

FISCAL NOTE
Requested by Legislative Council
01/16/2019

Revised
 Bill/Resolution No.: SB 2309

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$31,178,000			
Appropriations			\$31,178,000			

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 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 2309 expands the property tax credit for qualifying veterans.

- 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.*

This fiscal note assumes the intent of SB 2309 was to add all disabled veterans - regardless of the degree of disability - as well as other veterans receiving pension payments to the current disabled veterans property tax credit program. The bill also removes the limit on the value of the homestead subject to the credit.

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.*

According to statistics provided by the Department of Veterans Affairs, the intended provisions of SB 2309 will expand the property tax credit to a total of 13,126 North Dakota veterans, which is an increase of approximately 7800 from those already partially covered under the existing program. Assuming 75% of these individuals will qualify for the credit and will own homes taxed at an average of \$2000, enactment of the bill can be expected to increase state general fund expenditures by an estimated \$31.178 million in the 2019-21 biennium. (This estimate has been reduced by the amount of the current disabled veterans credit program, which is approx. \$4.1 million per year.)

- 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 Office of Tax Commissioner receives an appropriation for the issuance of the disabled veterans property tax credit payments to the counties. If enacted, SB 2309 will require an increase in this appropriation of an estimated \$ 31.178 million for the 2019-21 biennium.

Name: Kathryn Strombeck

Agency: Office of Tax Commissioner

Telephone: 701.328.3402

Date Prepared: 01/22/2019

FISCAL NOTE
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Date Prepared: 01/22/2019

2019 SENATE FINANCE AND TAXATION

SB 2309

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2309
1/23/2019
Job #31273

- Subcommittee
 Conference Committee

Committee Clerk: Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact subsection 20 of section 57-02-08, section 57-02-08.8, and subdivision c of subsection 1 of section 57-55-10 of the North Dakota Century Code, relating to the property tax credit for veterans; and to provide an effective date.

Minutes:

Attachments: 4

Chairman Cook: Called the hearing to order on SB 2309.

Senator Richard Marcellais, District 9: Introduced the bill. See attachment #1. Submitted proposed amendments. See attachment #2. It was brought to my attention from some of the veteran organizations. This is a small token for the veterans and surviving spouses for all of their sacrifices and services to the United States of America and the great state of North Dakota.

Chairman Cook: So you have to have some sort of compensation or pension to qualify for it?

Senator Marcellais: That is correct.

Chairman Cook: Any testimony in favor of SB 2309? Any in opposition?

Jim Nelson, Legislative Director, North Dakota Veterans Legislative Council: Testified in opposition to SB 2309. See attachment #3. The chart you received shows the percentages between compensation and pensions in our state. Who gets what? That is one of the issues. There is a big difference between pension and compensation. Those of you in the military know what I am talking about. Disability determines the compensation you receive and that can be anywhere from 0-100%. That is how the VA decides how much compensation you get. Monthly pension is based on income. That is extremely low income. I believe that after discussing with Senator Marcellais this morning, that is probably addressed in the amendment. As it is written, we stand in opposition of the bill.

Senator Dotzenrod: If the committee were to adopt the suggestions you have in this handout, would you be in favor of the bill?

Jim: I would have to take it back to my people. It probably would make it more favorable if that was the case. I cannot say yes or no at this time.

Jaclyn Hall, Mandan: Testified in opposition to SB 2309. See attachment #4. Currently, my husband is a 100% service connected, permanently disabled veteran. He receives a monthly disability compensation. He does not receive a pension. Many disabled vets receive a disability compensation when they have a service connection. The bill as written, removes that ability to receive a pro-rata property tax reduction. By inserting those amendments, that does impact it at a point, but there is still more wording that needs to happen to change that.

Chairman Cook: And that is?

Jaclyn Hall: We need to take a look at it again and come back because we did not see those amendments prior to Senator Marcellais coming in. The biggest point that I had is compensation and pension are totally different as well as the parts of being wheeled chair bound. My husband has MS. He will be in wheeled chair bound, but he is not now. There is some additional wording that need to be adjusted in here because we have a lots of vets who have a service connection or are disabled and it is not a physical disability.

Chairman Cook: Your husband and you are getting a property disabled?

Jaclyn Hall: We are getting a reduction, yes.

Chairman Cook: And this will take it away from you?

Jaclyn Hall: Correct. The original bill will.

Chairman Cook: This bill will not go out of here today so you will have time to look at the amendments and offer any further changes.

Chairman Cook: Any further testimony? Hearing none, we will close the hearing on SB 2309.

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2309
1/29/2019
Job #31705

- Subcommittee
 Conference Committee

Committee Clerk: Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact subsection 20 of section 57-02-08, section 57-02-08.8, and subdivision c of subsection 1 of section 57-55-10 of the North Dakota Century Code, relating to the property tax credit for veterans; and to provide an effective date.

Minutes:

Attachments: 0

Chairman Cook: Called the committee to order on SB 2309.

Senator Dotzenrod: I think there was some confusion on this bill as to if there were amendments needed or not. I talked to senator Marcellais and he was not aware of any amendments. We talked to the tax department and I think Emily is getting some amendments ready. They were not at my desk before we came here today. I think Senator Marcellais got this information from one of the veteran's service officers who were here that day of the hearing. There were some objections from the officers that needed to be fixed. I haven't seen the amendment but I guess they are on their way.

