

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/19/2015**

Bill/Resolution No.: SB 2265

- 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 2265 creates an acceptable level of valuation approval for certain lakeside residential properties.

- 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.*

SB 2265, if enacted, will create a level of equalization for lakeside property between 65% and 100% of market value, on lakes where at least five hundred structures exist.

Lake property is currently equalized, based on market statistics, along with other residential assessments. Data is not available upon which to base a fiscal note for a separation of this classification of property.

The State Board of Equalization has the responsibility of equalizing assessments among counties and assessment districts of the state. Real property assessments are used to determine the levies that support local government. Establishing a thirty-five percent range in acceptable assessments may create inequity in assessments and shift the property tax burden to remaining classes of property. The amount of shifting that may occur cannot be computed.

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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**Telephone:** 328-3402

**Date Prepared:** 01/26/2015

**2015 SENATE FINANCE AND TAXATION**

**SB 2265**

# 2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Lewis and Clark Room, State Capitol

SB2265  
1/28/2015  
Job #22689

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Alicia Groves*

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

Relating to valuation approval for lakeside residential properties by the state board of equalization; and to provide an effective date.

## Minutes:

Attachment #1,

**Chairman Cook** opened the hearing on SB2265.

### **Senator David O'Connel, Dist. 6**

The people who asked for this said they would be here to back it up. They are not here. Apparently there were some miscommunications. I was asked by constituents and others, At Lake Metigoshe, for example, there are approximately 900 homes up there. About 150 are year-round. There are a number that are over a million dollar figure. For the person that is living there, it has driven the cost of taxes up. Their property is worth a lot of money. They may have bought it for \$20,000.00 and now it's \$220,000.00. Basically, what the issue is in Roland Township, they pay 26% of the county taxes and 90% of the township taxes. The ones that don't live there that have called from Minot and surrounding areas. You've heard the same old story. We pay for the school taxes back home. Why should we pay for the taxes there?

**Chairman Cook** -- I think the biggest question, right off the top, is the constitutionality question. It's not constitutional.

**Senator O'Connel** -- Give somebody a break that you don't give to the other person.

**Chairman Cook** -- There's a requirement that all taxes be equalized within their classifications.

Testimony opposed to SB2265

**Allan Vietmeier, Burleigh County Tax Director (Attachment #1)**

**Chairman Cook** closed the hearing on SB2265.

Senate Finance and Taxation Committee  
SB2265  
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Senator Oehlke moved a do not pass.

Senator Unruh seconded.

Roll call vote: 7-0-0

Carrier: Senator Cook.

Date: 1-28-15

Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO 2265

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. Oehlke 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. Cook

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

**REPORT OF STANDING COMMITTEE**

**SB 2265: Finance and Taxation Committee (Sen. Cook, Chairman)** recommends **DO NOT PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2265 was placed on the Eleventh order on the calendar.

**2015 TESTIMONY**

**SB 2265**



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**TESTIMONY TO THE  
SENATE FINANCE AND TAXATION**

**Prepared by Allan Vietmeier, Burleigh County Tax Director  
01/28/2015**

**Senate Bill 2265**

Mr. Chairman and members of the committee I offer the following testimony regarding Lake Shore Property and recommend a do not pass:

- Currently we have three classes of property in North Dakota that are locally assessed, Agricultural, Commercial, and Residential. Both commercial and residential are equalized using the sales ratio study at a tolerance level of ninety to one hundred percent of their market value. This tolerance level is accomplished using the sales ratio study.
- By passing this bill you would be creating a fourth class of property that is equalized at a different tolerance level comparative to the other classes of property.
- This piece of legislation is designed to go directly against what equalization represents. Equalization is a tool that assures everyone is paying their fair share of taxes. By creating a class of property that has a different set of tolerances you will be shifting local tax burdens onto other classes of property.

Thank You,  
Allan Vietmeier  
Burleigh County Tax Director