

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2068

2001 SENATE FINANCE AND TAXATION

SB 2068

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2068

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 1/17/01

Tape Number	Side A	Side B	Meter #
1	x		0-end
		x	0-6.5
1/24/01 - 1		x	11-45.2
Committee Clerk Signature	<i>Rynelle A. Kraft</i>		

Minutes:

Senator Urlacher: Called the hearing on SB 2068, relating to the valuation and assessment of inundated agricultural land for property tax purposes.

Rick Clayburgh: State Tax Commissioner, testified in support. Explains this bill provides some changes to the 1999 legislation. Goes over acreage, growing seasons, values, application deadlines, etc. Meter number .6-11.

Senator Kroeplin: The 10 contiguous acres, would they have to be covered with water?

Rick Clayburgh: That's correct.

Senator Urlacher: At what point does the Waterbank come in?

Rick Clayburgh: To my understanding, if you're in that program and the particular acres are covered by that and you're receiving a payment for it, it would fall into that formula. If your payment is greater than the county wide average, you're receiving a sufficient amount of income to be able to support the tax debt on that property.

Senator Kroeplin: When you talk about the less than the county average, the formula per acre, the seven year farm program and the transition payments, that would apply to those payments as the average across the farm?

Rick Clayburgh: Refers to Chuck Krueger. IF income is derived on all property ownership of that landowner, then we would apportion it to the land that is inundate and then compare that to the formula.

Senator Urlacher: So any income derived from any form would be injected into the formula?

Rick Clayburgh: That's correct.

Wade Williams: NDACo Government Relations, testified in support of the bill. Written testimony attached.

Senator Nichols: When you're considering the income that's coming in, in the case of cropland, would that qualify very often under this type of scenario when you have the after payments coming in? Is that something that was considered over the last two years?

Wade Williams: Generally the insurance payments, after a two year period, the start to trail off quite a bit. It was our feeling that as that payment went down, then this would kick in to make up that difference.

Senator Nichols: It would seem to me that there would be a lot of different interpretations on how those dollars would be applied. If everyone did it on the same basis, then it would be fair.

Wade Williams: That was one of the problems with the previous legislation, everybody had their own interpretation. I think with the meetings that we had throughout the counties, everybody is more on the same page with what's going to apply and what isn't.

Barry Cox: Past President of the County Commissioners Assoc., testified in favor. Covered original intent of law from 1999 meter number 19.8-20.6.

Ken Yantes: Representative of ND Township Officers Assoc., testified in support of the bill.

Written testimony attached.

Wade Moser: Stockman's Assoc., testified in support of the bill. We felt there was a big flaw in the system right now where many times absentee land owners who had CRP and receiving their checks in Phoenix that were possibly getting tax relief when the rest of us up here were left with the burden.

Patti Lewis: ND Farm Bureau, testified in the support of the bill but has some problems with it. We think this legislation is important and necessary.

Senator Kroeplin: In the third season is when you get the tax relief?

Rick Clayburgh: We look back to the previous year to make the determination for the taxes for the coming year. And in that interpretation, that may mean you'd be into the fourth growing season.

Senator Wardner: About hay land and forage crop, wouldn't that be considered cropland?

Rick Clayburgh: In my understanding of haying alfalfa, it would be treated like a cropland. And if you have native prairie grasses and they're under water, then that would qualify for relief also. Senator Stenehjem, Rick Clayburgh, and Barry Cox discuss acreage and potholes. Meter number 28.2-33.8.

Rick Clayburgh: Pointed out Emergency Clause on the bill to be acted on as soon as possible. Asks that action occurs as quickly as possible.

Senator Kroeplin: Cash rent, if you rent the piece of land, x amount of dollars, some of it gets inundated, does the contract need to be changed for those acres and written into the contract?

Rick Clayburgh: If you are the landowner by contract and paying the tax on that property, and your contract is a three year contract, you hold your tenant to the full payments for that period, than that land would not qualify for inundate land.

Senator Urlacher, Senator Stenehjem, Rick Clayburgh discuss. Meter number 36.2-41.5.

Senator Urlacher: Isn't there some checks and balances of the assessor at the local level?

Rick Clayburgh: There is and that's one of the reasons for this bill.

Senator Stenehjem: Let's take the Devil's Lake region, there's a lot of acres under water. where does that tax go?

