

1999 HOUSE NATURAL RESOURCES

HB 1107

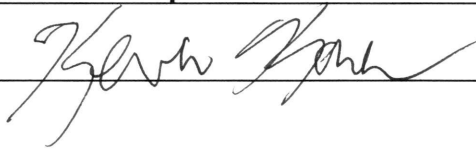
1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1107

House Natural Resources Committee

Conference Committee

Hearing Date 1/7/99

Tape Number	Side A	Side B	Meter #
1	x		0
Committee Clerk Signature 			

Minutes:

SUMMARY OF THE BILL: An act to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to the payment and refund of oil and gas gross production tax that is five dollars or less; and to amend and reenact sections 57-51-05 and 57-51-19 of the North Dakota Century Code, relating to when the oil and gas gross production tax on oil is due and payable and the procedure for providing refunds.

Chairman Grosz called the meeting to order at 10:30 a.m. in the Pioneer Room. All committee members were present: Chairman Grosz, Vice-Chairman Henegar, Rep. Drovdal, Rep. Galvin, Rep. DeKrey, Rep. Nottestad, Rep. Nelson, Rep. Clark, Rep. Porter, Rep. Martinson, Rep. Hanson, Rep. Kelsh, Rep. Lundgren, Rep. Sandvig, Rep. Solberg.

Chairman Grosz opened the hearing on HB 1107.

Page 2

House Natural Resources Committee

Bill/Resolution Number minutes for day3.lwp

Hearing Date 1/7/99

Kevin Schatz, Oil And Gas Tax Supervisor testified in support of HB 1107. (See attached testimony)

Chairman Grosz questioned Mr. Schatz as to whether the Office Of Management Budget would be aware that they would be taking responsibility of management under this bill.

Mr. Schatz acknowledged in the affirmative.

Representative Solberg asked what department the revenues that would not be refunded (the amounts under five dollars) would be allocated to.

Mr. Schatz answered that they would be distributed through “the council...”

Chairman Grosz closed the hearing on HB 1107.

Rep. DeKrey moved to pass.

Rep. Nottlestad seconded the motion.

The motion was passed with fifteen yes votes, no opposing votes, and no absentees.

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: HB 1107

Amendment to: _____

Requested by Legislative Council

Date of Request: 12-29-98

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

Narrative: HB 1107 is expected to have a fiscal impact of less than \$5,000 in the 1999-2001 biennium.

2. **State** fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						

3. What, if any, is the effect of this measure on the budget for your agency or department:

- a. For rest of 1997-99 biennium:

(Indicate the portion of this amount included in the 1999-2001 executive budget:)

- b. For the 1999-2001 biennium:

(Indicate the portion of this amount included in the 1999-2001 executive budget:)

- c. For the 2001-03 biennium:

4. **County, city, and school district** fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

If additional space is needed
attach a supplemental sheet.

Signed: *Kathryn L. Strombeck*

Typed Name: Kathryn L. Strombeck

Department: Tax

Date Prepared: 1-5-99

Phone Number: 328-3402

Date: 11/7/99
Roll Call Vote #:

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House House Natural Resources Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number 1107

Action Taken carried and passed

Motion Made By DEKREY Seconded By NOTTESTAD

Representatives	Yes	No	Representatives	Yes	No
Chairman Mick Grosz	X				
Vice-Chairman Dale Henegar	X				
Representative David Drovdal	X				
Representative Pat Galvin	X				
Representative Duane DeKrey	X				
Rep. Darrell D. Nottestad	X				
Representative Jon O. Nelson	X				
Representative Byron Clark	X				
Representative Todd Porter	X				
Representative Jon Martinson	X				
Reperesentative Lyle Hanson	X				
Representative Scot Kelsh	X				
Representative Deb Lundgren	X				
Representative Sally M. Sandvig	X				
Representative Dorvan Solberg	X				

Total (Yes) 15 No 0

Absent 0

Floor Assignment Galvin

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

REPORT OF STANDING COMMITTEE (410)
January 7, 1999 12:15 p.m.

Module No: HR-04-0375
Carrier: Galvin
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1107: Natural Resources Committee (Rep. Grosz, Chairman) recommends **DO PASS**
(15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1107 was placed on the
Eleventh order on the calendar.

1999 SENATE NATURAL RESOURCES

HB 1107

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1107

Senate Natural Resources Committee

Conference Committee

Hearing Date February 25, 1999

Tape Number	Side A	Side B	Meter #
1	x		2251-3400
Committee Clerk Signature <i>J. A. Legend</i>			

Minutes:

SENATOR TRAYNOR opened the hearing on HB1107: RELATING TO THE PAYMENT AND REFUND OF OIL AND GAS GROSS PRODUCTION TAX THAT IS FIVE DOLLARS OR LESS; RELATING TO WHEN THE OIL AND GAS GROSS PRODUCTION TAX ON OIL IS DUE AND PAYABLE AND THE PROCEDURE FOR PROVIDING REFUNDS.

KEVIN SCHATZ, Oil and Gas Tax Supervisor testified on behalf of the office of the State Tax Commissioner and recommended a DO PASS on HB1107. (See attached testimony)

SENATOR FISCHER asked if the monthly basis is to conform with the statute.

KEVIN SCHATZ replied the returns are due on a monthly basis and that statute was changed a few years ago. The title never got changed along with the statute.

SENATOR HEITKAMP asked if anything less than \$5 is recorded and when an individual reaches \$5 in refunds over a period of time, does the individual receive it.

KEVIN SCHATZ replied no.

SENATOR CHRISTMANN asked if 0-\$4.99 goes to the state treasurer to be handled according to some section of law, does that go to the general fund or where does that section of law direct it.

