanded the Homestead Tax Credit to ensure more low- to moderate-income residents can access this beneficial and important property tax relief program. This was a great first step. The adjustments to the income bracket eligibility levels allowed many more North Dakotans to access this program.

1.2

AARP supports provisions that increase the current sliding scale for relief; this fits with AARP policy that as your income is higher your ability to pay is higher, and therefore, your relief is lower. We also support eliminating Social Security from the definition of "income." Attached to my testimony is a state fact sheet about Social Security and Medicare in North Dakota. As you can see, 92 percent of North Dakota seniors, or 122,104 individuals, received Social Security in 2014. The average annual benefit was only \$13,821. Further, 34 percent of North Dakotas on Social Security rely on that income alone in retirement. The expansion of the homestead tax credit is crucial, especially for those on fixed incomes who may be struggling to make ends meet.

Last but not least, we also encourage you to raise the amount of the credit available to renters. In today's current housing crunch, rent prices have skyrocketed and rental assistance through the homestead credit has remained the same. We encourage you to raise the \$400 a year cap for renters through the homestead program. This bill would increase the renters' credit to \$600, a good improvement but we would encourage you to go even higher, especially given that you made adjustments to the homeowners provisions last session but did not adjust the renters credit.

SB 2221 meets the above principals and we encourage you to give it a do pass recommendation.

# Social Security

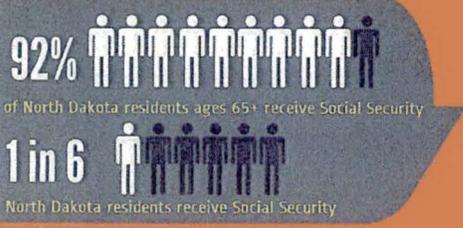
## 2014 North Dakota Quick Facts

### 1 in 6 North Dakota residents receive Social Security

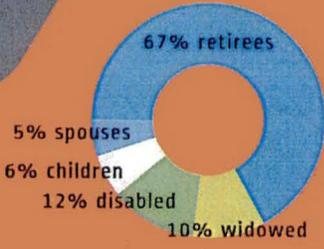


In 2012, North Dakota's population was about 700,000, with 101,000 being age 65+

**122,104**  
number of North Dakota beneficiaries



### North Dakota Social Security Beneficiaries



### Social Security generates \$2.5 billion dollars in economic output for North Dakota



In 2012, North Dakota residents received \$1.6 billion dollars from Social Security



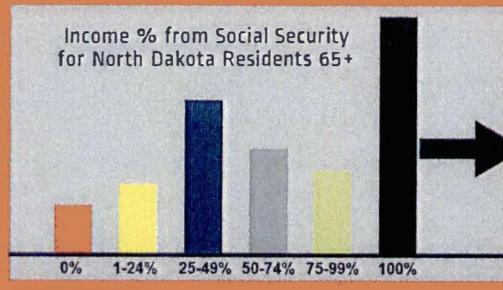
**\$1,152**  
average monthly Social Security benefit



### Social Security lifts 28,000 North Dakotan retirees from poverty



Nearly 42% of the state's 65+ population would have incomes below the poverty line if they did not receive Social Security



**34%**  
rely solely on Social Security

SB 2221 #2



OFFICE OF TAX EQUALIZATION  
P. O. Box 393  
Ellendale ND 58436  
Phone: (701) 349-3249 Ext. 7  
E-mail: dflaherty@nd.gov

January 19, 2015

2015 Senate Finance and Taxation Committee  
Honorable Senator Dwight Cook, Chairman  
North Dakota State Capitol

Dear Senator Cook and Members of the Senate Finance and Taxation Committee:

My name is Don Flaherty and I am the Director of Tax Equalization for Dickey County. I am writing you today to speak in favor of SB 2221. I believe that the proposed changes to NDCC § 57-02-08.1 to expand the Homestead Tax Credit by increasing the income and taxable value limits is a step in the right direction and will be a benefit for those who have the greatest need throughout our state.

While the proposed changes to the income and taxable value limits will result in very small increase of eligibility for the population of my county. I do believe that other areas of our state are not as fortunate and this change will make a difference. The last time an increase was made to the taxable value limit of the Homestead Credit was in 2009. Since that time many areas of the state have seen a increase to residential values due to the influx of people to our state and the resulting shortage of available properties.

The proposed legislation provides for a reasonable increase to the Homestead Credit program without "giving away the farm" so to speak and of all the recommended changes to NDCC § 57-02-08.1, this one will best meet the needs of the people of North Dakota in my opinion.

Therefore I would strongly urge each of you to vote in favor of SB 2221 in its current form.

Respectfully Submitted,

Donald W. Flaherty  
Dickey County Director of Tax Equalization



Real Possibilities in

SB 2221  
3-16-15  
# 1 p. 1

# North Dakota

SB 2221 – SUPPORT

Monday, March 16, 2015

House Finance and Taxation Committee

Josh Askvig – AARP North Dakota

[jaskvig@aarp.org](mailto:jaskvig@aarp.org) or 701-989-0129

Chairman Headland, members of the House Finance and Taxation Committee, I am Josh Askvig, Associate State Director of Advocacy for AARP North Dakota. Thank you for the opportunity to appear before you today and share AARP’s support of SB 2221.

As you know, property taxes are the single most burdensome tax for many low-income and older homeowners. Many of our more elderly citizens have lived in their homes for a long time. As their property values have appreciated, so have their property taxes. But many do not have the income to afford the yearly increases in their property taxes while also meeting their basic needs for food, medicine and utilities.

