

FISCAL NOTE
Requested by Legislative Council
02/15/2019

Amendment to: SB 2278

- 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						
Appropriations						

- 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).*

Reengrossed SB 2278 deals with eligibility requirements and provides for the confidentiality of documents associated with the homestead credit and the farm residence property tax exemption.

- 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.*

Section 1 of reengrossed SB 2278 requires farmers claiming the farm residence property tax exemption to provide an eligibility form to the tax assessor.

Section 2 provides confidentiality regarding the eligibility for the homestead property tax credit program.

Participation in these programs is not expected to change as a result of the provisions of this bill. SB 2278 Second Engrossment, if enacted, is expected to have no fiscal impact.

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 Strombeck

Agency: Office of Tax Commissioner

Telephone: 701.328.3402

Date Prepared: 02/18/2019

FISCAL NOTE
Requested by Legislative Council
02/04/2019

Amendment to: Engrossed SB 2278

- 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			\$250,000			
Appropriations			\$250,000			

- 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).*

Engrossed SB 2278 deals with eligibility requirements and provides for the confidentiality of documents associated with the homestead credit and the farm residence property tax exemption.

- 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.*

Section 1 of Engrossed SB 2278 requires farmers claiming the farm residence property tax exemption to provide an eligibility form to the tax assessor. A sampling of these forms are required to be reviewed by the tax commissioner.

Section 2 provides confidentiality regarding the eligibility for the homestead property tax credit program.

Participation in these programs is not expected to change as a result of the provisions of this bill. The fiscal impact is zero, with the exception of the administrative costs.

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.*

There will be a one-time expenditure of an estimated \$250,000 to set up a system for receiving approximately 12,000 eligibility forms from the counties each year, for the farm residence exemption. There may be additional on-going costs associated with the annual review of a sample of these forms.

- 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.*

If enacted, engrossed SB 2278 will require a one-time \$250,000 appropriation to the tax commissioner.

Name: Kathryn Strombeck

Agency: Office of Tax Commissioner

Telephone: 701.328.3402

Date Prepared: 02/05/2019

2019 SENATE FINANCE AND TAXATION

SB 2278

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2278
1/28/2019
Job # 31564

- Subcommittee
 Conference Committee

Committee Clerk: Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact paragraph 4 of subdivision b of subsection 15 of section 57-02-08, and subdivision f of subsection 1 of section 57-02-08.1 of the North Dakota Century Code, relating to exemptions for records provided to assessors to document eligibility for the farm residence exemption and the homestead credit.

Minutes:

Attachments: 2

Chairman Cook: Called the hearing to order on SB 2278.

Senator Dotzenrod: We have a bill that we heard earlier that has all the provisions that I had as a thought for this 2278.

Chairman Cook: I do not know if it can be withdrawn. We will find out. Will you just step up and testify? Depending on what happens to SB 2351, we will see what we will do with this one.

Senator Dotzenrod: Introduced the bill. This was a proposal to make any of the documents collected in the process of applying to get the farm residence exemption, those records that would be kept by the director of tax equalization within the counties, protected. Those records, if the county director puts them in a file, those are public records. Those would should incomes and where they come from and the kind of information that we would usually consider to be protected in the same way we protect tax records. I believe it is the same protection in both bills. That is why I was tongue and cheek when I was talking about withdrawing it. I think we are too late. Once the bill has the hearing, the sponsor no longer has the privilege to withdraw it. I think we probably would like to see how the committee is going to deal with 2351.

Chairman Cook: When I talked to Senator Dotzenrod about co-sponsoring SB 2351, we agreed to put in this same language. The tax department has amendments for this bill just like they do for 2351.

Terry Traynor, Association of Counties: Testified in favor of the bill. See attachment #1. County tax directors do not like having that financial information office. Most often what they

like to do is sit down with the tax payer and review the information and have them leave with it or have it shredded right after. It is a public record if it is in their possession. This would clear that up. We agree with the bill and the amendments. Whether it is this bill or 2351, we hope it is adopted.

Larry Severson, North Dakota Township Officer's Association: Testified in favor of the bill. We support this bill. Thank you.

Julie Ellingson, Stockman's Association: Testified in favor of the bill. We support the bill. Thank you.

Dan Wogsland, North Dakota Grain Growers: Testified in favor of the bill. See attachment #2. We support the bill as well. Thank you.

Chairman Cook: Any further testimony? Hearing none, we will close the hearing on SB 2278.

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2278
2/4/2019
Job #32074

- Subcommittee
 Conference Committee

Committee Clerk: Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact paragraph 4 of subdivision b of subsection 15 of section 57-02-08, and subdivision f of subsection 1 of section 57-02-08.1 of the North Dakota Century Code, relating to exemptions for records provided to assessors to document eligibility for the farm residence exemption and the homestead credit.

Minutes:

Attachments: 2

Chairman Cook: Called the committee to order on SB 2278. This bill was introduced to make sure records are exempt from public open records. I have a Christmas tree amendment to the bill. See attachment #1 and #2.

Senator Dotzenrod: Did we not take those amendments and put them on the other bill?

Chairman Cook: We put them on 2351. These amendments basically turn 2278 into 2351.

Senator Cook: I thought we would throw this one out and just have 2351. In terms of protecting the confidentiality of the records, I think they are the same.

Chairman Cook: That is exactly what we are going to do. I hope we pass 2278 and kill 2351. Cross out the numbers 2351 and put 2278 on the amendments.

Senator Unruh: Moved to adopt the amendment 19.0809.01001.

Chairman Cook: You will note I the amendments they have two different effective dates. That is all that was being waited for on 2351.

Senator Patten: Seconded.