Senator Kannianen: The amendments that he submitted with his testimony; I think he was attempting to cover that but that wasn't clear enough as far as adding in the disabled veterans.

Senator Dotzenrod: I think what Senator Kannianen just said is correct. Had the committee adopted his amendments, the bill still would not have covered the issue. The service officer was saying there would be groups that were not longer eligible if we did it this way. I would hope we can wait and get ahold of those amendments.

Chairman Cook: Okay. We will wait until we get the amendments.

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2309
2/4/2019
Job #32065

- Subcommittee
 Conference Committee

Committee Clerk: Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact subsection 20 of section 57-02-08, section 57-02-08.8, and subdivision c of subsection 1 of section 57-55-10 of the North Dakota Century Code, relating to the property tax credit for veterans; and to provide an effective date.

Minutes:

Attachments: 2

Chairman Cook: Called the committee to order on SB 2309.

Senator Dotzenrod: These amendments were prepared and given with instructions to the legislative counsel regarding what he wanted. See attachment #1 and #2. I think he just wanted to add certain individuals who had been left out on the original bill. We had a veteran's service officer here that day who was trying to explain the effects of the amendments and that they didn't really fix the problem. These were what he asked them to do. He wanted to make sure that veterans that were disabled or receiving a pension go their property tax.

Chairman Cook: Maybe we should get a new fiscal note.

Senator Meyer: I am looking at line 26 on page 2. Do quadriplegics need to be addressed on this as well?

Senator Patten: If you are a quadriplegics are qualified under paraplegics.

Senator Unruh: Without some serious validation from the veteran's groups who all came and testified against this bill saying that this actually does what they wanted it to do now, I do not see myself being able to vote for it. Even then, we will have to look at it more and I am still uncertain at the point.

Chairman Cook: The fiscal note makes my mind up and it is going to kind of get worse.

Senator Unruh: That is how I see it as well, Mr. Chairman.

Chairman Cook: Dan, how long will it take Kathy to make a new fiscal note for this?

Dan Rousse, Tax Department: I cannot answer that question but I can certainly go up and ask her. Linda Leadbetter and I were just discussing that the original fiscal note was \$31,178,000. If you are reintroducing some of the constituencies that were potentially at risk of losing their exemptions or credit, you are going to have a larger fiscal note. I do not know what that would exactly be.

Chairman Cook: Committee, what would you like to do with the bill.

Senator Unruh: Moved to Adopt the Amendments.

Senator Unruh: I think it is important we put these on there. The sponsor didn't intend for the bill to be the way it was and I think we should evaluate it on the merits he had intended.

Senator Patten: Seconded.

Senator Dotzenrod: There is some of this I don't quite understand. On page 3 of the Christmas tree bill, you have line 3-4. We overstruck who was discharged under honorable conditions. I am not sure why you take that out. Who are they talking about?

Chairman Cook: Me and you.

Senator Dotzenrod: It seems to me you would want to qualify and you would want to have this apply to people who were honorably discharged.

Chairman Cook: That would really have a fiscal note. You would get it and so would I. You are not injured or hurt in any way.

Senator Dotzenrod: If you are injured you do not get an honorable discharge?

Chairman Cook: If you are injured, you qualify under this bill.

Senator Patten: If I am reading this correct by adding that language in, any honorable discharged veteran would be included as opposed to a requirement that if you are disabled, you must also have an honorable discharge.

Senator Dotzenrod: I assumed if someone was disabled in the military, they would be honorably discharged from the military. Maybe there are medical discharges that are not dishonorable but some other general discharge. It looks like we have used that term in the past and now we are taking it out.

Senator Patten: I think the issue is if you wanted the language in there, it would have to be both disabled and honorable discharged, not as individual honorably discharged or disabled. You would want to be inclusive of both conditions rather than just one of them.

Chairman Cook: Do you want us to call a veterans' officer in Mandan or Bismarck?

Senator Cook: The man that was here was pretty sure that this wasn't going to be good. If he could get over here and take a look at this, it would be a good thing.

Chairman Cook: We are just going to table this until we can here from the veterans' service office.

Senator Unruh: Would you like me to withdraw my motion?

Chairman Cook: You can leave it on the table.

Senator Dotzenrod: There are a lot of terms in here that must be special to the VA. For example, page 3 line 16. I am not sure what some of those are. Also on page 2 what is specially adapted housing? I guess those are VA functions of some kind. I am not as well versed on how the VA works as what is in code.

Chairman Cook: Would Senator Marcellais be able to explain it?

Senator Dotzenrod: I do not know. I can let him know that we are trying to figure it out. Maybe if there is someone in the VA that is familiar with the language and what these terms mean, that would be helpful. Evidentially, this should not apply to people who are retired military. They want to separate them out from people who have pensions. I do not understand what a survivor's pension is and how that is different from an indemnity compensation.

Chairman Cook: With that, we will adjourn from this bill.

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2309
2/4/2019
Job #32120

- Subcommittee
 Conference Committee

Committee Clerk: Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact subsection 20 of section 57-02-08, section 57-02-08.8, and subdivision c of subsection 1 of section 57-55-10 of the North Dakota Century Code, relating to the property tax credit for veterans; and to provide an effective date.

Minutes:

Attachments: 0

Chairman Cook: Called the hearing to order on SB 2309.

