

2021 HOUSE FINANCE AND TAXATION

HB 1500

2021 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1500
1/25/2021
AM

A bill relating to the period of property tax delinquency before foreclosure of a tax lien.

Chairman Headland opened the hearing at 10:00am.

Representatives	Present
Representative Craig Headland	P
Representative Vicky Steiner	AB
Representative Dick Anderson	AB
Representative Glenn Bosch	P
Representative Jason Dockter	P
Representative Sebastian Ertelt	P
Representative Jay Fisher	P
Representative Patrick Hatlestad	P
Representative Zachary Ista	P
Representative Tom Kading	P
Representative Ben Koppelman	P
Representative Marvin E. Nelson	P
Representative Nathan Toman	P
Representative Wayne A. Trottier	P

Discussion Topics:

- Property tax delinquency
- Foreclosure from a tax lien

Representative Satrom introduced the bill.

Terry Traynor, Executive Director for the North Dakota Association of Counties, testified in opposition (#2839).

Chairman Headland closed the hearing at 10:23am.

Representative Dockter made a motion for a Do Not Pass.

Representative Trottier seconded the motion.

Roll Call Vote

Representatives	Vote
Representative Craig Headland	Y
Representative Vicky Steiner	AB
Representative Dick Anderson	AB

Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Sebastian Ertelt	N
Representative Jay Fisher	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Tom Kading	Y
Representative Ben Koppelman	N
Representative Marvin E. Nelson	N
Representative Nathan Toman	N
Representative Wayne A. Trottier	Y

Motion carried 8-4-2

Representative Dockter is the bill carrier.

Chairman Headland closed discussion at 10:24am.

Mary Brucker, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1500: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO NOT PASS** (8 YEAS, 4 NAYS, 2 ABSENT AND NOT VOTING). HB 1500 was placed on the Eleventh order on the calendar.

Testimony Prepared
House Finance & Tax Committee
January 25, 2021
By: Terry Traynor, NDACo Executive Director



RE: Oppose HB 1500 – Increase Delinquent Tax Period for Foreclosures

Chairman Headland and committee members, on behalf of the State's 53 counties and 500 county officials, I want to present the opposition of our Association for HB1500. As the Committee is aware, this bill reverses a very significant policy change made by the Legislature in 2007. I would like to review why that change was made.

Prior to the 2007 change, the law allowed four years from when property taxes become due to when the notice of foreclosure is given to the owner of the property. This was the foundation of a process, established over 100 years ago, that actually took almost five years (57 months) for a parcel to be sold for non-payment of taxes. Few private businesses could stay in operation if accounts payable were left unpaid for five years, and the Legislature was convinced that it was reasonable to shorten this period for local government to three.

On the surface it may appear that increasing the delinquent tax period by ~~five~~ ³ additional years would lead to fewer foreclosures, but it could actually have the opposite effect. By the time the homeowner faced that length of foreclosure, they would be too deep into debt to recover from it. With the current delinquency period, counties are able work with the homeowners to make sure they don't lose their house.

Foreclosure properties have community impacts as well. Often times the home sits vacant with no maintenance and counties are powerless to do anything to clean up the property until it comes back for taxes. Occasionally the city steps in if the home is determined to be a health or safety hazard, but otherwise the neighborhood has to live with it.

When budgeting each year, local government (then as now) must anticipate the revenue that will not be received, for parcels whose owners have not paid taxes. The difference is that now they only need to be concerned about three years of tax delinquencies instead of seven.

As this Committee understands, the amount of unpaid taxes must be levied against all other property of the taxing district by school boards and commissions to offset the revenue that will be uncollected. While it may be appropriate for allowances to be made for the first few years, returning to a policy of allowing this to happen

for ⁶~~seven~~ years county officials believe is excessive. Although local government will at times recapture the taxes and interest owed, through the eventual sale of the property; it seems improper for the financing of this tax bill to be done with other taxpayers' money. County officials firmly believe that the changes implemented in 2007 must be preserved so that we as a State can treat all taxpayers, and particularly those that pay their taxes on-time, in a fair and competent manner.

Mr. Chairman and committee members, I hope you return a Do Not Pass recommendation on HB1500.