Chairman Cook: Any discussion?

Senator Patten: To be clear, this strictly addresses only the confidentiality?

Chairman Cook: It is going to make 2278 identically to what 2351 does. It has the reporting requirement. They have to get the form from the tax department. The best thing to do is look at the Christmas tree amendment. It makes it a confidential record and a required report.

Senator Dotzenrod: That is income verification which is going on in about 30 counties. The majority are doing it and there are about 20 that are not.

Chairman Cook: To be perfectly honest, it is not that I am so concerned that Senator Dotzenrod has a bill passing, it is that I am concerned about a bill with my name on it that might come back from the house with some increased income deductions on it and I am not going to have any part of that being on my bill. Senator Dotzenrod, you have a bill that is trying to do just that.

A Voice Vote Was Taken.

Motion Carried.

Senator Dotzenrod: Moved a Do Pass as Amended on SB 2278.

Senator Meyer: Seconded.

Chairman Cook: Any Discussion?

Senator Patten: In visiting with some of the people involved in this process, they would be disappointed if the income verification became required and there wasn't anything else done that would address the limits that are presently on the formal exemption. There is that side of it. They are willing to accept the income verification, but they really would like to have something done on the other side as well.

Chairman Cook: I understand. If you don't qualify for the exemption because you have too much off farm income, you certainly don't want to verify that unless you can raise the limits so your too much farm income is not too much.

Chairman Cook: Any further discussion?

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

Motion Carried.

Senator Dotzenrod will call the bill.

February 4, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2278

Page 1, line 2, remove the comma

Page 1, line 3, remove "exemptions for records provided to assessors to document eligibility for the"

Page 1, line 4, replace "farm residence exemption and the homestead credit" with "the farm home residence property tax exemption and the homestead credit to provide for the confidentiality of documents evidencing eligibility for the exemption and credit; and to provide an effective date"

Page 1, line 9, overstrike "assessor may require that the"

Page 1, line 10, after "farmer" insert "shall"

Page 1, line 13, remove "A"

Page 1, line 14 replace "record" with "The individual claiming the exemption also shall provide to the assessor, on a form provided by the tax commissioner, the necessary income information to demonstrate eligibility. The tax commissioner shall review a sampling of the exemptions provided under this section. Any income information"

Page 1, line 15, replace "an exempt" with "a confidential"

Page 1, line 15, remove ", as defined in"

Page 1, line 16, replace "section 44-04-17.1" with "and may only be disclosed to the tax commissioner for the purpose of reviewing eligibility for the exemption under this subdivision"

Page 1, line 20, replace "The" with "Any income information contained in the"

Page 1, line 20, remove "an"

Page 1, line 21, replace "exempt" with "a confidential"

Page 1, line 21, replace ", as defined in section 44-04-17.1" with "and may only be disclosed to the tax commissioner for the purpose of reviewing the eligibility for the exemption under this section"

Page 1, after line 21, insert:

"SECTION 3. EFFECTIVE DATE. Section 1 of this Act is effective for taxable years beginning after December 31, 2019.

SECTION 4. EFFECTIVE DATE. Section 2 of this Act is effective for taxable years beginning after December 31, 2018."

Re-number accordingly

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

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2278

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 Dotzenrod 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 Absent

Floor Assignment Dotzenrod

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

REPORT OF STANDING COMMITTEE

SB 2278: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2278 was placed on the Sixth order on the calendar.

Page 1, line 2, remove the comma

Page 1, line 3, remove "exemptions for records provided to assessors to document eligibility for the"

Page 1, line 4, replace "farm residence exemption and the homestead credit" with "the farm home residence property tax exemption and the homestead credit to provide for the confidentiality of documents evidencing eligibility for the exemption and credit; and to provide an effective date"

Page 1, line 9, overstrike "assessor may require that the"

Page 1, line 10, after "farmer" insert "shall"

Page 1, line 13, remove "A"

Page 1, line 14 replace "record" with "The individual claiming the exemption also shall provide to the assessor, on a form provided by the tax commissioner, the necessary income information to demonstrate eligibility. The tax commissioner shall review a sampling of the exemptions provided under this section. Any income information"

Page 1, line 15, replace "an exempt" with "a confidential"

Page 1, line 15, remove ", as defined in"

Page 1, line 16, replace "section 44-04-17.1" with "and may only be disclosed to the tax commissioner for the purpose of reviewing eligibility for the exemption under this subdivision"

Page 1, line 20, replace "The" with "Any income information contained in the"

Page 1, line 20, remove "an"

Page 1, line 21, replace "exempt" with "a confidential"

Page 1, line 21, replace ", as defined in section 44-04-17.1" with "and may only be disclosed to the tax commissioner for the purpose of reviewing the eligibility for the exemption under this section"

Page 1, after line 21, insert:

"SECTION 3. EFFECTIVE DATE. Section 1 of this Act is effective for taxable years beginning after December 31, 2019.

SECTION 4. EFFECTIVE DATE. Section 2 of this Act is effective for taxable years beginning after December 31, 2018."

Renumber accordingly

2019 SENATE APPROPRIATIONS

SB 2278

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2278
2/11/2019
Job #32506 (10:48)

- Subcommittee
- Conference Committee

Committee Clerk: Alice Delzer/ Meghan Pegel

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact sections in the NDFCC relating to the farm home residence property tax exemption and the homestead cred to provide for the confidentiality of documents evidencing eligibility for the exemption and credit and to provide an effective date.

Minutes:

No Attachments

Chairman Holmberg: called the committee to order on SB 2278. All committee members were present. Brady Larson, Legislative Council, and Renae Bloms, OMB, were also present.