Mark Landis of the Burleigh County Veteran's Service Office spoke to the committee via the telephone.

Chairman Cook: Mark, did you get a chance to look over the amendments?

Mark Landis: I did.

Chairman Cook: When we had the hearing you and others had some concerns that some people who were covered today are not going to be covered with this. Are all those concerns removed?

Mark Landis: I believe they are covered now with these changes you sent me. I did have a question or two. Going to page 3, line 27, it talks about the document a person needs to provide to the county tax assessor. On to page 4, it talks about a surviving spouse or veteran receiving one of these 4 types of benefits. I understand that. I am looking at the surviving spouse who is not receiving a benefit but who is continuing the benefit the veteran had. I know that is addressed earlier, but do they have to provide any other documentation or are they just allowed to continue whatever the veteran was receiving?

Chairman Cook: The sponsor of the bill is not here. Senator Dotzenrod can you answer that?

Senator Dotzenrod: I was trying to find that earlier reference. On page 3, line 10, an unremarried surviving spouse, I think is what he is talking about.

Mark Landis: Yes, that is what I am talking about. I am wondering if the unmarried surviving spouse is relied any other documentation or do they just simply continue the eligibility of the diseased veteran? I am not expecting an answer right now; I am just brining that up.

Chairman Cook: I would assume with an un remarried spouse, we would have to know at some point if she ever got remarried.

Mark Landis: Yes, that would be true.

Senator Dotzenrod: If you look on page 3, line 7; it says a veteran or un remarried surviving spouse claiming credit for the first time shall file with the county auditor an affidavit. It looks like there is a requirement for that un remarried surviving spouse to file a statement.

Mark Landis: Would the affidavit be sufficient in that case?

Senator Dotzenrod: I think it would be but maybe someone here can say that isn't right. I think if you file an affidavit showing the facts required in this section, it is good.

Chairman Cook: It appears to me that an un remarried veteran's spouse's first time wanting to get it, would require her to file. She could not go on with the same credit her husband was getting before that. I see Tax Department people here in the room shaking their heads in agreement.

Mark Landis: There wouldn't be any further documentation required other than the affidavit, correct?

Chairman Cook: Correct.

Mark Landis: I talked with our tax assessor and something concerning came up. The amount of the credit is based on the value of the homestead as defined in 47-18-01 of the century code. That section of code limits the value of the homestead to \$100,000. Right now we have veterans who are receiving a credit based on the first \$150,000 of their home. I just wanted to know what the intent was.

Chairman Cook: I will ask the sponsor that before it goes to the floor.

Mark Landis: I understand this would expand eligibly to people who do not currently receive the benefit. That way it reads is that it looks like those who are currently receiving the benefit would see a reduction of about 1/3 of the benefit. I do not want to see anyone have a diminished benefit because of this.

Chairman Cook: You said it is also going to expand those who receive it.

Mark Landis: That is the way I read this.

Chairman Cook: Can you put some explanation to that?

Mark Landis: Right now, the disabled veteran's property tax credit applies to veterans of at least 50% service connected disability. The way this bill reads expand to anyone receiving service connected disability benefits even those less than 50%. Someone with a 10% disability rating would receive a property tax credit. It also brings in those veterans who are receiving a pension who are not currently covered by the law. I do not know how many people there are statewide.

Senator Dotzenrod: You are on page 3 line 6 where it refers to a pension?

Mark Landis: Page 3, line 2, and then also on line 6 with a survivor receiving a survivor pension. Veterans receiving a pension or a surviving spouse receiving a pension would now be included as they are not right now. I have no objection to that. My main concern is reducing that maximum value of \$150,000 down to \$100,000. It will hurt some people. I will be getting a lot of phone calls.

Senator Dotzenrod: The \$150,000 would be on page 3 line 20 and line 24. We are striking out the reference to the \$150,000. If we take that out, what is taking its place?

Chairman Cook: It leaves it at \$100,000.

Senator Dotzenrod: Where is that at?

Mark Landis: I am looking at page 2, line 25. It talks about the tax evaluation of the individual's homestead.

Senator Dotzenrod: Does that go back to the definition of homestead?

Mark Landis: Yes. I am looking also at page 4 line 10 where it defines homestead and it directs us to 47-18-01 of the century code which defines what a homestead is. It says a total not to receive \$100,000.

Senator Unruh: Did we ever come to a conclusion about the honorably discharged language under section 2? We crossed out the honorably discharged language and replaced it with a monthly survivor's pension from the department of veteran's affairs. I wonder if dishonorably discharged veterans receive those or not.

Senator Dotzenrod: On page 3 line 3, we are overstriking that. Is that so that we can widen the pool of people? If we left discharged under honorable conditions would that conflict with Senator Marcellais' desire to get more people? I always thought that was something you would leave in there. Are there medical discharges or general discharges that we should have take the place of what is on line 3?

Mark Landis: I was also curious as to why language was lined out. I don't think it will make a material difference if you leave it in or out. Veterans receiving compensation or pension from the VA means the VA has verified they are discharged under honorable conditions.

Senator Dotzenrod: I was wondering about medical discharges. Would there be a case where a veteran had an injury he couldn't recover from enough to do the job and that he could be receiving some benefits under a medical discharge?

Mark Landis: Veterans with a medical discharge could receive benefits. That is not dishonorable in any way. Medical is its own category.

