

**1999 SENATE APPROPRIATIONS**

**SB 2006**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2006

Senate Appropriations Committee

Conference Committee

Hearing Date 1-19-99

Tape Number	Side A	Side B	Meter #
1	X		1
1		X	Through 801
2-3-99 1	X		1012-1345
Committee Clerk Signature <i>Kathleen C. Kottelero</i>			

Minutes:

**SENATOR NETHING:** Opened the hearing on SB2006; A BILL FOR AN ACT TO PROVIDE AN APPROPRIATION FOR DEFRAYING THE EXPENSES OF THE OFFICE OF THE STATE TAX COMMISSIONER AND FOR PAYMENT OF STATE REIMBURSEMENT UNDER THE HOMESTEAD TAX CREDIT; AND TO AMEND AND REENACT SECTION 57-01-04 OF THE NORTH DAKOTA CENTURY CODE, RELATING TO THE SALARY OF THE STATE TAX COMMISSIONER.

**RICK CLAYBURGH:** Tax Commissioner to testify in support of SB2006 (testimony attached) (tape 72-2002).

**SENATOR NAADEN:** Any chance of changing the amount of money collected from cities for tax collection, lower that?

**RICK CLAYBURGH:** This is a tax administration fee, based on the number of permits or dollar sales, whichever is lowest.

**SENATOR NAADEN:** I don't think we should make money off this.

**RICK CLAYBURGH:** I agree but, this is General Funds. I'm at the point now that I would bring to this Committee and to the Legislature as a whole that we would be allowed to lower that fee with the Cities.

**SENATOR TOMAC:** The \$500,000 in savings in City Sales Tax, how do you prorate the costs to Cities and what percentage is it?

**RICK CLAYBURGH:** Currently we bring in about \$1.8M, we're picking a number out of the blue because we do have a hard time trying to determine what share our costs are associated with City Sales Tax Administration. The best number is \$1.1-\$1.2M and also includes technology dollars.

**SENATOR TOMAC:** I asked that questions because you also said the Cities couldn't self-serve themselves by anywhere near that figure.

**RICK CLAYBURGH:** It is an efficient of an agency. The start up costs and the hiring of employees would be too costly.

**SENATOR TOMAC:** Line 7, tax structure study; what would a study find that the interim committees haven't found.

**RICK CLAYBURGH:** The interim committees are involved in so many issues that there is not as much time devoted to an issue to find out how the mechanics currently work. Part of the funding will be coming from the budget; we are not spending a great deal of money.

**REBECCA HERMAN:** Technology Coordinator for the Tax Department to testify in support of SB2006 (testimony attached)( tape 3350-5188).

**SENATOR NETHING:** Questions for Rick: Technology is geared toward the taxpayer; also there are seven less FTE's. is there any relationship?

**RICK CLAYBURGH:** Not really. The reduction would be in temporary staff.

**SENATOR NETHING:** When do you see the technology budget moving downward?

**RICK CLAYBURGH:** At the end of the next biennium, this should be a maintenance program which will reduce the budget; the total spent will end up to be \$3.2M.

**ALLEN KNUDSON:** The Governors budget includes the recommendation to change the plan of taxation on diesel, what impact will that have on the computer changes you made for the Motor Fuels Electronic Data Interchange?

**RICK CLAYBURGH:** It's the change of taxation for special and motor fuels. It will provide more efficiency. No major effect on what we have already done.

**SENATOR NETHING:** I'm hoping to tie the FTE's with technology but, it's a little premature.

**RICK CLAYBURGH:** You can tie two.

**SENATOR TOMAC:** Where is the source of your testimony stating, \$1M turn back?

**RICK CLAYBURGH:** The seven FTE's. We believe we have been doing the prudent and efficient thing in agency administration.

**HOMESTEAD TAX CREDIT - (Tape 1-Side B-Meter 57)**

**BARRY HASTI:** Supervisor of Assessment and Director of Property Tax Division to testify in support of SB2006, Homestead Tax Credit (testimony attached (tape 85-395).

**SENATOR SOLBERG:** This doesn't pertain to Homestead Credit, it pertains to property tax. We need a study on tax equalization directives and how they apply the law of tax equalization or tax assessment to agricultural land. Would it be wise to place on the bill or a separate resolution, and would your tax department be prepared to go into a depth study as other state's are equalizing from one county to another.

