

FISCAL NOTE
Requested by Legislative Council
01/21/2019

Bill/Resolution No.: SB 2351

- 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).*

SB 2351 augments some eligibility requirements relative to the farm home 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 SB 2351 requires farmers claiming the farm residence property tax exemption to file a form proving income eligibility. The tax commissioner is required to review a sampling of these forms.

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.*

SB 2351, if enacted, may result in fewer homes being exempted as farm residences if there are any owners that will not not qualify or will not comply with the eligibility requirements specified in the bill. This may result in the shifting of some property tax burdens among property owners in the affected taxing districts. Overall, property taxes will not change.

- 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. 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, SB 2351 will require a one-time \$250,000 appropriation to the tax commissioner.

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Agency: Office of Tax Commissioner

Telephone: 701.328.3402

Date Prepared: 01/25/2019

2019 SENATE FINANCE AND TAXATION COMMITTEE

SB 2351

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2351
1/28/2019
Job #31552

- 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 of the North Dakota Century Code, relating to the farm home residence property tax exemption and an open records exemption for documents evidencing eligibility for the exemption; and to provide an effective date.

Minutes:

Attachments: 3

Vice Chairman Kannianen will take over the hearing on SB 2351 while Senator Cook introduces the bill.

Chairman Kannianen: Called the hearing to order on SB 2351.

Senator Dwight Cook, District 34, Mandan: Introduced SB 2351. The first question you have to ask yourself with every piece of legislation is what is the problem? I am going to give you a few hypothetical ideas. Imagine that we have 3 individual property owners that we are going to call A, B, and C. Property owner A is 10 miles from a paved highway, all gravel roads. There is another 5 miles on that paved highway to the nearest city. He is a farmer receiving the farm residence exemption. Property owner B is another farmer right across the road from farmer A. He is the same distance from town. Then you have property owner C, who is not a farmer and lives another mile farther away from the paved highway. They are both school teachers. They do not get the farm residence exemption. They have their home accessed by the assessor and they pay property taxes. It is safe to say that we all might get a call and have a discussion about tax fairness if that person was our constituent. Imagine another scenario with the same three owners. Property owner B's youngest child finally goes to school. His wife goes to town to continue her career as a dental hygienist. Because she is now working, she is earning off farm income which takes her over the limit and farmer B then loses his property tax exemption simply because of a number of \$40,000. Wherever you put the number, you are going to have a fairness question. Now let us look at a third scenario. Farmer A's wife goes to town and gets a job. His wife earns enough farm income to take over the threshold for a definition of a farmer. The only problem is that gravel road that goes between farmer A and farmer B's place is the county line. The county in which farmer A lives in, does not ask for income verification. Farmer A continues to get the property tax exemption. He talks to farmer B who lost it simply because he is living in the wrong county. I could go on

about the farmers and this exemption for some time. We could talk about corporate farming and how they can try to use the system. The bottom line is it creates problems and fairness issues. The front line of this issue is tax assessors. They are the ones that have to look at a farmer and tell them they are no longer going to get the exemption. It is understandable that the tax assessors go to the counties and at the convention they ask to vote for legislation to eliminate the farmer's residence exemption. That is what the counties did. It should be no surprise to you that the counties came to me, and asked me to prime this piece of legislation. Before I has the legislation drafted, I reached out to the Ag community, and told them what possibly could be coming. I asked if they could help solve this without taking the exemption away. We met again with the counties and tax department to again find a solution. I do not need a piece of legislation that is going to fight with my friends to eliminate the farmer's residence exemption when I do not think it is going to ever have a chance of passing. I think there are some problems that should be fixed. We have 20 counties out there yet that do not require the farmer's income verification. I think it is only right that every county provides that to guarantee that if you deserve it, you get it and if you do not deserve it, then you don't get it. That is the intent of this bill. I added language to it to make sure the form that is filled out to verify the income is exempt from open records and is held confidential. I would urge a do pass and will answer any questions.