Senator Dotzenrod: A medical discharge could be considered an honorable discharge?

Mark Landis: Yes.

Chairman Cook: Mr. Landis, I appreciate you taking your time out of your day to answer our questions.

Senator Dotzenrod: Part of the problem is that there is a lot of language in here that is veterans specific and it is not easy to understand. I do not know if Senator Marcellais has the understanding of all the language as well as he should. It seems like not a simple thing to untangle. If you cross off these references to taxable values of \$750 and then the default becomes \$100,000, that is not going to work well for the people he is trying to help.

Chairman Cook: I think Senator Marcellais had an idea of what he wanted to do. He went to the counsel and shared his idea and now we have a bill draft. What was missing in the conversation is the first person he should've went too which was the veterans service office.

Senator Dotzenrod: Even after talking to Mark, we still have a lot of other things to figure out to get it to work the way Senator Marcellais wants it to.

Chairman Cook: Committee, your wishes?

Senator Unruh: I made a motion to adopt the amendments that we left on the table, Mr. Chairman.

A Voice Vote Was Taken to Adopt the Amendments.

Motion Carried.

Senator Unruh: Moved to Reconsider the previous motion to adopt the amendments.

Senator Patten: Seconded.

A Voice Vote Was Taken to Reconsider the Amendments.

Motion Carried.

Senator Patten: Moved a Do Not Pass on SB 2309.

Senator Meyer: Seconded.

Senate Finance and Taxation Committee
SB 2309
February 4, 2019
Page 5

Chairman Cook: Any Discussion?

A Roll Call Vote Was Taken. 6 yeas, 0 nays, 0 absent.

Motion Carried.

Senator Kannianen will carry the bill.

January 30, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2309

Page 2, line 24, after "1." insert "The following individuals are entitled to receive a one hundred percent credit applied against the taxable valuation of the individual's homestead:

a. A paraplegic disabled veteran of the United States armed forces or any veteran who has been awarded specially adapted housing by the department of veterans' affairs, or the unremarried surviving spouse if the veteran is deceased.

b."

Page 2, line 28, after "pension" insert "or monthly disability compensation"

Page 2, line 31, remove the underscored comma

Page 2, line 31, overstrike "is"

Page 3, line 1, overstrike "eligible for a"

Page 3, line 1, remove "one hundred percent"

Page 3, line 1, overstrike "credit applied against the"

Page 3, line 2, overstrike "taxable valuation of the homestead owned and occupied by the"

Page 3, line 3, overstrike "veteran or" and insert immediately thereafter ".

c. An"

Page 3, line 6, after "credit" insert "of a veteran of the United States armed forces who was receiving a credit under this section before the veteran's time of death"

Page 3, line 6, remove the overstrike over the overstruck period and insert immediately thereafter:

"d."

Page 3, line 6, remove the overstrike over "~~An unremarried surviving spouse~~" and insert immediately thereafter "of a veteran of the United States armed forces"

Page 3, line 6, remove the overstrike over "~~who is receiving department of~~"

Page 3, line 7, remove the overstrike over "~~veterans' affairs dependency and indemnity compensation~~"

Page 3, line 21, replace "a" with ":

a. Specially adapted housing;

b. A"

Page 3, line 22, after "pension" insert: ":

c. Monthly disability compensation; or

d. Dependency and indemnity compensation"

Page 3, line 22, after the period insert:

"4."

Page 3, line 26, overstrike "4." and insert immediately thereafter "5."

Page 3, line 30, overstrike "5." and insert immediately thereafter "6."

Page 4, line 1, overstrike "6." and insert immediately thereafter "7."

Page 4, line 3, overstrike "7." and insert immediately thereafter "8."

Page 4, line 8, overstrike "8." and insert immediately thereafter "9."

Page 4, line 15, overstrike "9." and insert immediately thereafter "10."

Page 4, line 21, overstrike "10." and insert immediately thereafter "11."

Page 4, line 25, overstrike "11." and insert immediately thereafter "12."

Page 4, line 29, overstrike "12." and insert immediately thereafter "13."

Renumber accordingly

Date: 2-4-19
Roll Call Vote #: 3

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2309

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 Patten Seconded By Meyer

Senators	Yes	No	Senators	Yes	No
Chairman Cook	✓		Senator Dotzenrod	✓	
Vice Chairman Kannianen	✓				
Senator Meyer	✓				
Senator Patten	✓				
Senator Unruh	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Kannianen

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

REPORT OF STANDING COMMITTEE

SB 2309: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **DO NOT PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2309 was placed on the Eleventh order on the calendar.

2019 TESTIMONY

SB 2309

NORTH DAKOTA SENATE

1/23 SB 2309 #1 pg.1



STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Senator Richard Marcellais

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COMMITTEES:

Education
Government and Veterans Affairs

Good Morning Chairman Cook and the Senate Finance & Tax Committee. For the record, my name is Richard Marcellais, Senator from District 9, Rolette County I am here today to introduce Senate Bill 2309.

Senate Bill 2309 would allow Veterans or surviving spouses with monthly pensions to exempt from property tax credit.

There was some confusion between disable Veterans and Veterans with pensions therefore I am offering an amendment to Senate Bill 2309.

This is just a small token for our Veterans and surviving spouses for all their sacrifices and services to the United States of America and the Great State of North Dakota.