Senator Mathern: The form that is used to determine the farm home residence property tax exemption is different from one county to another. The intent of this bill is to get all of the counties to use the same form and therefore the same data would be collected for every county around the state. To make that all possible, there are some costs for these forms. I think it came through the Senate Finance and Tax committee with a clear recommendation, and I suspect they were unaware that there are some costs associated with this. It's essentially setting up a system where certain data is kept secret. Everybody does this form, but you have to figure out some way where the data that a farm owner submits for the tax relief is to be confidential by this new process. I don't know if it's a computer program change or something like that, but it costs \$250,000.

Chairman Holmberg: There is no money in the bill, and the tax commission is on the floor. If we were to pass this bill, the tax department would have to make their case in the House.

Senator Bekkedahl: The other thing this allows is the tax department to review a sampling of the exemptions provided to make sure that there's compliance with the eligibility standards, which I don't know if that's happening now at the county level. Whether that was a question that stimulated the bill or not, I'm not sure, but I think it's very straight forward and simple. We don't know why it's so expensive to do computer changes, but it is. The \$250,000 is enhancements to the system to allow them to receipt the records, hold them confidentially and do the sampling.

Chairman Holmberg: but the tax commissioner's office would have to make the case as far as why they need the money because they say they don't have it. I don't have any great desire to reopen that particular budget.

Senator Oehlke: I wonder if we could hear from the Association of Counties about whether this is something they're happy with. Do we need this?

Senator Hogue: I was looking at the fiscal note. It talks about the \$250,000, but it also says there may be ongoing costs that aren't specified. I'd like to hear from the commissioner about this.

(5:05) Terry Traynor, Association of Counties

Traynor: We struggled with the farm home exemption in the counties because it is complicated and there are challenges with the checks and balances and the political processes that take place at the county level. We had hoped that this bill would provide for more certainty on how this information came in. I suspect the sentence in there that says the tax commissioner shall review a sampling of these is why there is a fiscal note. That was somewhat of an afterthought with the idea that if we're having challenges that the tax commissioner is engaged, maybe that would provide more of a way of keeping things consistent across. I would hate to lose the bill because of that. We think the rest of it, the confidentiality of the records as well as the requirement that the onus is on the landowner requesting the exemption rather than the tax director having to force the issue, makes it a better process. The review by the tax commissioner would be nice, but if that weighs the bill down, we certainly could take the "shall" and turn it into "may" or something like that to keep the bill going.

Senator Robinson: Senator Dotzenrod has done a lot of work on this bill. This is a contentious issue. There's so much inconsistency; I think there are 30 counties that abide and try to do their best and some that are very flexible. This has been an issue for a long time. I think this is the first step to try to validate, build some consistency and be able to defend the process that's in place.

Chairman Holmberg: I think we should have a subcommittee for this bill to visit with Senator Dotzenrod and the tax department.

V. Chairman Wanzek: The issue is who is a legitimate farmer, qualifying exemption. I think the goal is to provide consistency and continuity in how each county handles it.

Chairman Holmberg assigns V. Chairman Wanzek, Senator Hogue and Senator Grabinger to the subcommittee.

Traynor: There is another bill still in tax that is addressing the thresholds for when you qualify and don't qualify for the exemption. However, I doubt there would be a state fiscal note.

Chairman Holmberg closes the hearing on SB 2278.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2278
2/14/2019
Job # 32739

- Subcommittee
 Conference Committee

Committee Clerk: Rose Laning

Explanation or reason for introduction of bill/resolution:

Relating to the farm home residence property tax exemption and the homestead credit to provide for the confidentiality of documents evidencing eligibility for the exemption and credit.

Minutes:

Amendment 19.0809.02001

Legislative Council: Chris Kadrmas

OMB: Becky Keller

Chairman Holmberg called the committee to order on SB 2278.

Senator Wanzek: moved amendment 19.0809.02001.

Senator Grabinger: Seconded the motion.

Voice vote carried.

Senator Wanzek: explained the amendment and moved **Do Pass on SB 2278 as amended.**

Senator Erbele: seconded.

A Roll Call Vote was taken: Yes: 14 No: 0 Absent: 0 .

Motion carried.

The bill goes back to Finance and Tax and **Senator Dotzenrod** will carry the bill.

Chairman Holmberg: Closed the hearing on SB 2278.

SK
186

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2278

Page 1, line 16, replace "provided" with "prescribed"

Page 1, line 17, remove "The tax commissioner shall review a sampling of"

Page 1, line 18, remove "the exemptions provided under this section."

Page 1, line 20, remove "and may only be disclosed to the tax"

Page 1, remove line 21

Page 1, line 22, remove "this subdivision"

Page 2, line 3, remove "and may only be"

Page 2, remove line 4

Page 2, line 5, remove "the exemption under this section"

Renumber accordingly

Date: 2-14-19
Roll Call Vote #: 7

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2278

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 19. 0809. 02001

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 Wanzek Seconded By Grabinger

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

*Vote Vote
it carried.*

Date: 2-14-19
 Roll Call Vote #: 2

**2019 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2278**

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 Wanzek Seconded By Erbele

Senators	Yes	No	Senators	Yes	No
Senator Holmberg	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator Grabinger	✓	
Senator Wanzek	✓		Senator Robinson	✓	
Senator Erbele	✓				
Senator Poolman	✓				
Senator Bekkedahl	✓				
Senator G. Lee	✓				
Senator Dever	✓				
Senator Sorvaag	✓				
Senator Oehlke	✓				
Senator Hogue	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Dotzenrod F+t

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

REPORT OF STANDING COMMITTEE

SB 2278, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2278 was placed on the Sixth order on the calendar.