Senator Patten: Are the Ag groups supportive of this proposal.

Chairman Cook: I was going to fill out this "for" column on the registration and then just have everyone come and sign their name behind it but I didn't do that because I am not quite sure but I hope there is not too much opposition to this piece of legislation.

Senator Jim Dotzenrod, District 26, Wyndmere: Testified in support of the bill. I just wanted to make it clear as to why I signed on as a sponsor for this bill. I think that whatever system we finally settle on in the state, should be enforced uniformly in all 53 counties. The purpose of this is so see that we have a verification that allows local tax directors to make sure that whatever the law says, they have evidence that we are in compliance with it. That bottom part is the protection for whatever records they collect. I do not see any problems with this bill that would make me not support it. This idea of being uniform makes sense so I am supporting this bill.

Chairman Cook: Took over the hearing for Vice Chairman Kannianen.

Terry Traynor, North Dakota Association of Counties: Testified in favor of the bill. See attachment #1.

Julie Ellingson, ND Stockmans Association: Testified in favor of the bill. I am not sure if I should be standing as support, opposed, or neutral. The bill before us is having two important parts. The first piece is the one we are most passionate about and that is the confidentiality component. I think that farmers and ranchers would feel much more comfortable in providing that information if they had that protection. I think that the officials that are asking for it would also appreciate that. We stand in support of that component. The second component is the mandated income verification is what we have mixed feelings about. The counties already have the ability to require that if they choose. This would take away that ability for them to make their own decision about how best to administer the program for their county. We know

the goal is to modernize and create equity but with that being said, if that is going to be a mandate, we also have to look at the other end if we are going to mandate the enforcement component, we also need to look at modernizing the exemption. I will stand for questions.

Peter Hanebutt, ND Farm Bureau: Testified in favor of the bill. We would like to preserve the farm home exemption at all costs. We feel that this bill doesn't threaten that, but can take out some of the inequities in the system and some of the places where the people who don't qualify get it and therefore are giving the rest of us a bad name. We are in favor of cleaning this up.

Scott Rising, North Dakota Soybean Growers Association: Testified in favor of the bill. We are in the group that wants to continue this discussion. Of the 6 sessions I have been here, in 5 of them we have dealt with this in some type of format. It is not working for the folks that make the law or those that administer it as well as those that have to live with it. We have some more information and I will leave it at that. We are mildly in support. We obviously support the safeguarding of information.

Larry Syverson, NDTOA: Testified in favor of the bill. I am a soybean grower from Trail County and I am a tax assessor. I see this as a positive step to clean up the system.

Chairman Cook: Any further testimony in favor? Any opposed? Neutral?

Dee Wald, Tax Department: Distributed proposed amendments. See attachment #2 and #3. I understood that it was the intent that the income information received on the applications be confidential. This bill as drafted does not do that. What it does is explain and says that "the information is an exempt record under the open records laws." An exempt record means all are part of a record that is neither required to be open to the public, nor is it confidential, but may be open at the discretion of the public entity. Having worked with confidential tax information, I wanted to make sure the bill was doing what it was intended. These amendments say that the income information that is obtained on the application, is confidential and could be provided to the tax department only. Everything else on the record is open.

Linda Leadbetter, Office of the State Tax Commissioner: Testified neutrally for SB 2351. My only concern would be in the administration on it at we view the effective date. It is identifying on line 15 that the assessor would have a form as provided by the tax commissioner to understand this information for the current tax year which would be 2019 as an effective date for the year beginning December 31, 2018. Those applications are due now on February 1. We would not have the opportunity to have a form developed or devise for that. Also with the section on line 16, which identifies that the tax commissioner shall then review a sampling of that information, just understanding for us to develop a process on how we would receive those application and then have a review timeline. We wish for you to consider to have a different effective date for that portion of the process.

Chairman Cook: So you want the effective date change to 2019?