Thank You very much for the opportunity to appear in support of SB 2309.

If there are any questions, I will try and answer them.

19.0618.01001
Title.

Prepared by the Legislative Council staff for
Senator Marcellais

January 22, 2019

1/23
SB 2309
#2 pg.1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2309

Page 2, line 28, after "pension" insert "or monthly disability compensation"

Page 3, line 22, after "pension" insert "or monthly disability compensation"

Renumber accordingly

SB2309—Tax credits for disabled Veterans

The intent of this bill is wonderful, and we applaud Senator Marcellias. However, there are some areas of concern.

Page 1 line 10-11 removes the verbiage “..or any veteran who has been awarded specially adapted non-paraplegic disabled veterans.

Page 2 line 28 states “monthly pension”. The VA provides “pensions” based on income limits and “compensation” for disabilities which is what the current law covers. We would suggest considering adding “or compensation” after the pension on this line. This should not affect the un-married spouse as written.

Also change on page 3 line 21.

Section 2 where it discusses the amendment it appears that the level if disability has been removed and presumably replaced by totally and permanent disability as suggested on page 1 lines 15-21. On page 2 line 31 states is receiving a monthly survivor’s pension from the Department of Veterans’ Affairs.

Another of our concerns rests in those veterans who are medically labeled as totally and permanently disabled but not from service connected reasons and do collect SSI Disability are not included in this bill.

I have included the latest report from the Federal VA for the disability and pension ratings for ND by % showing the number of veterans affected. I apologize for the small print but that’s how it came to me.

While we fully support the intent of this bill as written we cannot support this bill.

1/23 SB 2309 #3 #2

FY2017 VA Disability Compensation and Pension Recipients by County of Residence

Source: Department of Veterans Affairs, Office of Data Governance and Analytics, United States Veterans Eligibility Trends & Statistics (USVETS) 2017
 Prepared by National Center for Veterans Analysis & Statistics

** Attention: This table is for recipients only. Some recipients may not have the VA condition to receive compensation (e.g., MVA, secondary, etc.)

FIPS Code	State	County	Total Compensation							Total: Pension ONLY	Compensation OR Pension						Male Recipients: Compensation OR Pension	Female Recipients: Compensation OR Pension
			12,958	4,500	2,253	1,208	2,268	582	368		1,686	1,015	1,079	1,386	4,815	1,813		
			Total: Compensation	0% to 20% Rating	30% to 40% Rating	50% to 60% Rating	70% to 90% Rating	100% Rating		Age less than 35	Age 35-44	Age 45-54	Age 55-64	Age 65-74	Age 75 or older			
38001	North Dakota	Adams	27	**	**	**	**	**	**	**	**	**	**	**	12	**	24	**
38003	North Dakota	Barnes	218	93	37	30	43	15	**	**	**	**	**	**	98	43	216	11
38005	North Dakota	Bemiss	71	19	18	10	19	**	**	**	**	**	**	**	31	17	72	**
38007	North Dakota	Billings	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38009	North Dakota	Botineau	133	40	30	20	30	13	**	**	**	**	**	**	23	124	12	
38011	North Dakota	Bowman	32	12	**	**	**	**	**	**	**	**	**	**	15	**	23	**
38013	North Dakota	Burke	28	**	**	**	**	**	**	**	**	**	**	**	15	**	28	**
38015	North Dakota	Burleigh	1,481	548	271	255	271	136	65	189	197	261	193	456	250	1,409	137	
38017	North Dakota	Cass	2,937	1,273	496	400	512	256	113	389	387	431	410	510	522	2,806	244	
38019	North Dakota	Cavalier	47	13	**	**	**	**	**	**	**	**	**	**	18	**	48	**
38021	North Dakota	Dickey	71	31	**	**	**	**	**	**	**	**	**	**	32	**	68	**
38023	North Dakota	Divide	32	14	**	**	**	**	**	**	**	**	**	**	15	**	56	**
38025	North Dakota	Dunn	59	17	10	14	14	**	**	**	**	**	**	**	22	**	38	**
38027	North Dakota	Eddy	40	14	**	**	**	**	**	**	**	**	**	**	28	11	53	**
38029	North Dakota	Eminson	53	15	**	**	**	**	**	**	**	**	**	**	14	**	41	**
38031	North Dakota	Foster	41	20	**	**	**	**	**	**	**	**	**	**	**	**	21	**
38033	North Dakota	Golden Valley	21	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38035	North Dakota	Grand Forks	1,470	439	298	277	291	115	32	202	194	258	265	373	160	1,317	135	
38037	North Dakota	Grant	26	**	**	**	**	**	**	**	**	**	**	**	12	11	31	**
38039	North Dakota	Griggs	73	37	15	**	**	**	**	**	**	**	**	**	33	25	74	**
38041	North Dakota	Hettinger	34	12	**	**	**	**	**	**	**	**	**	**	**	**	34	**
38043	North Dakota	Kidder	23	**	**	**	**	**	**	**	**	**	**	**	15	**	29	**
38045	North Dakota	La Moure	58	23	11	**	**	**	**	**	**	**	**	**	11	15	56	**
38047	North Dakota	Legan	26	10	**	**	**	**	**	**	**	**	**	**	16	**	29	**
38049	North Dakota	Mc Henry	134	46	29	21	26	12	**	**	**	**	**	**	38	21	119	20
38051	North Dakota	Mc Intosh	31	13	**	**	**	**	**	**	**	**	**	**	12	12	32	**
38053	North Dakota	Mc Kenzie	103	36	17	21	19	10	**	**	**	**	**	**	30	**	102	**
38055	North Dakota	Mc Lean	201	77	40	22	35	27	12	11	24	16	17	30	**	195	18	
38057	North Dakota	Mercer	130	49	32	19	21	**	**	**	**	**	**	**	58	17	129	**
38059	North Dakota	Morton	555	215	103	88	103	46	24	64	80	68	78	206	83	542	37	
38061	North Dakota	Mountrail	120	44	20	26	17	13	**	**	**	**	**	**	14	50	111	113
38063	North Dakota	Helton	75	25	17	13	11	**	**	**	**	**	**	**	36	15	70	**
38065	North Dakota	Oliver	75	17	**	**	**	**	**	**	**	**	**	**	15	**	23	**
38067	North Dakota	Pembina	106	35	18	17	25	11	**	**	**	**	**	**	11	37	107	**
38069	North Dakota	Pierce	51	24	14	**	**	**	**	**	**	**	**	**	53	17	50	**
38071	North Dakota	Ramsey	172	60	30	26	39	17	10	**	**	**	**	**	28	71	37	170
38073	North Dakota	Ransom	122	40	20	19	30	13	14	**	**	**	**	**	63	29	132	**
38075	North Dakota	Renville	66	24	15	12	14	**	**	**	**	**	**	**	18	**	63	**
38077	North Dakota	Richland	231	95	44	30	35	27	**	**	**	**	**	**	114	40	231	**
38079	North Dakota	Rquette	149	38	17	27	44	23	**	**	**	**	**	**	63	21	147	11
38081	North Dakota	Sargent	73	25	13	**	**	**	**	**	**	**	**	**	33	14	73	**
38083	North Dakota	Sheridan	23	**	**	**	**	**	**	**	**	**	**	**	**	**	35	**
38085	North Dakota	Sioux	40	12	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38087	North Dakota	Slope	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38089	North Dakota	Stark	420	125	79	70	112	34	13	91	77	66	45	106	48	395	38	
38091	North Dakota	Steele	49	21	**	**	**	**	**	**	**	**	**	**	21	**	47	**
38093	North Dakota	Stutsman	343	141	60	55	52	35	28	34	27	46	54	140	70	348	23	
38095	North Dakota	Towner	42	17	**	**	**	**	**	**	**	**	**	**	14	11	39	**
38097	North Dakota	Trails	167	62	27	25	35	18	10	12	17	39	28	46	35	163	14	
38099	North Dakota	Walsh	142	51	26	25	22	18	**	**	**	**	**	**	23	62	37	142
38101	North Dakota	Ward	1,755	523	423	320	369	120	35	246	329	385	342	345	143	1,567	223	
38103	North Dakota	Wells	67	24	15	**	**	**	**	**	**	**	**	**	29	11	62	**
38105	North Dakota	Williams	415	136	97	83	80	19	12	86	93	75	47	98	28	404	78	