**BARRY HASTI:** This a a great concern of property owners, particularly the agriculture property owner and if they own property in two counties. Given our current system, we don't believe that calculating a county wide average value for each county, we don't think it's possible to have a seamless transition across county lines on property values. Our system assigns a County wide property value, top down,; the assessments are made bottom up. The assessed evaluations don't match, a large part is form the system as it currently exists.

**RICK CLAYBURGH:** I have no objection to amendment to the bill. It's certainly your right.

**SENATOR NETHING:** Closed the hearing on SB2006.

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2/03/99

2-3-99

**SENATOR NETHING:** Reopened the hearing on SB2006 (tape 1, side A (1012-1345)

**ALLEN KNUDSON:** (LC) Presented the amendment attached to the bill.

**SENATOR NETHING:** Called for the motion on SB2006.

**SENATOR GRINDBERG:** Moved a Do Pass on the amendment to SB2006.

**SENATOR ROBINSON:** Seconded the motion.

**ROLL CALL: 12 YEAS; 0 NAY; 2 ABSENT & NOT VOTING.**

**SENATOR NETHING:** Called for the motion on SB2006 as amended.

**SENATOR GRINDBERG:** Moved Do Pass as amended on SB2006.

**SENATOR ROBINSON:** Seconded the motion.

**ROLL CALL: 12 YEAS; 0 NAY; 2 ABSENT & NOT VOTING.**

Yeas: Nething; Naaden; Solberg; Lindaas; Tomac; Robinson; Krauter; St. Aubyn; Grindberg; Holmberg; Kringstad; Bowman  
Absent & Not Voting: Tallackson; Andrist

## FISCAL NOTE

Return original and 14 copies)

Bill/Resolution No.: SB 2006

Amendment to: \_\_\_\_\_

Requested by Legislative Council

Date of Request: 12/30/98

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:** (Note: This fiscal note addresses only Section 4 of SB 2006, relating to the annual salary of the state tax commissioner) If enacted, Section 4 of SB 2006 is expected to increase expenditures by \$22,800 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
<b>Revenues</b>						
<b>Expenditures</b>			+\$22,800			


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: 

Typed Name: Kathryn L. Strombeck

Department: Tax

Date Prepared: January 7, 1999

Phone Number: 328-3402

Date: 2/3/99  
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2006

Senate APPROPRIATIONS Committee

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

✓ Legislative Council Amendment Number 990 28.0102

Action Taken DO PASS

Motion Made By SENATOR GRINDBERG Seconded By SENATOR ROBINSON

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg	✓				
Senator Lindaas	✓				
Senator Tallackson					
Senator Tomac	✓				
Senator Robinson	✓				
Senator Krauter	✓				
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg	✓				
Senator Kringstad	✓				
Senator Bowman	✓				
Senator Andrist					

Total (Yes) 12 No 0

Absent 2

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

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

Date: 2/3/99  
 Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. SB 2006

Senate APPROPRIATIONS Committee

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

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

Action Taken DO PASS AS AMENDED

Motion Made By SENATOR GRINDBERG Seconded By SENATOR ROBINSON

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg	✓				
Senator Lindaas	✓				
Senator Tallackson					
Senator Tomac	✓				
Senator Robinson	✓				
Senator Krauter	✓				
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg	✓				
Senator Kringstad	✓				
Senator Bowman	✓				
Senator Andrist					

Total (Yes) 12 No 0

Absent 2

Floor Assignment SENATOR KRINGSTAD

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

**REPORT OF STANDING COMMITTEE**

**SB 2006: Appropriations Committee (Sen. Nething, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2006 was placed on the Sixth order on the calendar.