Page 1, line 16, replace "provided" with "prescribed"

Page 1, line 17, remove "The tax commissioner shall review a sampling of"

Page 1, line 18, remove "the exemptions provided under this section."

Page 1, line 20, remove "and may only be disclosed to the tax"

Page 1, remove line 21

Page 1, line 22, remove "this subdivision"

Page 2, line 3, remove "and may only be"

Page 2, remove line 4

Page 2, line 5, remove "the exemption under this section"

Renumber accordingly

2019 HOUSE FINANCE AND TAXATION

SB 2278

2019 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2278
3/6/2019
33314

- Subcommittee
 Conference Committee

Committee Clerk: Mary Brucker

Explanation or reason for introduction of bill/resolution:

Relating to the farm home residence property tax exemption and the homestead credit to provide for the confidentiality of documents evidencing eligibility for the exemption and credit.

Minutes:

Attachment 1-4

Chairman Headland: Opened hearing on SB 2278.

Senator Dotzenrod: Introduced bill. The first section has to do with the way farmers who want to claim the farm home exemption has to do to make sure there is some enforcement. In the current system you have to apply if you want the farm home exemption. The law says the county director of tax equalization may ask for income verification. This bill changes it from “may” to “shall” on line ten. Of the 53 counties there are about 30 counties doing income verification, mostly in the eastern part of the state. In order to do income verification now the tax directors will ask the taxpayer/homeowner to go to the tax director’s website and complete a worksheet. This will need to be turned in along with the application. The worksheet draws a clear line on what farm income is and what it isn’t. If we’re going to have this exemption, then it should be equal across counties, rather than some doing it and some not. On lines 15-19 it says it’s a confidential record. Any of the information collected which goes to the courthouse is confidential. Once those forms are in the possession of the tax director they are public record. It was felt that the information coming off the tax forms should be protected and should be confidential. This is repeated in section two. There are two effective dates. If we should change the way that the farm exemption is tested, then we’ll need to have a set of rules for the current year which will be different from the year after the year we’re in.

Chairman Headland: Is there testimony in support?

Donnell Preskey, North Dakota Association of Counties: Distributed written testimony, see attachment 1. Ended testimony at 9:03.

Chairman Headland: Further testimony?

Paul Thomas, Vice President of the North Dakota Corn Growers Association: Distributed written testimony, see attachment 2. Ended testimony at 10:22.

Chairman Headland: Further testimony in support?

Emily Bendish, North Dakota Stockmen's Association: Distributed written testimony, see attachment 3. Ended testimony at 11:57.

Chairman Headland: Further testimony in support?

Dan Wogslund, North Dakota Grain Growers Association: Financial records and confidentiality is a very sacred trust. We feel this bill helps enhance that trust. We agree with the North Dakota Stockmen's Association. We ask that you take a look at the bill on lines 9-12 and remove the overstrike and take out the word "shall." By bringing in this "shall" we're wondering whether or not we increase at the local level the paperwork for the state tax officials which is necessary to do this exemption. We think that is a local issue and not one that should be mandated.

Chairman Headland: If this bill and the next bill passes would the evidence be clear enough that you shouldn't have to be required to provide the evidence on an annual basis? I assume you'll see that the qualifications are going to be achieved easily. It would be a lot of extra work for the auditors and the tax directors to have to do this annually.

Dan Wogslund: I would agree with that. When you have that at a local level for the most part you know who's a farmer. You also understand who qualifies and who doesn't. That's something the committee may want to consider.

Chairman Headland: Further testimony in support?

Emmery Mehlhoff, North Dakota Farm Bureau: We are in support. We appreciate the confidentiality ability to protect the privacy of our producers.

Chairman Headland: Further testimony in support?

Kayla Pulvermacher, North Dakota Farmers Union: We are in support and we agree with our colleagues in terms of the confidentiality piece.

Chairman Headland: Further testimony in support? Is there opposition?

Scott Rising, North Dakota Soybean Growers Association: Distributed written testimony, see attachment 4. We appreciate the fact that the confidentiality portion is in this proposal. However, the local versus mandated causes us to fall down on the other side of the issue. The idea that if this bill passes then certainly the next bill has to pass so it almost negates the need.

Chairman Headland: Further opposition? Are there any questions for the tax department? Linda, could you explain the process on how this is going to work?

Linda Leadbetter, State Supervisor of Assessments for the Office of the State Tax Commissioner: Right now the farm residence exemption is provided in statute. It identifies

that an application exemption is required on an annual basis. For counties verifying income there is a test required to make enough of your income from the farm and a test for off farm income. The income verification process is done on a three-year cycle. Right now the application is required in order to have the exemption. There are approximately 30 counties who use the income verification. This would change that if there was a farm residence exemption claim provided an income verification would be required every third year. If SB 2360 passes as written I believe that is on a two-year cycle. The portion identifying confidentiality is that we instruct assessors and tax directors so as soon as they are done with it to destroy it or return it to them. As it stands now if someone were to walk into a tax director's office and they have the paperwork on their desk it is considered public record. We would like to see it protected from that and it wouldn't have to be shared as public record.

Chairman Headland: Does the form come from the tax department so it's a consistent form across the state or does every county have their own form?

Linda Leadbetter: The application for exemption is a state form. The form is available for everyone to use whether they return that form to the tax director or assessor. It has been a determination of the local jurisdiction where they may have that form completed by the individual or their tax preparer. They would then return an affidavit that swears after completion of that document that they believe the individual had been found eligible for the exemption.

Representative Steiner: Is there a dollar amount where anything over \$250,000 they pay tax or is the value of the farmstead completely exempt under our current scenario and what we may be going to?