Chairman Cook and members of the Senate Finance and Tax Committee, my name is Jaclyn Hall and I reside at 3812 Lakewood Dr. SE in Mandan.

In 1991 at the age of 19, my husband completed a tour in Iraq. Ten years after his tour, he was diagnosed with Multiple Sclerosis and has received a total and permanent disability rating from the Veterans Administration. His diagnosis is a direct result from his tour of duty.

As a result of his permanent and total disability, the state of North Dakota provides us with a reduction in our property taxes. This benefit is a blessing, because although my husband is able to work currently, he spends many hours at the VA or receiving therapy for his illness.

SB 2309 will remove this benefit. **My husband and many others with a permanent and total disability from the Veterans Administration do not receive a pension, rather disability compensation.** In the future, my husband will be permanently confined to a wheelchair, but will still not qualify for this benefit under this change.

SB 2309 also gives a benefit to the surviving spouse.

Committee members, my husband served this country and I believe he deserves the benefit, not me after he has passed.

I have visited with two sponsors on this bill and after our visit, they believe they would not have signed onto this bill after fully understanding it.

I urge you to recommend a do not pass on this bill or amend the bill or change the words pension to disability

compensation. This bill does not expand the property tax credit, but remove all veterans who receive disability compensation. These men and women served their country with honor and they deserve this benefit.

Thank you for your time. I will stand for any questions.