Page 1, line 3, remove the first "and" and after "57-01-04" insert "and subsection 2 of section 57-01-13"

Page 1, line 4, after "commissioner" insert "and the payment of fees for services rendered by a collection or credit agency; to provide a continuing appropriation for the payment of fees for services rendered by a collection or credit agency; and to provide a contingent expiration date"

Page 1, line 14, replace "11,888,357" with "11,761,828"

Page 1, line 19, replace "17,403,637" with "17,277,108"

Page 1, line 21, replace "17,109,908" with "16,983,379"

Page 2, line 15, replace "sixty-five" with "fifty-eight"

Page 2, line 16, replace "eight" with "two", replace "ninety-two" with "sixty-two", and after "2000" insert ", fifty-nine thousand four hundred twenty-eight dollars through December 31, 2000"

Page 2, line 17, replace "sixty-seven" with "sixty-six", replace "eight" with "two", and replace "seventy-two" with "eighty-two"

Page 2, after line 17, insert:

**"SECTION 5. AMENDMENT.** Subsection 2 of section 57-01-13 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

2. a. Fees for services, reimbursement, or any other remuneration to a collection or credit agency must be based on the amount of tax, penalty, and interest actually collected. Each contract entered into between the tax commissioner and the collection or credit agency must provide for the payment of fees for the services, reimbursements, or other remuneration not in excess of fifty percent of the amount of delinquent sales, use, motor vehicle fuels, special fuels, importer for use, aviation fuel, motor vehicle excise, income, or business and corporation privilege tax, including penalties and interest actually collected.
- b. All funds collected, ~~less the fees for collection services, as provided in the contract,~~ by the collection or credit agency must be remitted to the tax commissioner monthly from the date of collection from a taxpayer. Forms to be used for the remittances must be prescribed by the tax commissioner. The tax commissioner shall transfer the funds to the state treasurer for deposit in the state general fund. An amount equal to the amount of fees for services, reimbursement, or any other remuneration to the collection or credit agency as set forth in the contract authorized by this section is appropriated as a standing and continuing appropriation to the tax commissioner for payment of fees due under the contract.



- c. Before entering into a contract, the tax commissioner shall require a bond from the collection or credit agency not in excess of ten thousand dollars, guaranteeing compliance with the terms of the contract.

**SECTION 6. CONTINGENT EXPIRATION DATE.** Section 5 of this Act is effective until such time as section 12 of article X of the Constitution of North Dakota is effectively amended to provide for the retention of public money by a nongovernmental entity as fees for services rendered to the state of North Dakota."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

DEPARTMENT 127 - TAX DEPARTMENT

SENATE - This amendment makes the following changes:

	EXECUTIVE BUDGET	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$11,888,357	(\$126,529)	\$11,761,828
Operating expenses	4,803,051		4,803,051
Equipment	368,500		368,500
City tax administration fees	50,000		50,000
Motor fuels federal grant	<u>293,729</u>		<u>293,729</u>
Total all funds	\$17,403,637	(\$126,529)	\$17,277,108
Less special funds	<u>293,729</u>		<u>293,729</u>
General fund	\$17,109,908	(\$126,529)	\$16,983,379
FTE	144.00	0.00	144.00

Detail of Senate changes to the executive budget include:

	REDUCE COMPENSATION PACKAGE TO 2/2	ADJUST HEALTH INSURANCE COST	DELAY MARKET SALARY ADJUSTMENTS TO 1/1/01	TOTAL SENATE CHANGES
Salaries and wages	(\$148,810)	\$41,342	(\$19,061) <sup>1,2</sup>	(\$126,529)
Operating expenses				
Equipment				
City tax administration fees				
Motor fuels federal grant				
Total all funds	(\$148,810)	\$41,342	(\$19,061)	(\$126,529)
Less special funds				
General fund	(\$148,810)	\$41,342	(\$19,061)	(\$126,529)
FTE	0.00	0.00	0.00	0.00

Senate changes narrative:

<sup>1</sup> In addition to the two percent annual salary increases, funding is included to provide the commissioner a market equity salary increase of \$571.17 per month for the final six months of the biennium. The statutory annual salary for the commissioner will be:

Current salary	\$57,120
July 1, 1999	\$58,262
July 1, 2000	\$59,428
January 1, 2001	\$66,282

<sup>2</sup> In addition to the two percent annual salary increases, funding is included to provide the deputy commissioner a market equity salary increase of \$159.75 per month for the final six months of the biennium and the tax supervisor of assessments a market salary increase of \$140.83 per month for the final six months of the biennium.

A section is added providing the commissioner with a continuing appropriation to pay collection agency fees from the funds collected and remitted to the state by the collection agency. The section is effective until the constitution is amended to allow nongovernmental agencies, such as collection agencies, to retain their fees prior to remitting the funds collected to the state.

