

2023 HOUSE FINANCE AND TAXATION

HB 1057

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1057
1/4/2023

Relating to statements of full consideration, notice of township and city equalization meetings, the definition of snuff, service of notice for sales and use tax purposes, and notice of the gas base rate adjustment and gas production tax rate.

Chairman Headland opened the hearing at 9:45am.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVilleville, and Representative Ista. No members absent.

Discussion Topics:

- Notice requirements for sales and use taxes
- Communication with taxpayers
- Effective date for notices

Charles Dendy, North Dakota Office of State Tax Commissioner testified in support (#12339).

No further testimony.

Chairman Headland closed the hearing at 9:55am.

Representative Dockter moved a **DO PASS**.

Representative Ista seconded the motion.

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVilleville	Y
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y

Representative Jeremy Olson	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	Y

Motion passed 14-0-0.

Representative Olson will carry the bill.

Meeting adjourned at 9:58am.

Mary Brucker, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1057: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1057 was placed on the Eleventh order on the calendar.

2023 SENATE FINANCE AND TAXATION

HB 1057

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1057
2/14/2023

Relating to statements of full consideration, notice of township and city equalization meetings, the definition of snuff, service of notice for sales and use tax purposes, and notice of the gas base rate adjustment and gas production tax rate; and to provide an effective date
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9:00 AM Chairman Kannianen opens hearing.

Senators Present: **Kannianen, Weber, Patten, Rummel, Magrum.**

Discussion Topics:

- Township rules
- Notice publication
- Notice process

9:02 AM Charles Dendy – North Dakota Office of State Tax Commissioner, in favor.
#20739

9:11 AM Larry Syvers – Director for ND Township Officers Association, verbally in support.

9:14 AM Tyler Perleberg – Director of County Tax equalization, in opposition. #20668

9:23 AM Chairman Kannianen adjourns meeting.

Nathan Liesen, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1057
2/20/2023

Relating to statements of full consideration, notice of township and city equalization meetings, the definition of snuff, service of notice for sales and use tax purposes, and notice of the gas base rate adjustment and gas production tax rate; and to provide an effective date

10:19 AM Chairman Kannianen opens hearing.

Senators Present: **Kannianen, Weber, Patten, Rummel, Magrum, Piepkorn.**

Discussion Topics:

- Committee action

10:22 AM Senator Magrum moved to adopt amendment 23.8015.01001.

10:22 AM Senator Patten seconded.

Senators	Vote
Senator Jordan Kannianen	Y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Motion passed 6-0-0

10:23 AM Senator Magrum moved a Do Pass as Amended.

10:24 AM Senator Weber seconded.

Senators	Vote
Senator Jordan Kannianen	Y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Motion passed 6-0-0

10:25 AM Senator Weber will carry.

10:29 AM Chairman Kannianen adjourns meeting.

Nathan Liesen, Committee Clerk

February 20, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1057

Page 2, line 9, replace "twenty-five" with "fourteen"

Renumber accordingly

DR
171
2-20-23

REPORT OF STANDING COMMITTEE

HB 1057: Finance and Taxation Committee (Sen. Kannianen, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1057 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 2, line 9, replace "twenty-five" with "fourteen"

Renumber accordingly

TESTIMONY

HB 1057



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
BRIAN KROSHUS, COMMISSIONER

Testimony

House Finance and Taxation Committee

House Bill 1057

January 4, 2023

Chairman Headland, and members of the House Finance & Taxation Committee:

My name is Charles Dendy. I am here on behalf of the North Dakota Office of State Tax Commissioner to provide testimony in support of House Bill 1057. House Bill 1057 contains amendments proposed by the Tax Commissioner related to equalization of property taxes, tobacco products tax, sales tax notices, and gas gross production tax rate notices.

Section 1 of the Bill:

N.D.C.C. § 11-18-02.2 and N.D.C.C. § 57-01-06, together, control when statements of full consideration must be filed with county recorders and when that filed information can be used in an annual sales, market, and productivity study. That study is used as a guide in equalizing assessments of property in North Dakota.

This technical amendment makes the lists contained in the two statutes consistent so the counties are collecting all of the information that the Tax Department can use for the sales ratio study.

Section 2 of the Bill:

Section 2 of the Bill updates the notice requirements for city and township boards of equalization. The change makes the notice requirements consistent with statutory meeting dates for city and township boards of equalization.

The 2021 Legislative Assembly passed House Bill 1445, changing the township board of equalization meeting date from the first fifteen days of April to anytime in the month of April. However, N.D.C.C. § 57-11-01 continues to require that a city board of equalization meet during the first fifteen days of April.

Although township and city boards of equalization may now meet at different times, the meeting notice requirements applicable to both cities and counties were not updated. Section 2 of the Bill aligns city and township board of equalization notice requirements with the timing of the meetings.

Section 3 of the Bill:

Section 3 of the Bill clarifies that the definition of “snuff” under N.D.C.C. § 57-36-01 includes products that are placed in the nose, most commonly known as dry snuff. We have been asked if our definition of snuff includes dry snuff. The proposed amendment will create clarity and consistency for tobacco distributors and ensures that the definition of snuff fits all snuff.