Linda LEadbetter: Correct. At least for those processes I do understand the need for retaining this information as confidential. So, if there would be a way to address that, I do

believe that having those processes available for the 2019 tax year would be very difficult for the local assessors and also for the tax department to identify and create a process for reviewing.

Chairman Cook: Any further testimony on SB 2351? Hearing none, we will close the hearing on SB 2351.

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2351
1/29/2019
Job # 31709

- 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 of the North Dakota Century Code, relating to the farm home residence property tax exemption and an open records exemption for documents evidencing eligibility for the exemption; and to provide an effective date.

Minutes:

Attachments: 2

Chairman Cook: Called the committee to order on SB 2351.

Daniel Rouse, Tax Department: I have some amendments to propose. You may recall Senator Cook proposing SB 2351 earlier this week. This dealt with the individuals that were demonstrating eligibility as to whether or not they met the farm residence exemption. Senator Dotzenrod had a similar bill. It was different in the way that it had a provision that would make the information that applications for homestead credit would provide rather to their local assessors. It would make that information confidential just as Senator Cook's bill did with the farm residence exemption income information. The drafters at LC, used the word exempt and the word should be confidential. With your permission, I would like to offer these amendments. See attachment #1.

Chairman Cook: Senator Dotzenrod's bill is SB 2278?

Senator Dotzenrod: Yes.

Daniel Rouse: The second item you will be receiving is the actual set of amendments. See attachment #2. We cleaned up the exempt to confidential and borrowed the concept that Senator Dotzenrod had in his bill with respect to homestead credit. We provided that same qualification that any information that would be provided would be considered a confidential record versus an exempt record. Exempt records are neither open nor confidential under the open records laws on ND. They are de closable at the discretion of the public entity. We may have 53 different determinations as to what happens to that information. I know that the applicants are sensitive about income information. This gives them some peace of mind and the state some consistency. I will stand for questions.

Senator Kannianen: Someone mentioned the effective date and whether we should put that at 2019 or not.

Daniel Rouse: We did not include that. I will defer to Linda to talk about that.

Linda Leadbetter, Office of State Tax Commissioner: Yes, it was the idea that we are in changing that to require that individual to provide that income information. It is not just that the assessor may ask for it. Having it be a shall, because those applications are due February 1, it would be difficult to meet that requirement and have those forms available. Yes, we would want to have that effective date following December 31, 2019 date.

Chairman Cook: We could make this effective date 2019 for section one of the bill and 2018 for section two of the bill.

Linda Leadbetter: I would then question if we are having that form provided by the commissioner under section 1 as I still see it and then the homestead credit is really under the section two. We can look at separating it differently. I believe section 2 is only addressing the confidentiality for the homestead credit.

Chairman Cook: Yeah, we could do it. We can pass this out and our intern can get the correct amendments for the correct amendments for section 1 having the effective date be 2019 and 2018 for section 2, correct?

Senator Dotzenrod: It seems like we want to have the confidentiality come in. There is no reason to hold that up. We want it to go into effect.

Chairman Cook: Yes, for section 2.

Senator Dotzenrod: I guess the language that is in section 1 isn't really going to be out there until later on. I was thinking that we are providing confidentiality for two different kinds of records. One is in section 1 and the other is in section 2. I was thinking that we should want to provide that confidentiality protection as soon as we could for both kinds. It might be that we wouldn't have to protect the stuff in section 1 because it is not going to be captured or is it?

Chairman Cook: We heard that most of the assessors tell the person to take the record so it is not kept in the tax assessor's office. I think there are individuals who could qualify but do not apply because they are afraid it is not confidential.

Senator Dotzenrod: I had a conversation with the county director who said his office is where he keeps those records. He recently found out they are not protected. He is thinking he should be destroying them or returning them. That is where the 2278 came from. You're saying that maybe for one year, we could leave those public?

Chairman Cook: I have a feeling we could probably get them all effective in 2018.