Sixty-sixth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2309

Introduced by

Senators Marcellais, Clemens

Representatives Holman, M. Ruby, Schneider

1 A BILL for an Act to amend and reenact subsection 20 of section 57-02-08, section 57-02-08.8,
2 and subdivision c of subsection 1 of section 57-55-10 of the North Dakota Century Code,
3 relating to the property tax credit for veterans; and to provide an effective date.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Subsection 20 of section 57-02-08 of the North Dakota
6 Century Code is amended and reenacted as follows:

7 20. Fixtures, buildings, and improvements up to the amount of valuation specified, when
8 owned and occupied as a homestead, ~~as hereinafter defined,~~ by any of the following
9 persons:

10 a. ~~A paraplegic disabled veteran of the United States armed forces or any veteran~~
11 ~~who has been awarded specially adapted housing by the department of veterans'~~
12 ~~affairs, or the unremarried surviving spouse if such veteran is deceased, for the~~
13 ~~first one hundred twenty thousand dollars of true and full valuation of the fixtures,~~
14 ~~buildings, and improvements.~~

15 b. Any permanently and totally disabled person who is permanently confined to use
16 of a wheelchair, or, if deceased, the unremarried surviving spouse of a
17 permanently and totally disabled person. If the spouse of a permanently and
18 totally disabled person owns the homestead or if it is jointly owned by them, the
19 same reduction in assessed valuation applies as long as both reside ~~thereon~~
20 at the homestead. The provisions of this ~~subdivision~~subsection do not reduce the
21 liability for special assessments levied upon the homestead. ~~The phrase~~
22 "permanently

23 a. For purposes of this subsection:

1 (1) "Homestead" has the meaning provided in section 47-18-01 except it also
2 applies to any person who otherwise qualifies under this subsection
3 regardless of whether the person is the head of a family.

4 (2) "Permanently confined to use of a wheelchair" means that the person
5 cannot walk with the assistance of crutches or any other device and will
6 never be able to do so and that a physician selected by the local governing
7 board has so certified.

8 b. Any person claiming an exemption under this subsection for the first time shall
9 file with the county auditor an affidavit showing the facts ~~herein~~ required in this
10 subsection and a description of the property. The affidavit must be open for public
11 inspection. A person thereafter shall furnish to the assessor or other assessment
12 officials when requested to do so any information that is believed will support the
13 claim for exemption for a subsequent year.

14 ~~For purposes of this subsection, and except as otherwise provided in this~~
15 ~~subsection, "homestead" has the meaning provided in section 47-18-01 except that it~~
16 ~~also applies to any person who otherwise qualifies under the provisions of this~~
17 ~~subsection whether or not the person is the head of a family.~~

18 c. The board of county commissioners ~~is hereby authorized to may~~ cancel the
19 unpaid taxes for any year in which the qualifying owner has held title to the
20 exempt property.

21 **SECTION 2. AMENDMENT.** Section 57-02-08.8 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **57-02-08.8. Property tax credit for disabled veterans - Certification - Distribution.**

24 1. The following individuals are entitled to receive a one hundred percent credit applied
25 against the taxable valuation of the individual's homestead:

26 a. A paraplegic disabled veteran of the United States armed forces or any veteran
27 who has been awarded specially adapted housing by the department of veterans'
28 affairs, or the unremarried surviving spouse if the veteran is deceased.

29 b. A disabled veteran of the United States armed forces with an armed forces
30 ~~service-connected disability of fifty percent or greater or a disabled veteran who~~
31 ~~has an extra-schedular rating to include individual unemployability that brings the~~

1 ~~veteran's total disability rating to one hundred percent as determined by the who~~
2 ~~is receiving a monthly pension or monthly disability compensation from the~~
3 ~~department of veterans' affairs, who was discharged under honorable conditions~~
4 ~~or who has been retired from the armed forces of the United States, or the~~
5 ~~unremarried surviving spouse if the disabled veteran is deceased, who is~~
6 ~~receiving a monthly survivor's pension from the department of veterans' affairs, is~~
7 ~~eligible for a one hundred percent credit applied against the first six thousand~~
8 ~~seven hundred fifty dollars of taxable valuation of the homestead owned and~~
9 ~~occupied by the disabled veteran or.~~

10 c. An unremarried surviving spouse equal to the percentage of the disabled
11 veteran's disability compensation rating for service-connected disabilities as
12 certified by the department of veterans' affairs for the purpose of applying for a
13 property tax credit of a veteran of the United States armed forces who was
14 receiving a credit under this section before the veteran's time of death.

15 d. An unremarried surviving spouse of a veteran of the United States armed forces
16 who is receiving department of veterans' affairs dependency and indemnity
17 compensation receives a one hundred percent credit as described in this
18 subsection.

19 2. ~~If two disabled veterans are married to each other and living together, their combined~~
20 ~~credits may not exceed one hundred percent of six thousand seven hundred fifty~~
21 ~~dollars of taxable valuation of the homestead. If a disabled veteran co-owns the~~
22 ~~homestead property with someone other than the disabled veteran's spouse, the credit~~
23 ~~is limited to that disabled veteran's interest in the homestead, to a maximum amount~~
24 ~~calculated by multiplying six thousand seven hundred fifty dollars of taxable valuation~~
25 ~~by the disabled veteran's percentage of interest in the homestead property and~~
26 ~~multiplying the result by the applicant's certified disability percentage.~~

27 3. A disabled veteran or unremarried surviving spouse claiming a credit under this
28 section for the first time shall file with the county auditor an affidavit showing the facts
29 herein required in this section, a description of the property, and a certificate from the
30 United States department of veterans' affairs, or its successor, certifying ~~to the amount~~
31 ~~of the disability~~ the veteran or surviving spouse is receiving a:

- 1 a. Specially adapted housing;
- 2 b. A monthly pension or survivor's pension;
- 3 c. Monthly disability compensation; or
- 4 d. Dependency and indemnity compensation.

5 4. The affidavit and certificate must be open for public inspection. A person shall
6 thereafter furnish to the assessor or other assessment officials, when requested to do
7 so, any information which is believed will support the claim for credit for any
8 subsequent year.