**1999 HOUSE APPROPRIATIONS**

**SB 2006**

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2006

House Appropriations Government Operations Committee

Conference Committee

Hearing Date March 1, 1999

Tape Number	Side A	Side B	Meter #
1	x		20.0-END
1		x	0-7.1
Committee Clerk Signature			

Minutes:

A Bill for an Act to provide an appropriation for defraying the expenses of the office of the state tax commissioner and for payment of state reimbursement under the homestead tax credit; and to amend and reenact section 57-01-04 of the North Dakota Century Code, relating to the salary of the state tax commissioner.

**1A: 22.0 Rick Clayburgh, State Tax Commissioner** Testified in favor of bill. Stands in support of senate version. Suggested a performance pay plan because of cap on the salaries (See attached written testimony).

**1A: 36.5 Rep. Byerly** asked what the administration fees are charged for section 2 transfer line. Rick Clayburgh replied they will make information available to committee.

**1A: 40.7 Rebecca Herrmann** Testified in favor of bill. Briefly testified on the Information Technology projects completed and in progress (See attached written testimony).

**1B: Barry Hasti, State Supervisor of Assessments and Director of Property Tax Division of the Office of State Tax Commissioner** Testified in favor of the bill regarding the Homestead Credit Program (See attached testimony).

**1B: 3.0 Rep. Byerly** asked if any of the qualifications for receiving the Homestead Tax Credit were changed or if more dollars were added into the program. Replied yes: Income level was changed and one other change.

Page 2

House Appropriations Government Operations Committee

Bill/Resolution Number SB 2006

Hearing Date March 1, 1999

**1B: Rick Clayburgh** informed committee of senate amendment that was added to bill to pay Fargo collection agency. The amendment continues the appropriation. Briefly discussed vacant FTE positions. Reduced seven FTEs in department.

Chairman Byerly closed the hearing on Senate Bill 2006. There was no opposition to the bill.

## General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 16, 1999			
Tape Number	Side A	B Side	Meter #
1	x		0-2.9
Committee Clerk Signature	<i>Roxanne Kohl</i>		

Minutes:

Chairman Byerly opened the discussion on Senate Bill 2006.

Amendment was passed out to committee from Rep. Byerly: reduce general fund of the tax department by \$150,000 and removal of language regarding project 2001. There is no project 2001. It has a different name.

**1A: 1.3 Rep. Carlisle** made a motion to adopt the amendment 98028.0301. Rep. Poolman 2nd the motion. On a Voice Vote the motion carried. Rep. Carlisle moved a DO PASS AS AMENDED. Rep. Huether 2nd the motion. On a Roll Call Vote the motion carried. 5 voting Yes, 0 voting No, 1 voting Absent.

Rep. Byerly will carry the bill to the full committee.

### General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 17, 1999			
Tape Number	Side A	B Side	Meter #
1	x		9.4-14.7
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:

**SB 2006**

**CHAIRMAN DALRYMPLE** opened the meeting.

**1A: 9.4 REP. BYERLY** presented the Government Operations subcommittee's recommendation for the bill and the proposed amendments 0301.

**1A: 10.7 REP. BYERLY** made a motion to adopt amendments 0301 to SB 2006. The motion was seconded by Rep. Carlisle. A voice vote was taken and the motion carried.

**1A: 13.3 REP. BYERLY** made a motion for a Do Pass as amended. The motion was seconded by Rep. Carlisle. A roll call vote was taken and the motion carried with 18 yeas and 2 nays. Rep. Byerly will carry the bill to the floor.

Date: 3.16.99  
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2006

House APPROPRIATIONS - Government Operations Committee

Subcommittee on gov't operations  
or  
 Conference Committee

Legislative Council Amendment Number 98028.0301

Action Taken DO PASS AS AMENDED

Motion Made By Carlisle Seconded By Huether Poolman

Representatives	Yes	No	Representatives	Yes	No
Rex R. Byerly	✓				
Ron Carlisle	✓				
Ben Tollefson					
Robert Huether	✓				
Pam Guleson	✓				
Jim Poolman	✓				