Rick Clayburgh: County wide.

Senator Kroepelin: With this bill, the tax burden goes back to the whole county, which would include residential and commercial property?

Rick Clayburgh: Yes.

Senator Stenehjem: Does it seem like a lot of people are going to apply?

Rick Clayburgh: Yes. We will be dealing with this problem for some time to come.

Lance Hagen: Ag Coalition, is opposed but wants to discuss it further with Tax Commissioner.

Arvid Winkler: Township Assessor, testified in opposition to the bill. Written testimony attached.

Al Broaten: President of ND Corngrowers, testified in opposition the bill because of the having to be inundated for three years.

Senator Urlacher: Closed the hearing. Action delayed.

Discussion held 1/24/01. Meter number 11-45.2.

Rick Clayburgh: Reappeared to propose an amendment, explain it, and answer questions. Meter number 11.7-36.8.

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Senate Finance and Taxation Committee  
Bill/Resolution Number 2068  
Hearing Date 1/17/01

Wade Williams: Reappeared to answer a question on deadline. Meter number 36.9-38.5.

AMENDMENT ACTION:

Motion made by Senator Wardner, Seconded by Senator Christmann, to move the amendment numbered 18073.0100. Voice Vote taken. All in favor, amendment adopted.

COMMITTEE ACTION: 1/24/01

Motion made for a DO PASS AS AMENDED by Senator Wardner, Seconded by Senator Christmann. Vote was 6 yeas, 0 nays, 0 absent or not voting. Bill carrier was Senator Wardner.

**FISCAL NOTE**  
 Requested by Legislative Council  
 12/18/2000

Bill/Resolution No.: SB 2068

Amendment to:

**1A. 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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>						
<b>Appropriations</b>						

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2068, if enacted, will establish the criteria property must meet to be classified as inundated agricultural land that may result in a reduction of the taxable value. While SB 2068 could decrease the value of taxable property of counties, cities, and school districts, it does not require a decrease in property taxes. Any change in property tax revenue will be the result of county, city, or school district decisions as to the level at which government services will be funded, and not as a result of the passage of SB 2068. This bill alone causes no fiscal effect to the counties, cities, or school districts. There will be an indeterminable decrease in the property tax revenue for the one-mill state medical center levy.

**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, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*



<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Tax Dept.
<b>Phone Number:</b>	8-3402	<b>Date Prepared:</b>	01/03/2001

PROPOSED AMENDMENTS TO SENATE BILL NO. 2068

Page 1, line 8, after "acres" insert "where the value of the inundated land exceeds ten percent of the average agricultural value of noncropland for the county and"

Page 1, line 10, replace "three" with "two"

Renumber accordingly

Date: 1/24/01  
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2068

Senate Finance and Taxation Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number Move Amendment (Voice Vote)

Action Taken \_\_\_\_\_

Motion Made By Wardner Seconded By Christman

Senators	Yes	No	Senators	Yes	No
Senator Urlacher-Chairman					
Senator Wardner-Vice Chairman					
Senator Christmann					
Senator Stenehjem					
Senator Kroeplin					
Senator Nichols					

Total (Yes) 6 No 0

Absent 0

Floor Assignment \_\_\_\_\_

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

Date: 1/24/01  
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2068

Senate Finance and Taxation Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass as amended

Motion Made By Wardner Seconded By Christmann

Senators	Yes	No	Senators	Yes	No
Senator Urlacher-Chairman	✓				
Senator Wardner-Vice Chairman	✓				
Senator Christmann	✓				
Senator Stenehjem	✓				
Senator Kroeplin	✓				
Senator Nichols	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Wardner

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

REPORT OF STANDING COMMITTEE (410)  
January 25, 2001 2:19 p.m.

Module No: SR-13-1637  
Carrier: Wardner  
Insert LC: 18073.0101 Title: .0200

**REPORT OF STANDING COMMITTEE**

**SB 2068: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2068 was placed on the Sixth order on the calendar.**

Page 1, line 8, after "acres" insert "if the value of the inundated land exceeds ten percent of the average agricultural value of noncropland for the county."

Page 1, line 10, replace "three" with "two"

Renumber accordingly

2001 HOUSE FINANCE AND TAXATION

SB 2068