Linda Leadbetter: Now it's the value of the home that would be exempt, regardless of its value. The information we gather to determine what is going to be the farmer they have to have at least 50% of their time and income coming from farm activities and they cannot have more than \$40,000 off on income.

Representative Steiner: What's the history of this? Why was this done?

Linda Leadbetter: When it first came into play it was an encouragement to keep people on the farms. It was in difficult times. There is a legislative document telling how it came about. I can bring that in to share.

Chairman Headland: We'd appreciate that. Could you also provide the committee with the form itself?

Linda Leadbetter: Yes I will supply you with the worksheet.

Chairman Headland: Is there anything else? Seeing none we will close the hearing on SB 2278.

2019 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2278
3/6/2019
33318

- Subcommittee
 Conference Committee

Committee Clerk: Mary Brucker

Explanation or reason for introduction of bill/resolution:

Relating to the farm home residence property tax exemption and the homestead credit to provide for the confidentiality of documents evidencing eligibility for the exemption and credit.

Minutes:

No attachments

Representative Dockter: We probably only need one of the bills.

Chairman Headland: Those who are in support may disagree. I disagree. If we're going to pass one, then we should both pass. I can see the need for the privacy portion of the bill. If we're going to have an exemption, then it should be usable and updated. There was information brought to the committee on how machinery trades work and how that value is now counted as off farm income. That would take the exemption from every farmer who trades a piece of equipment. It doesn't take much of a piece of equipment to generate \$40,000. If we're going to have an exemption we're going to need to do something to fix that.

Representative B. Koppelman: I think it fundamentally changes the purpose and how it will function.

Representative Ertelt: Are there other records the counties handle that are confidential?

Donnell Preskey, North Dakota Association of Counties: Once the documents are received into the office and the tax director determines they are eligible those documents are then shredded.

Representative Ertelt: Would that remain the practice if they are made a confidential record?

Vice Chairman Grueneich: I talked to legal counsel about using the term "confidential." They said the word "confidential" is the key to making this work because of the freedom of information or public records.

Representative Ertelt: Today it's not a confidential record but if its moved into the class of confidential record are they able then to destroy that record or do they need to keep it?

Vice Chairman Grueneich: They are able to destroy it. Donnell, on line 10 and 11 how important is it to have the terminology of “shall”? Do we need to start a mandate on our local organizations?

Donnell Preskey: This is language that in development of this bill we requested. It gets back to the administration part of the farm home exemption. The language shifts the burden of proof to the individual who wants the exemption.

Representative Mitskog: I think this is a really important word in this language. In speaking with our local assessor this is important to have in there.

Representative B. Koppelman: Would it make sense that if this language passes as is then the county officials keep these records?

Donnell Preskey: I can't answer that question. They have a records retention schedule in the counties.

Dan Rouse, legal counsel for the Office of the State Tax Commissioner: There is a difference between an open, closed and confidential record. They are all presumed open records. Exempt means a record that is neither open nor confidential but disclosed at the discretion of the public entity. That leaves a lot of room for discretion. The records we are referring to in this bill are all open records. If you are going to call these that aren't publicly disclosed, you need to use the word “confidential.” If a record is held by a public entity there are records retentions schedules that are published by the attorney general's office which vary from type to type. Typically, income tax returns must be retained for five to seven years in case there is a question that comes up in audit. They cannot be shredded. Since they are open records they should not be shredded, they should be preserved. If you all decide they should be confidential then they still should not be shredded and should be held for whatever time is for the records retention period.

Representative B. Koppelman: Could you find out what the retention time period is for property tax exemption for seniors or one of those types of programs that use income documentation to give homestead type tax credits?

Dan Rouse: Absolutely.

Representative Mitskog: I don't think that marriage issue is an issue. I don't know of anybody who is playing that game to try and get that exemption because they are living together.

Representative B. Koppelman: Economics is a factor especially for young people deciding if they want to get married or not. If you give a stack of loopholes that incentivizes people not getting married that is going to weigh in on that decision.

Representative Mitskog: Are you speaking of farmers who are doing this or individuals living in a rural farmstead and cohabitating?

Representative B. Koppelman: There would be no benefit if they were not meeting the farm requirement. I struggle to call them farm families because to me a family starts with a married couple and they probably wouldn't be considered farm families if you took the unmarried but cohabitating income into account because they would have too much income from working somewhere in the city. This is the exact point of where the problem is.

Chairman Headland: I don't know how you would propose to fix this. You are certainly able to try.

Representative B. Koppelman: I have no issue with the passage of this bill.

Dan Rouse: The senior records that Representative B. Koppelman was referring to are 10 years.

Chairman Headland: We'll stand at ease for now.

2019 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2278
3/6/2019
33336

- Subcommittee
 Conference Committee

Committee Clerk: Mary Brucker

Explanation or reason for introduction of bill/resolution:

Relating to the farm home residence property tax exemption and the homestead credit to provide for the confidentiality of documents evidencing eligibility for the exemption and credit.

Minutes:

No attachments

Representative Mitskog: MADE A MOTION FOR A DO PASS

Representative Eidson: SECONDED

Chairman Headland: Discussion?

ROLL CALL VOTE: 13 YES 0 NO 1 ABSENT
MOTION CARRIED

Vice Chairman Grueneich will carry this bill.

2019 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2278
4/2/2019
34447

- Subcommittee
 Conference Committee

Committee Clerk: Mary Brucker

Explanation or reason for introduction of bill/resolution:

Relating to the farm home residence property tax exemption and the homestead credit to provide for the confidentiality of documents evidencing eligibility for the exemption and credit.