Total (Yes) 5 No 0

Absent 1

Floor Assignment Rep. Byerly

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



Date: 3-17-99  
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2006

House Appropriations Committee

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

Legislative Council Amendment Number 0301

Action Taken Do Pass as Amended

Motion Made By Byerly Seconded By Carlisle

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	✓		Nichols	✓	
Vice-Chairman Byerly	✓		Poolman	✓	
Aarsvold	✓		Svedjan	✓	
Bernstein	✓		Timm	✓	
Boehm	✓		Tollefson	✓	
Carlson		✓	Wentz	✓	
Carlisle	✓				
Delzer	✓				
Gulleson		✓			
Hoffner	✓				
Huether	✓				
Kerzman	✓				
Lloyd	✓				
Monson	✓				

Total (Yes) 18 No 2

Absent \_\_\_\_\_

Floor Assignment Byerly

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

**REPORT OF STANDING COMMITTEE**

SB 2006, as engrossed: Appropriations Committee (Rep. Dalrymple, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (18 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2006 was placed on the Sixth order on the calendar.

Page 1, line 18, replace "4,803,051" with "4,678,051"

Page 1, line 19, replace "368,500" with "343,500"

Page 1, line 22, replace "17,277,108" with "17,127,108"

Page 1, line 24, replace "16,983,379" with "16,833,379"

Page 2, line 5, replace "21,524,192" with "21,374,192"

Page 2, line 7, replace "21,817,921" with "21,667,921"

Page 2, line 14, remove "relating to the development of "Project 2001", the department's new tax"

Page 2, line 15, remove "processing system,", remove "up to", and after the second "of" insert "up to"

Page 2, line 16, replace "is available" with "this amount may be spent" and after ""Project 2001"" insert ", the department's new tax processing system, for the biennium beginning July 1, 1999, and ending June 30, 2001"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

DEPARTMENT 127 - TAX DEPARTMENT

HOUSE - This amendment makes the following changes:

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$11,888,357	\$11,761,828		\$11,761,828
Operating expenses	4,803,051	4,803,051	(\$125,000)	4,678,051
Equipment	368,500	368,500	(25,000)	343,500
City tax administration fees	50,000	50,000		50,000
Motor fuels federal grant	<u>293,729</u>	<u>293,729</u>		<u>293,729</u>
Total all funds	\$17,403,637	\$17,277,108	(\$150,000)	\$17,127,108
Less special funds	<u>293,729</u>	<u>293,729</u>	0	<u>293,729</u>
General fund	\$17,109,908	\$16,983,379	(\$150,000)	\$16,833,379
FTE	144.00	144.00	0.00	144.00

Detail to House changes to the Senate version includes:

	REDUCE OPERATING EXPENSES	REDUCE EQUIPMENT	TOTAL HOUSE CHANGES
Salaries and wages			
Operating expenses	(\$125,000) <sup>1</sup>		(\$125,000)
Equipment		(\$25,000) <sup>2</sup>	(25,000)
City tax administration fees			
Motor fuels federal grant			
Total all funds	(\$125,000)	(\$25,000)	(\$150,000)
Less special funds			

General fund	(\$125,000)	(\$25,000)	(\$150,000)
FTE	0.00	0.00	0.00

House changes narrative:

- 1 Operating expenses are reduced in undesignated areas. The commissioner may determine the specific reductions to make within operating expenses as a result of this change.
- 2 The equipment line item is reduced by \$25,000.

Section 3 of the bill is changed to limit the continuation of 1997-99 appropriation authority of up to \$60,000 relating to the department's "Project 2001" computer system redesign only for the 1999-2001 biennium.

**1999 TESTIMONY**

**SB 2006**

**OFFICE OF STATE TAX COMMISSIONER**  
**SENATE APPROPRIATION'S BUDGET PRESENTATION**  
**JANUARY 19, 1999**

**1. Staff Introductions:**

**2. Preparation of the 95% budget request:**

- \* Eliminated 7 FTEs, net GF savings (\$315,751)
- \* Evaluated operating expense and identified savings, net GF savings (\$524,716)
- \* Funded (\$178,000) in cost increases
- \* Eliminated participation in the Multistate Tax Commission audit program
- \* Evaluated existing technology needs, (\$850,450) included in base budget

**3. Optional Adjustment Requests:**

- \* Funding to continue in MTC audit program (\$243,450)
- \* Funding for 3 technology projects (\$656,550)
  - Expand Internet filing to other tax types (\$140,000)
  - LAN/WAN upgrade continuation (\$145,000)
  - Client server project for additional tax types (\$371,000)

**4. General Budget Issues:**

- \* Section 2 Transfer
- \* Section 3 Exemption, (\$60,000) Project 2001 carryforward

**5. Continuing and Future Tax Administration Issues:**

- \* Technology
- \* Employee incentives
- \* Space
- \* Tax study

# The Office of State Tax Commissioner: An Overview

1997-99 Budgeted FTE: 151

1999-01 Requested FTE: 144

The North Dakota Office of State Tax Commissioner (Tax Department) is the primary revenue collecting agency for the State of North Dakota, responsible for administering the collection of over 85% of all general fund dollars.