9 4.5. For purposes of this section, and except as otherwise provided in this section,
10 "homestead" has the meaning provided in section 47-18-01 except that it also applies
11 to a person who otherwise qualifies under the provisions of this section whether the
12 person is the head of the family.

13 5.6. This section does not reduce the liability of a person for special assessments levied
14 upon property.

15 6.7. A credit under this section terminates at the end of the taxable year of the death of the
16 applicant.

17 7.8. The board of county commissioners may cancel the portion of unpaid taxes that
18 represents the credit calculated in accordance with this section for any year in which
19 the qualifying owner has held title to the homestead property. Cancellation of taxes for
20 any year before enactment of this section must be based on the law that was in effect
21 for that tax year.

22 8.9. Before the first of March of each year, the county auditor of each county shall certify to
23 the tax commissioner on forms prescribed by the tax commissioner the name and
24 address of each person for whom the property tax credit for homesteads of disabled
25 veterans was allowed for the preceding year, the amount of credit allowed, the total of
26 the tax mill rates of all taxing districts, exclusive of any state mill rates, ~~that~~which was
27 applied to other real estate in the taxing districts for the preceding year, and such other
28 information as may be prescribed by the tax commissioner.

29 9.10. On or before the first of June of each year, the tax commissioner shall audit the
30 certifications, make the required corrections, and certify to the state treasurer for
31 payment to each county the sum of the amounts computed by multiplying the credit

1 allowed for each homestead of a disabled veteran in the county by the total of the tax
2 mill rates, exclusive of any state mill rates that were applied to other real estate in the
3 taxing districts for the preceding year.

4 ~~40.11.~~ The county treasurer upon receipt of the payment from the state treasurer shall
5 apportion and distribute the payment without delay to the county and to the local
6 taxing districts of the county on the basis on which the general real estate tax for the
7 preceding year is apportioned and distributed.

8 ~~44.12.~~ On or before the first day of June of each year, the tax commissioner shall certify to
9 the state treasurer the amount computed by multiplying the property tax credit allowed
10 under this section for homesteads of disabled veterans in the state for the preceding
11 year by one mill for deposit in the state medical center fund.

12 ~~42.13.~~ Supplemental certifications by the county auditor and by the tax commissioner and
13 supplemental payments by the state treasurer may be made after the dates prescribed
14 in this section to make such corrections as may be necessary because of errors or
15 because of approval of an application for abatement filed by a person because the
16 credit provided for the homestead of a disabled veteran was not allowed in whole or in
17 part.

18 **SECTION 3. AMENDMENT.** Subdivision c of subsection 1 of section 57-55-10 of the North
19 Dakota Century Code is amended and reenacted as follows:

- 20 c. If it is owned and used as living quarters by a disabled veteran or unremarried
21 surviving spouse who meets the requirements of ~~subsection 20 of section~~
22 ~~57-02-08 or section 57-02-08.8.~~

23 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
24 December 31, 2018.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2309

Page 2, line 24, after "1." insert "The following individuals are entitled to receive a one hundred percent credit applied against the taxable valuation of the individual's homestead:

a. A paraplegic disabled veteran of the United States armed forces or any veteran who has been awarded specially adapted housing by the department of veterans' affairs, or the unremarried surviving spouse if the veteran is deceased.

b."

Page 2, line 28, after "pension" insert "or monthly disability compensation"

Page 2, line 31, remove the underscored comma

Page 2, line 31, overstrike "is"

Page 3, line 1, overstrike "eligible for a"

Page 3, line 1, remove "one hundred percent"

Page 3, line 1, overstrike "credit applied against the"

Page 3, line 2, overstrike "taxable valuation of the homestead owned and occupied by the"

Page 3, line 3, overstrike "veteran or" and insert immediately thereafter ";

c. An"

Page 3, line 6, after "credit" insert "of a veteran of the United States armed forces who was receiving a credit under this section before the veteran's time of death"

Page 3, line 6, remove the overstrike over the overstruck period and insert immediately thereafter:

"d."

Page 3, line 6, remove the overstrike over "An unremarried surviving spouse" and insert immediately thereafter "of a veteran of the United States armed forces"

Page 3, line 6, remove the overstrike over "who is receiving department of"

Page 3, line 7, remove the overstrike over "veterans' affairs dependency and indemnity compensation"

Page 3, line 21, replace "a" with ";

a. Specially adapted housing;

b. A"

Page 3, line 22, after "pension" insert: ";

c. Monthly disability compensation; or

d. Dependency and indemnity compensation"

Page 3, line 22, after the period insert:

"4."

Page 3, line 26, overstrike "4." and insert immediately thereafter "5."

Page 3, line 30, overstrike "5." and insert immediately thereafter "6."

Page 4, line 1, overstrike "6." and insert immediately thereafter "7."

Page 4, line 3, overstrike "7." and insert immediately thereafter "8."

Page 4, line 8, overstrike "8." and insert immediately thereafter "9."

Page 4, line 15, overstrike "9." and insert immediately thereafter "10."

Page 4, line 21, overstrike "10." and insert immediately thereafter "11."

Page 4, line 25, overstrike "11." and insert immediately thereafter "12."

Page 4, line 29, overstrike "12." and insert immediately thereafter "13."

Renumber accordingly