Linda Leadbetter: As I am trying to understand the discussion, I would like to address to the committee that there are record out there that do exist. Whether they are keeping them

confidential or not, this is what is up in the air for us right now. If we have an effective date for the homestead credit, that is immediate then we would know anything that is out there for the 2018 filing and that would be confidential. As section 1 is written right now, it says the information shall provide. I think there is information out there right now that we do not know if it is being held in confidence. The way we have instructed assessors is for them to understand that once the information is on their desk, it is public information so we recommend they get rid of it right away. The way the law exists, is out there are would be seen as available to be public record if it were requested.

Chairman Cook: Can we not take this last sentence in section 1 and put that into section 2 and then make the effective date for section 2 and 3 immediately?

Linda Leadbetter: I would agree with that if our legal division believes that amendment would be appropriate.

Daniel Rouse: The amendment I presented to you does make the information in section 2 confidential. The question is about the timing of it. It is a matter of do you want this law to take effect on the original effective day on your bill which was after December 31, 2018 or after December 31, 2019.

Chairman Cook: I think it is too late this year, to require the 20 counties that don't already do this to start. The effective date for section 1 of this bill should be 2019. I do not think it is too late to make sure the records that are already existing are understood to be confidential.

Linda Leadbetter: May I ask a question so I understand what you are requesting from us?

Chairman Cook: Yes.

Linda Leadbetter: So you are requesting an idea that we have section 1 which is now requiring that application to have income verification has the new form has the tax department verifying a sampling of those? That statement that was considered calling that "confidential" and moving that into the second section to allow that to be an effective date of 2018 or do you want to wait until 2019 to make that confidential?

Chairman Cook: Waiting until 2019.

Linda Leadbetter: Yes. So we are proposing that with all the changes to the farm residence portion of it, being exempt and holding that off until 2019 and then we just correct the homestead credit 1 for a 2018.

Chairman Cook: There could be years of forms out there where farmers have income verification in certain counties that exist already. If we move this into section 2 and made it effective immediately, they would all of a sudden become confidential. I will have the intern draft another set of amendments for this. We will come back and deal with this at another time.

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2351
2/4/2019
Job #32075

- 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 of the North Dakota Century Code, relating to the farm home residence property tax exemption and an open records exemption for documents evidencing eligibility for the exemption; and to provide an effective date.

Minutes:

Attachments: 0

Chairman Cook: Called the committee to order on SB 2351.

Senator Meyer: Moved a Do Not Pass on SB 2351.

Senator Unruh: Seconded.

Chairman Cook: Any Discussion?

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

Motion Carried.

Senator Cook will carry the bill.

REPORT OF STANDING COMMITTEE

SB 2351: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **DO NOT PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2351 was placed on the Eleventh order on the calendar.

2019 TESTIMONY

SB 2351

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



RE: Support for Senate Bill 2351 – Farm Residence

Good morning Chairman Cook and committee members. Thank you for this opportunity to provide testimony in support of Senate Bill 2351. Our organization has complicated feelings about the farm residence provisions within the property tax code, but I wish to explain why our County Commissioners Association Legislative Committee believes 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

	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
Trail 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. This would, to some degree, result in a lessening of the tax burden on agricultural land. Obviously, that would not be the complete result anywhere, and may not be very noticeable in some jurisdictions.

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 2351 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.

Therefore, Mr. Chairman and committee members, we urge that you give Senate Bill 2351 favorable consideration and a Do Pass recommendation. Thank you.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2351

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

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"

Renumber accordingly

SB 2351 Revised Language for Income Records (Lines 14 through 19)

The individual claiming the exemption also shall provide to the assessor, on a form provided by the tax commissioner, the necessary income information to determine eligibility. The tax commissioner shall review a sampling of the exemptions provided under this section. Any income information provided to the assessor regarding eligibility for an exemption claimed under this subdivision is a confidential record, and may only be disclosed to the tax commissioner for the purpose of reviewing eligibility for the exemption under this subdivision.

Sixty-sixth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2351

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.

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

PROPOSED AMENDMENTS TO SENATE BILL NO. 2351

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 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.

Re-number accordingly