The Tax Department has six divisions:

## **Commissioner's Division - Rick Clayburgh, Commissioner; Robert Christman, Deputy Commissioner**

The administrative nucleus of the department, it consists of five sections:

- Administration
- Research & Statistics
- Data Processing
- Management, Planning & Personnel
- Internal Audit

## **Legal Division - Robert Wirtz, Director**

Responsible for providing legal services to the entire department, as well as to other agencies in state and local government on tax related matters. The legal division also contains a Fraud Investigation Section.

## **Controller's Division - Glenda Anderson, Controller**

The hub of business and accounting transactions and consists of three sections:

- Accounting
- Accounts Receivable (Collections)
- Staff Services (word processing, mail room, document validation, records management)

## **Sales and Special Taxes Division - Gary Anderson, Director**

Responsible for overseeing the collection of sales, use, fuels, tobacco and estate taxes. In addition, the division administers sales tax collections for over 70 cities. It consists of three sections:

- Sales Tax Compliance
- Sales Tax Field Audit
- Motor Fuels & Estate Taxes

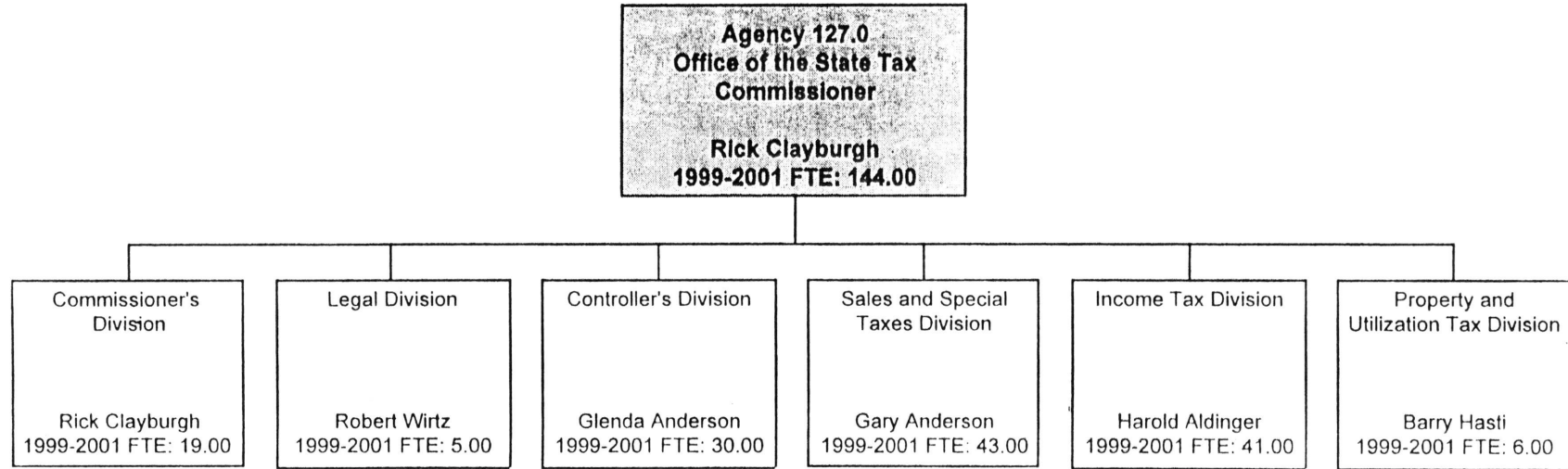
## **Income and Oil Taxes Division - Harold Aldinger, Director**

This division administers North Dakota's individual and corporate income taxes, as well as oil and gas taxes. The three sections in the division are:

- Individual Income Tax (compliance and audit - including withholding)
- Corporate Income Tax (compliance and audit)
- Oil & Gas Tax (compliance and audit)

## **Property Tax Division - Barry Hasti, Director and State Supervisor of Assessments**

Works with local governments to maintain equalization of property assessments among North Dakota counties. The division provides assistance to local governments, helping ensure the proper application of state property tax law. Contained within the division is the Utilities Tax Section, responsible for assessing railroads, airlines and public utilities. It also administers coal and telecommunication taxes.