KEVIN SCHATZ replied it gets distributed in the same proportion of the gross production tax or oil extraction tax as it is collected. Each month we certify to the state treasurer the total dollars that we have collected for gross production and oil extraction, and the state treasurer distributes that money according to the formulas in the statute.

SENATOR FREBORG asked what kind of money are we talking about.

KEVIN SCHATZ replied we did a comparison of the last fiscal year adding all of the over \$5 and under \$5 together and it came to \$19.63. We are trying to save ourselves a lot of paperwork on both our parts and on the taxpayer's part. If they owe less than \$5 they do not have to file a return which they have to do now and we have to process it.

SENATOR CHRISTMANN asked why does it say in Section 3 amendment, state auditor. Is this a change that now states office of management and budget as the correct agency or has it always been the office of management and budget.

KEVIN SCHATZ stated we have always submitted our requests to the office of management and budget so I don't know when they took over the duties.

SENATOR TRAYNOR asked if this reflects the current practice.

KEVIN SCHATZ replied yes.

SENATOR REDLIN asked when does a refund come into play.

Page 3

Senate Natural Resources Committee

Bill/Resolution Number Hb 1107

Hearing Date January 25, 1999

KEVIN SCHATZ replied the person files an amended return to change the volume that they reported and the tax does not come to \$5. They may come back and amend a report that they sold 8 barrels instead of 10 barrels and the tax on the two barrels may not come to \$5. We won't issue a refund in that situation and this is done by the month.

SENATOR TRAYNOR closed the hearing on HB1107.

SENATOR CHRISTMANN moved for a DO PASS, seconded by SENATOR FREBORG. Roll call vote indicated 6 Yeas, 0 Nays, 0 Absent and not voting. SENATOR CHRISTMANN volunteered to carry the bill.

Date: 2-25-99

Roll Call Vote #: /

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB1107

Senate Natural Resources Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Christmann Seconded By Freborg

Senators	Yes	No	Senators	Yes	No
Senator John T. Traynor, Chr	✓				
Senator Tom Fischer, Vice Chr	✓				
Senator Randel Christmann	✓				
Senator Layton Freborg	✓				
Senator Joel C. Heitkamp	✓				
Senator Rolland W. Redlin	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Christmann

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

REPORT OF STANDING COMMITTEE (410)
February 25, 1999 1:54 p.m.

Module No: SR-34-3587
Carrier: Christmann
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1107: Natural Resources Committee (Sen. Traynor, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1107 was placed on the Fourteenth order on the calendar.

1999 TESTIMONY

HB 1107

**TESTIMONY BEFORE THE HOUSE
NATURAL RESOURCES COMMITTEE**

HB1107

KEVIN SCHATZ

January 7, 1999

Chairman Grosz, members of the Committee, my name is Kevin Schatz, Oil & Gas Tax Supervisor, and I am here on behalf of the Office of Tax Commissioner to testify with respect to HB1107.

The Tax Commissioner proposes to create a new subsection to N.D.C.C. § 57-51 relating to the payment and refund of oil and gas gross production tax that is less than five dollars. The Tax Commissioner proposes that no refund be required unless the amount to be refunded, including interest, is at least five dollars. Any amount that is not refunded is to be transferred to the state treasurer for deposit and distribution in the same manner as other revenue under this chapter. The Tax Commissioner also proposes that no remittance of tax be required and that no assessment or collection of tax may be made unless the amount is at least five dollars, including penalties and interest. This new subsection will make § 57-51 consistent with the income tax statutes.

The Tax Commissioner proposes technical corrections to N.D.C.C. § 57-51-05 to provide for conformity to the current drafting standards and to change the title from "Payment of tax on quarterly basis" to "Payment of tax on monthly basis" to correctly reference when tax is to be paid.

The Tax Commissioner proposes technical corrections to N.D.C.C. § 57-51-19 to correctly identify the responsible agency by replacing "Upon presentation of the certificate to the state auditor" with "Upon presentation of the certificate to the office of management and budget".

The Tax Commissioner recommends a "do-pass" on HB1107. If you have any questions or need further information, the Tax Commissioner would be happy to provide it to you.

**TESTIMONY BEFORE THE SENATE
NATURAL RESOURCES COMMITTEE**

HB1107

KEVIN SCHATZ

February 25, 1999

Chairman Traynor, members of the Committee, my name is Kevin Schatz, Oil & Gas Tax Supervisor, and I am here on behalf of the Office of Tax Commissioner to testify with respect to HB1107.

The Tax Commissioner proposes to create a new subsection to N.D.C.C. § 57-51 relating to the payment and refund of oil and gas gross production tax that is less than five dollars. The Tax Commissioner proposes that no refund be required unless the amount to be refunded, including interest, is at least five dollars. Any amount that is not refunded is to be transferred to the state treasurer for deposit and distribution in the same manner as other revenue under this chapter. The Tax Commissioner also proposes that no remittance of tax be required and that no assessment or collection of tax may be made unless the amount is at least five dollars, including penalties and interest. This new subsection will make § 57-51 consistent with the income tax statutes.

The Tax Commissioner proposes technical corrections to N.D.C.C. § 57-51-05 to provide for conformity to the current drafting standards and to change the title from "Payment of tax on quarterly basis" to "Payment of tax on monthly basis" to correctly reference when tax is to be paid.

The Tax Commissioner proposes technical corrections to N.D.C.C. § 57-51-19 to correctly identify the responsible agency by replacing "Upon presentation of the certificate to the state auditor" with "Upon presentation of the certificate to the office of management and budget".

The Tax Commissioner recommends a "do-pass" on HB1107. If you have any questions or need further information, the Tax Commissioner would be happy to provide it to you.