Minutes:

No attachments

Representative Mitskog: Made a motion to reconsider our actions.

Vice Chairman Grueneich: Seconded.

Voice Vote: Motion carried.

Chairman Headland: There was some question about the old language in the bill and how it would flow in consolidation with a bill that we had passed, SB 2360, and was signed by the Governor. I've been assured by Emily that the bill fits with the other bill we passed so we don't need any further action on this. We passed it out pretty handily last time so I think we can send it back if someone wants to make the motion.

Vice Chairman Grueneich: Made a motion for a Do Pass.

Representative Dockter: Seconded.

Chairman Headland: Discussion?

Roll Call Vote: 10 Yes 2 No 2 Absent

Motion carried.

Vice Chairman Grueneich will carry this bill.

Date: 3-6-19
 Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 0078**

House 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 Rep. Mitskog Seconded By Rep. Eidson

Representatives	Yes	No	Representatives	Yes	No
Chairman Headland	X		Representative Eidson	X	
Vice Chairman Grueneich	X		Representative Mitskog	X	
Representative Blum	X				
Representative Dockter	X				
Representative Ertelt	X				
Representative Fisher	X				
Representative Hatlestad	X				
Representative Kading	X				
Representative Koppelman	X				
Representative Steiner	X				
Representative Toman	A				
Representative Trottier	X				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep. Grueneich

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

Date: 4-2-19
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2278

House 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 Rep. Mitskog Seconded By Rep. Grueneich

Representatives	Yes	No	Representatives	Yes	No
Chairman Headland			Representative Eidson		
Vice Chairman Grueneich			Representative Mitskog		
Representative Blum					
Representative Dockter					
Representative Ertelt					
Representative Fisher					
Representative Hatlestad					
Representative Kading					
Representative Koppelman					
Representative Steiner					
Representative Toman					
Representative Trottier					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Voice Vote = Motion carried.

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

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2278**

House 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 Rep. Grueneich Seconded By Rep. Dockter

Representatives	Yes	No	Representatives	Yes	No
Chairman Headland	X		Representative Eidson	X	
Vice Chairman Grueneich	X		Representative Mitskog	X	
Representative Blum	X				
Representative Dockter	X				
Representative Ertelt	X				
Representative Fisher	X				
Representative Hatlestad	X				
Representative Kading	A				
Representative Koppelman	A				
Representative Steiner		X			
Representative Toman		X			
Representative Trottier	X				

Total (Yes) 10 No 2

Absent 2

Floor Assignment Rep. Grueneich

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

REPORT OF STANDING COMMITTEE

SB 2278, as reengrossed: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Reengrossed SB 2278 was placed on the Fourteenth order on the calendar.

REPORT OF STANDING COMMITTEE

SB 2278, as reengrossed: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO PASS** (10 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING). Reengrossed SB 2278 was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

SB 2278

Testimony Prepared for the
Senate Finance & Taxation Committee
January 28, 2019
By: Terry Traynor, NDACo Executive Director



RE: Support for Senate Bill 2278 – Farm Residence Records

Good morning Chairman Cook and committee members. Thank you for this opportunity to provide testimony in support of Senate Bill 2278.

County officials are concerned with the personal financial records that are used to demonstrate eligibility for the farm residence exemption. Most often they ask that individuals claiming the exemption bring the records to the county office, demonstrate eligibility, and then take the records with them when they leave. When such records are left at the county office, their disposal is undertaken as soon as the review is complete.

This bill makes it clear that personal income records received by the county for the purpose of the farm residence exemption are NOT public records. I believe this is consistent with how such income records are treated by the State Tax Department. Our Association strongly supports this policy and asks that you give Senate Bill 2278 a Do Pass recommendation.



**North Dakota Grain Growers Association
Testimony on SB 2278
Senate Industry, Business and Labor
Committee
January 28, 2019**

Chairman Cook, members of the Senate Finance and Tax Committee, for the record my name is Dan Wogsland, Executive Director of the North Dakota Grain Growers Association (NDGGA). Through our contracts with the North Dakota Wheat Commission and the North Dakota Barley Council NDGGA engages in domestic policy issues on the state and federal levels on behalf of North Dakota wheat and barley farmers. I appear before you today on behalf of NDGGA in support of SB 2278.

Chairman Cook, members of the Senate Finance and Tax Committee, all of you know one of the major issues with the Farm Home Tax Exemption is the confidentiality of financial records used in determining the eligibility for the exemption. We can all agree that people are averse to having their finances in the open for all to see. SB 2278 seeks to exempt those financial records from becoming public records; NDGGA is in support of that position.

Therefore, Chairman Cook, members of the Senate Finance and Tax Committee, the North Dakota Grain Growers Association would respectfully request that you give SB 2278 a Do Pass recommendation.

19.1143.02000

Sixty-sixth
Legislative Assembly
of North Dakota

2278
SENATE BILL NO. 2351

2/4 SB 2278

#1 pg. 1

Introduced by

Senators Cook, Dotzenrod

Representative B. Koppelman

1 A BILL for an Act to amend and reenact paragraph 4 of subdivision b of subsection 15 of section
2 57-02-08 and subdivision f of subsection 1 of section 57-02-08.1 of the North Dakota Century
3 Code, relating to the farm home residence property tax exemption and ~~an open records~~
4 ~~exemption for~~ the homestead credit to provide for the confidentiality of documents evidencing
5 eligibility for the exemption and credit; and to provide an effective date dates.