Section 4 of the Bill:

N.D.C.C. § 57-39.2-17 requires that certain sales and use tax notices be given by registered or certified mail. This requirement can delay delivery of notices, can make receipt of notices more difficult for taxpayers who may need to drive to pick up their mail, and increases mailing costs. If a taxpayer is unable or unwilling to claim their mail, the certified mail requirement puts the Office of State Tax Commissioner in a position where it is difficult, expensive, or perhaps impossible to move forward, particularly in cases of noncompliance such as permit revocation hearings. Service by sheriff is an expensive alternative.

Section 4 of the Bill amends Chapter 57-39.2 to require that any notice authorized or required under the chapter may be given by first-class mail with proof of mailing to the address in the most recent return filed by the person or to the last known address of the person to be served if no return has been filed. This method of service is consistent with Rule 5 of the North Dakota Rules of Civil Procedure, which governs most service of documents in civil cases. This change will provide convenience for permit holders, efficiencies for the agency, and will maximize the likelihood that mail reaches its intended recipient promptly.

Section 5 of the Bill:

Section 5 of the Bill amends N.D.C.C. § 57-51-02.2 to allow for notice of the gas base rate adjustment and the gas tax rate to be provided to affected producers by posting the notice on the Tax Department’s website. With the increases in telecommuting and remote work over recent years, mailing hard copies of the gas base rate adjustment and gas tax rate is no longer the most efficient or effective means to provide this information. This change will provide the information producers need in a more efficient and effective manner.

Section 6 of the Bill:

Provides that the notice changes in Sections 4 and 5 of the Bill are effective for notices issued after June 30, 2023.

Chairman Headland, and members of the Committee, the Tax Commissioner respectfully requests favorable consideration of House Bill 1057. I am available for any questions you may have. Thank you.

Prepared by:
Charles Dendy, Legal Counsel
North Dakota Office of State Tax Commissioner
701-328-2776
cdendy@nd.gov



STUTSMAN COUNTY

Tax Equalization



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Testimony for:

Senate Finance and Taxation Committee

February 14, 2023

Prepared by: Tyler Perleberg, Stutsman County Director of Tax Equalization

House Bill 1057

Dear Chairman Kannianen & members of the Senate Finance and Taxation Committee:

My name is Tyler Perleberg and I am the County Director of Tax Equalization for Stutsman County. I have concerns about the Section 2 Amendment, lines 7-10, of this bill that proposes to change publishing requirements for equalization meetings.

Here are three reasons I have concerns:

1. **Costs of publishing.** To help alleviate the cost & potential mistakes for the jurisdictions, our office handles the publishing requirements for the equalization meetings. The jurisdictions love that we do this for them and we've been doing it for them for many years now. Our office has 72 equalization meetings to hold in April. Our first meeting typically happens April 1st and our last one is usually held within the last week of April. Due to the proposal in this bill, our county would have to do more newspaper publishments which raises the cost to our county, OR we would put the onus back on the townships to do their own publishing, which I know for most, if not all, of our jurisdictions is something they don't want to do.
2. **The time frame between the publishments and when the equalization meeting is held would, in many cases, result in a larger gap then what current law requires.** For example, if the equalization meeting is held on April 1st, the jurisdictions that have a daily newspaper could fulfill their notice requirements by February 16th with this proposal. Existing law could be fulfilled by March 2nd. On the other end of the time frame, all publishments would have to be done by at least March 7th, which is 25 days before the April 1st meeting date. Existing law has a final publishing requirement of March 20th, 12 days before the April 1st meeting date. I personally don't feel the wider gap is of any benefit to the property owners as I feel it's more time for them to forget when the meeting is being held.
3. **Scheduling the meetings becomes more difficult.** Again, our county is the assessor for 72 jurisdictions that require an equalization meeting within the month of April. It is already very difficult for us to make the scheduling work for our office and the 72 jurisdictions. The proposed language would force us to have meetings scheduled much sooner than what we already do. Many jurisdictions find it hard to schedule these meetings a couple of months in advance, and in fact, for townships, they have annual elections every year on the third Tuesday in March. When new board members are elected, the potential for scheduling conflicts already



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come up even with the current law we have to follow. This proposed language just makes it that much more difficult.

I can see where this proposed language would make some sense if the equalization meeting was on a set day, but for assessors and county offices like ours that have multiple jurisdictions, this really is a poor policy, in my opinion.

I'd highly recommend that the proposed changes on lines 7-10 of the Section 2 Amendment within HB1057 be amended out of the bill.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Tyler Perleberg', with a long, sweeping underline.

Tyler Perleberg
Director of Tax Equalization/
Zoning Administrator/GIS Coordinator
Stutsman County
tperleberg@stutsmancounty.gov



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
BRIAN KROSHUS, COMMISSIONER

Testimony Senate Finance and Taxation Committee House Bill 1057

February 14, 2023

Chairman Kannianen, and members of the Senate Finance & Taxation Committee:

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