

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2348

2001 SENATE FINANCE AND TAXATION

SB 2348

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2348

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 1/31/01

Tape Number	Side A	Side B	Meter #
1		x	17.2-end
2	x		0-11.8
2/6/01 - 2		x	6.3-23
2/7/01 - 2	x		24.9-32
Committee Clerk Signature: <i>Lynelle M. Kraft</i>			

Minutes:

Senator Urlacher: Opened the hearing on SB 2348, relating to the definition of true and full value for property tax assessment of subsidized housing.

Senator Larry Robinson: Co-sponsored the bill, testified in support.

Steve Stoner: Private Developer in Fargo, testified in support. This bill would provide some relief.

Senator Judy Lee: Co-sponsored the bill, testified in support. Written testimony attached.

Proposed amendment.

Jim Knudson: Developer in Valley City, testified in support. We do service the lower income tenants, we are restricted in the amount of rent that we can charge. It's only fair that what were getting in income is what they are actually using for a basis of value.

Senator Kroepelin: There is no subsidizing of the rent for these low income individuals? The rent that you collect is what you get?

Jim Knudson: Right.

Lynn Fundingson: Director of Fargo Housing Service, testified in support. Most states make accommodations in this area.

James Toomee: Private Developer in Fargo, testified in support. In the last two years we've had meetings with the state Tax Department to discuss this issue. The Tax Dept. was sympathetic but felt it was a public policy matter that had to be decided by the legislature. Many states are battling with this issue, and many have passed measures for relief for property taxes.

Senator Urlacher: You have an annual audit on those requirements and expenditures for your budget?

James Toomee: That's correct.

Senator Stenehjem: Who actually owns the buildings?

James Toomee: Explains.

Senator Nichols: Is there a lot of variation in the way the assessors do their job?

James Toomee: I would say there's a great variation.

Senator Urlacher: There is a limited amount of rent that can be charged based on income? As costs increase, and wages go up, less people are eligible and you can't build that cost increase into the amount that you are able to charge?

James Toomee: The income amounts are set every year. Explains.

Senator Kroepelin: What is the percent of the tax credits?

James Toomee: 9% of the improvements of a project over a period of 10 years. So the tax credit is actually 90%.

Page 3

Senate Finance and Taxation Committee

Bill/Resolution Number 2348

Hearing Date 1/31/01

Don Haugland: Accountant, has been involved with the tax credit projects. What the idea behind the tax credit is that the more equity you can put into a project, the less debt you have to have.

Neal Eriksmoen: Real Estate Appraiser in Fargo, testified in support. Provides handout and explains it.

Senator Wardner: How much would this bill decrease the true and full value?

Neal Eriksmoen: It depends on what they base it on, maybe 25%.

Ben Hushka: Fargo City Assessor, testified neutrally. Written testimony.

Pat Richard: Housing Finance Agency, testified neutrally. We do receive annually financial operation statements from these projects. As the bill provides, the owner of the project, if he desires this method of real estate taxation approach, would authorize our release of that information of that information to the local assessor.

Senator Urlacher: Do all the projects have tax credits?

Pat Richard: Not all subsidized housing have tax credits. The first projects that were developed utilizing the tax credits were in 1987. The total is 120 that have utilized the tax credits since 1987.

Senator Urlacher: Closed the hearing. Action delayed.

Discussion held 2/6/01. Meter number 6.3-23.

Amendment introduced from Senator Lee.

Discussion held (2/7/01) Meter number 24.9-32.

**AMENDMENT ACTION:**

Motion made by Senator Stenehiem, Seconded by Senator Christmann, to move amendment numbered 10629.0102. Voice Vote taken. All in favor, amendment adopted.

Page 4

Senate Finance and Taxation Committee  
Bill/Resolution Number 2348  
Hearing Date ~~1/31/01~~

2-7-01

COMMITTEE ACTION: 2/7/01

Motion made by Senator Nichols for a DO PASS AS AMENDED, Seconded by Senator Kroepflin. Vote was 1 yea, 5 nays, 0 absent and not voting. Motion failed.

Motion made by Senator Wardner for a DO NOT PASS AS AMENDED, Seconded by Senator Christmann. Vote was 5 yeas, 1 nay, 0 absent and not voting. Bill carrier was Senator Wardner.

**FISCAL NOTE**  
 Requested by Legislative Council  
 01/24/2001

BHV/Resolution No.: SB 2348

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
Revenues						
Expenditures						
Appropriations						

**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 2348 defines true and full value of subsidized housing for property tax purposes. There is no change in overall revenues for the state or political subdivisions.

**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 Department
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	01/30/2001

February 5, 2001

**PROPOSED AMENDMENTS TO SENATE BILL NO. 2348**

Page 1, line 13, remove "arriving at the true and full value of" and replace "this" with "true and full value means"

Page 1, line 14, remove "includes" and replace "and" with ". In determining the value by this approach, the assessor shall consider the restrictions imposed on the property by the subsidy program."

Page 1, remove lines 15 through 21

Page 1, line 22, remove "(2)"

Page 2, line 6, after "instrumentality" insert ", or their successors"

Renumber accordingly