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

7 **SECTION 1. AMENDMENT.** Paragraph 4 of subdivision b of subsection 15 of section
8 57-02-08 of the North Dakota Century Code is amended and reenacted as follows:

9 (4) When exemption is claimed under this subdivision for a residence, the
10 assessor ~~may require that the~~ occupant of the residence who it is claimed is
11 a farmer shall provide to the assessor for the year or years specified by the
12 assessor a written statement in which it is stated that fifty percent or more of
13 the net income of that occupant, and spouse if married and both spouses
14 occupy the residence, was, or was not, net income from farming activities.
15 The individual claiming the exemption also shall provide to the assessor, on
16 a form provided by the tax commissioner, the necessary income information
17 to demonstrate eligibility. The tax commissioner shall review a sampling of
18 the exemptions provided under this section. A record Any income information
19 provided to the assessor regarding eligibility for an exemption claimed under
20 this subdivision is an exempt a confidential record, as defined in section 44-
21 04-17.1 and may only be disclosed to the tax commissioner for the purpose of
22 reviewing eligibility for the exemption under this subdivision.

23 **SECTION 2. AMENDMENT.** Subdivision f of subsection 1 of section 57-02-08.1 of the North
24 Dakota Century Code is amended and reenacted as follows:

25 f. Any person claiming the exemption under this subsection shall sign a verified
26 statement of facts establishing the person's eligibility. Any income information contained in
27 the statement of facts is a confidential record and may only be disclosed to the tax
28 commissioner for the purpose of reviewing the eligibility for the exemption under this
29 section.

30 **SECTION 3. EFFECTIVE DATE.** Section 1 of this Act is effective for taxable years
31 beginning after December 31, 2019.

32 **SECTION 24. EFFECTIVE DATE.** ~~This~~ Section 2 of this Act is effective for taxable years
33 beginning after December 31, 2018.

$\frac{2}{4}$ SB 2278 # 2 pg. 1

Prepared by the Office
of State Tax Commissioner for
Senator Cook
January 30, 2019

2278
PROPOSED AMENDMENTS TO SENATE BILL NO. ~~2257~~

Page 1, line 2, after "57-02-08" insert "and subdivision f of subsection 1 of section 57-02-08.1"

Page 1, line 3, replace "an open records exemption for" with " the homestead credit to provide for the confidentiality of"

Page 1, line 4, after "exemption" insert "and credit"

Page 1, line 4, remove "an"

Page 1, line 4, replace "date" with "dates"

Page 1, line 17, replace "A record" with "Any income information"

Page 1, line 19, replace "an exempt" with "a confidential"

Page 1, line 19, replace ", as defined in section 44-04-17.1" with "and may only be disclosed to the tax commissioner for the purpose of reviewing eligibility for the exemption under this subdivision"

Page 1, after line 19, insert:

"SECTION 2. AMENDMENT. Subdivision f of subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

- f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility. Any income information contained in the statement of facts is a confidential record and may only be disclosed to the tax commissioner for the purpose of reviewing eligibility for the exemption under this section.

SECTION 3. EFFECTIVE DATE. Section 1 of this Act is effective for taxable years beginning after December 31, 2019."

Page 1, line 20, replace "This" with "Section 2 of this"

Re-number accordingly

1 SB 2278
2-14-2019 pg 1

19.0809.02001
Title.

Prepared by the Legislative Council staff for
Senator Dotzenrod
February 11, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2278

Page 1, line 16, replace "provided" with "prescribed"

Page 1, line 17, remove "The tax commissioner shall review a sampling of"

Page 1, line 18, remove "the exemptions provided under this section."

Page 1, line 20, remove "and may only be disclosed to the tax"

Page 1, remove line 21

Page 1, line 22, remove "this subdivision"

Page 2, line 3, remove "and may only be"

Page 2, remove line 4

Page 2, line 5, remove "the exemption under this section"

Renumber accordingly

#1
SB 2278
3-6-19
p. 1

Testimony Prepared for the
House Finance & Taxation Committee
March 6, 2019
By: Donnell Preskey, NDACo



RE: Support for Senate Bill 2278 – Farm Residence

Good morning Chairman Headland committee members. Thank you for this opportunity to provide testimony in support of Senate Bill 2278. Our organization has complicated feelings about the farm residence provisions within the property tax code, but I wish to explain why we believe this is a positive change.

At the business meetings of our largest member organization, the North Dakota County Commissioners Association, and at the Delegate Council meetings of the North Dakota Association of Counties; the preservation, amendment, or elimination of the farm residence exemption has been a topic for a number of years. Among those officials that administer the law, and a growing number of commissioners that are more often being placed in the position of adjudicating its application, there is a growing concern that it has been unequally applied and therefore something must be done.

Part of the reason for this growing concern can be related to the dramatic shift in how the property tax assessment process is staffed. On the next page is a table of the current staffing when it comes to rural property valuation. Most important are the top two rows of numbers – the contrast in the way organized township valuation is conducted now (2018) and how it was conducted in 2013 – before the recent statutory assessor training was implemented. As you can clearly see, the number of township assessors has dropped (in 5 years) from 511 to 84, with the county tax directors picking up the local assessor responsibilities in 520 additional townships.

[As an aside, the shift in small city assessing has been equally significant with the counties assuming the assessment duties in 90 additional cities.]