AARP Policy supports efforts for property tax relief provided in an equitable manner to low- and moderate-income homeowners and renters. AARP supports “circuit breaker” measures, like the North Dakota homestead property tax credit. Circuit breaker programs offer property tax credits or homestead exemptions that decrease as income increases, resulting in a more progressive tax system. Therefore, lower-income households receive greater tax relief than higher-income households. Further, these programs are specifically targeted to low- and moderate-income households.

About 33 states and the District of Columbia offer circuit breaker programs. Most of these provide tax relief to both homeowners and renters. Most of them are targeted to older homeowners and renters or provide more generous benefits to older homeowners and renters. Most circuit breaker programs are state-financed.

Last session you expanded the Homestead Tax Credit to ensure more low- to moderate-income residents can access this beneficial and important property tax relief program. This was a great first step. The adjustments to the income bracket eligibility levels allowed many more North Dakotans to access this program.

AARP supports provisions that increase the current sliding scale for relief; this fits with AARP policy that as your income is higher your ability to pay is higher, and therefore, your relief is lower. We also support eliminating Social Security from the definition of "income." Attached to my testimony is a state fact sheet about Social Security and Medicare in North Dakota. As you can see, 92 percent of North Dakota seniors, or 122,104 individuals, received Social Security in 2014. The average annual benefit was only \$13,821. Further, 34 percent of North Dakotas on Social Security rely on that income alone in retirement. The expansion of the homestead tax credit is crucial, especially for those on fixed incomes who may be struggling to make ends meet.

Last but not least, we also encourage you to raise the amount of the credit available to renters. In today's current housing crunch, rent prices have skyrocketed and rental assistance through the homestead credit has remained the same. We encourage you to raise the \$400 a year cap for renters through the homestead program. This bill would increase the renters' credit to \$600, a good improvement but we would encourage you to go even higher, especially given that you made adjustments to the homeowners provisions last session but did not adjust the renters credit.

This expansion of the homestead tax credit is crucial, especially for those on fixed incomes who may be struggling to make ends meet.

Thank you for the opportunity to testify today on SB 2221. I am happy to take any questions you might have.

# Social Security

## 2014 North Dakota Quick Facts

#1 p.3

### 1 in 6 North Dakota residents receive Social Security



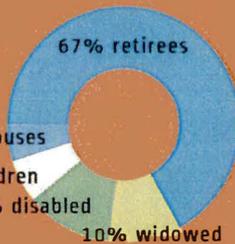
In 2012, North Dakota's population was about 700,000, with 101,000 being age 65+

122,104 number of North Dakota beneficiaries

92% of North Dakota residents ages 65+ receive Social Security

1 in 6 North Dakota residents receive Social Security

### North Dakota Social Security Beneficiaries



### Social Security generates \$2.5 billion dollars in economic output for North Dakota



In 2012, North Dakota residents received \$1.6 billion dollars from Social Security



\$1,152

average monthly Social Security benefit

\$13,821

average yearly Social Security benefit

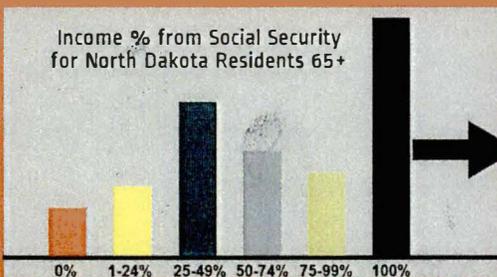
### Social Security lifts 28,000 North Dakotan retirees from poverty



Nearly 42% of the state's 65+ population would have incomes below the poverty line if they did not receive Social Security



Income % from Social Security for North Dakota Residents 65+



34%

rely solely on Social Security

OFFICE OF TAX EQUALIZATION  
P. O. Box 393  
Ellendale ND 58436  
Phone: (701) 349-3249 Ext. 7  
E-mail: dflaherty@nd.gov



March 16, 2015

2015 House Finance and Taxation Committee  
Honorable Representative Craig Headland, Chairman  
North Dakota State Capitol

SB 2221  
3-16-15  
#2

Dear Representative Headland and Members of the House Finance and Taxation Committee:

My name is Don Flaherty and I am the Director of Tax Equalization for Dickey County. I am writing you today to speak in favor of SB 2221. I believe that the proposed changes to NDCC § 57-02-08.1 to expand the Homestead Tax Credit by increasing the income and taxable value limits is a step in the right direction and will be a benefit for those who have the greatest need throughout our state.

While the proposed changes to the income and taxable value limits will result in very small increase of eligibility for the population of my county. I do believe that other areas of our state are not as fortunate and this change will make a difference. The last time an increase was made to the taxable value limit of the Homestead Credit was in 2009. Since that time many areas of the state have seen a large increase to residential values due to the influx of people to our state and the resulting shortage of available properties.

The proposed legislation provides for a reasonable increase to the Homestead Credit program without "giving away the farm" so to speak and of all the recommended changes to NDCC § 57-02-08.1, this one will best meet the needs of the people of North Dakota in my opinion.

Therefore I would strongly urge each of you to vote in favor of SB 2221 in its current form.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Donald W. Flaherty".

Donald W. Flaherty  
Dickey County Director of Tax Equalization

15.8169.01002  
Title.

Prepared by the Legislative Council staff for  
Representative Haak  
March 18, 2015

SB 2221  
3-23-15  
#1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2221

Page 1, line 1, after the second comma insert "and"

Page 1, line 2, remove ", and subsections 1 and 2 of section 57-02-08.1"

Page 1, line 3, after the third comma insert "and"

Page 1, line 4, remove ", and the homestead tax credit; and to provide an effective date"

Page 2, remove lines 11 through 31

Page 3, remove lines 1 through 31

Page 4, remove lines 1 through 31

Page 5, remove lines 1 through 8

Renumber accordingly