Obviously, this leads to greater consistency, and the higher training standards lead to greater accuracy; but in the transition, counties have often dealt with the

#1
SB 2278
3-6-19
p. 2

	Township Assessing			
	# Organized Townships	County Assesses	Township Assesses	# of Twp Assessors
Statewide 2013	1,311	479	832	511
Statewide 2018	1,308	999	309	84
Adams County	17	17	-	-
Barnes County	42	31	11	4
Benson County	37	31	6	2
Billings County	-	-	-	-
Bottineau County	42	41	1	1
Bowman County	24	24	-	-
Burke County	29	24	5	1
Burleigh County	41	10	31	6
Cass County	49	17	32	5
Cavalier County	40	-	40	7
Dickey County	32	23	9	1
Divide County	32	26	6	1
Dunn County	-	-	-	-
Eddy County	18	18	-	-
Emmons County	1	1	-	-
Foster County	18	15	3	3
Golden Valley County	10	10	-	-
Grand Forks County	41	32	9	2
Grant County	10	10	-	-
Griggs County	20	7	13	4
Hettinger County	29	29	-	-
Kidder County	36	31	5	1
LaMoure County	32	32	-	-
Logan County	7	7	-	-
McHenry County *	46	-	46	3
McIntosh County	1	1	-	-
McKenzie County	15	15	-	-
McLean County	28	26	2	1
Mercer County	-	-	-	-
Morton County	1	1	-	-
Mountrail County	49	44	5	3
Nelson County	27	19	8	3
Oliver County	-	-	-	-
Pembina County *	24	8	16	11
Pierce County	15	15	-	-
Ramsey County	36	33	3	2
Ransom County	24	20	4	1
Renville County	24	24	-	-
Richland County	36	35	1	1
Rolette County	2	1	1	1
Sargent County *	24	24	-	-
Sheridan County	14	14	-	-
Sioux County	1	1	-	-
Slope County	20	20	-	-
Stark County	-	39	(39)	-
Steele County	20	20	-	-
Stutsman County	62	55	7	1
Towner County	28	16	12	1
Traill County	25	-	25	6
Walsh County	36	1	35	6
Ward County	56	52	4	3
Wells County	36	29	7	2
Williams County	51	50	1	1

* Three Counties have 2017 Data

previously varied application of the farm residence exemption, and the taxpayer concerns that adjustments can cause.

Some of our members feel the solution is the elimination of the exemption. As this doesn't seem to be a likely direction, we hope the Legislature will improve the administration of the exemption.

Therefore, after explanation and discussion of this bill to county commissioners from across the state – East, West, North, South, large and small, the conclusion was that Senate Bill 2278 is worth supporting.

It will more directly place the responsibility where it should be – with the individual wishing the exemption – and, it will make the evaluation of eligibility more of an academic rather than political process. As it was amended in the Senate, it will also ensure that the financial records of the landowner are kept confidential.

Therefore, Mr. Chairman and committee members, we urge that you give Senate Bill 2278 favorable consideration and a Do Pass recommendation. Thank you.

#2
SB 2278
3-6-19



Testimony of Paul Thomas
North Dakota Corn Growers Association
In Support of SB 2278
March 6, 2019

Chairman Headland and members of the House Finance and Tax Committee.

My name is Paul Thomas. I am the Vice-president of the North Dakota Corn Growers Association and also a farmer from Velva, ND.

I appreciate the opportunity today to voice my support of Senate Bill 2278.

SB 2278 exempts income information provided to tax directors for eligibility with farmstead property tax exemption from open records rules.

Personal information required to be shared with the county assessor should not be available to the general public. I see no public benefit for an individual's personal tax information to be available as an open record.

Thank you for allowing me to share my support of SB 2278 with you today. I will try and answer and questions you may have for me.

Paul Thomas

#3
SB 2278
3-6-19

North Dakota Stockmen's Association
Testimony to the House Finance and Taxation Committee on SB 2278
March 6, 2019

Good morning, Chairman Headland and members of the House Finance and Taxation Committee. My name is Emily Bendish of the North Dakota Stockmen's Association. I am here on behalf of Julie Ellingson, who is unable to be due to our board of directors meeting going on today in Mandan.

There are two components to SB 2278. The first, of course, helps protect the private information of farmers and ranchers by making the income information provided to an assessor regarding the eligibility of the farm residence property tax exemption a confidential record. We think that this is an appropriate, necessary and long-overdue protection that will be appreciated not only by the agriculturists providing their financial information, but also the county tax officials requiring it.

The second component of the bill mandates income verification of those who apply for this exemption. It is our understanding that a majority of counties already do this. Counties have the authority in law right now to require income verification if they choose to, so the mandate language in SB 2278, in our view, is unnecessary. Current law allows the decision regarding this to be made at the local level, where it ought to be.

Thank you for the opportunity to comment on SB 2278.



#4
SB 2278
3-6-19

North Dakota Soybean Growers Association
4852 Rocking Horse Circle South, Fargo, ND 58104
(701) 566-9300 | www.ndsoygrowers.com

SB 2278 Testimony

Good Morning - Chairman Headland and Committee members.

I'm Scott Rising, and I proudly represent the ND Soybean Growers Association.

We applaud and appreciate the tax exemption confidentiality change in this proposal.

However, as much as we would like to support the changing of "may" provisions to "shall", in our final analysis we cannot.

We view the "may" in the current law as a potential economic development tool to drive a particular desired behavior that the County controls now. Implementation of the "shall" remove that option and are unable to support that change.

A last comment . . .

Senate Bills 2278 and 2360 (next on your schedule) both deal with the current farm home exemption. I'm going to ask that if you recommend passage of SB2278, please recommend passage of SB2360.

If this one passes and SB2360 fails it will increase the ire with farmers several fold, much due to loss of a long-standing tax exemption, but also because the combination in the current law with the use of "net income" and the off-farm income provisions of more recent Federal tax law changes.

We will talk more about that in the next bill this morning.

Thank You,
Scott

Scott Rising,
NDSGA Legislative Director
C 710.527.1073
scott.rising@ndsga.com