**Statutory Authority** – North Dakota Century Code 57-01 through 57-02.

**Mission Statement** – The mission of the Office of the State Tax Commissioner is to fairly and effectively administer the tax laws of North Dakota.

**Executive Budget Recommendation** –

- Approves elimination of 7.00 FTE as proposed in the 95% budget request.
- Approves funding for three information technology projects:
  - Expand Internet Filing / Electronic Data Interchange (EDI)
  - Local Area Network (LAN) / Wide Area Network (WAN) Update
  - Client / Server Project
- Restores funding for membership in the Multistate Tax Compact Program.
- The general fund recommendation, excluding the compensation package, is \$451,151 under the 1997-99 budget.

**REQUEST / RECOMMENDATION COMPARISON SUMMARY**

127 OFFICE OF THE STATE TAX COMMISSIONER

Biennium: 1999-2001

Bill #: SB2006

Page: 11 of 92

Date: 12/2/1998

Time: 10:26:09

Description	Expenditures Prev Biennium 1995-1997	Present Budget 1997-1999	1999-2001 Requested		Requested Budget 1999-2001	1999-2001 Recommended		Executive Recommendation 1999-2001
			Incr (Decr)	% Chg		Incr (Decr)	% Chg	
<b>BY MAJOR PROGRAM</b>								
COMMISSIONER'S DIVISION	3,112,019	4,292,608	(457,526)	-10.7%	3,835,082	350,641	8.2%	4,643,249
LEGAL DIVISION	709,043	779,768	(73,483)	-9.4%	706,285	(46,776)	-6.0%	732,992
CONTROLLER'S DIVISION	3,000,769	3,340,465	(139,956)	-4.2%	3,200,509	(33,473)	-1.0%	3,306,992
SALES, SPEC TAX DIVISION	3,345,750	3,829,015	47,280	1.2%	3,876,295	215,217	5.6%	4,044,232
INCOME TAX DIVISION	3,455,246	3,795,345	(159,417)	-4.2%	3,635,928	245,982	6.5%	4,041,327
PROP, UTIL TAX DIVISION	545,906	1,230,384	(627,842)	-51.0%	602,542	(595,539)	-48.4%	634,845
<b>TOTAL MAJOR PROGRAMS</b>	<b>14,168,733</b>	<b>17,267,585</b>	<b>(1,410,944)</b>	<b>-8.2%</b>	<b>15,856,641</b>	<b>136,052</b>	<b>0.8%</b>	<b>17,403,637</b>
<b>BY LINE ITEM</b>								
SALARIES AND WAGES	10,555,429	11,607,062	(315,751)	-2.7%	11,291,311	281,295	2.4%	11,888,357
OPERATING EXPENSES	3,385,549	4,470,817	(524,716)	-11.7%	3,946,101	332,234	7.4%	4,803,051
EQUIPMENT	109,727	254,134	21,366	8.4%	275,500	114,366	45.0%	368,500
ADMINISTRATIVE FEES	31,069	0	0	0.0%	0	0	0.0%	0
MOTOR FUELS TAX	86,959	303,572	(9,843)	-3.2%	293,729	(9,843)	-3.2%	293,729
CITY TAX ADMINISTRATION FEES	0	50,000	0	0.0%	50,000	0	0.0%	50,000
COUNTIES TAX REVENUE-TELECOMMUNICATION	0	582,000	(582,000)	-100.0%	0	(582,000)	-100.0%	0
<b>TOTAL LINE ITEMS</b>	<b>14,168,733</b>	<b>17,267,585</b>	<b>(1,410,944)</b>	<b>-8.2%</b>	<b>15,856,641</b>	<b>136,052</b>	<b>0.8%</b>	<b>17,403,637</b>
<b>BY FUNDING SOURCE</b>								
GENERAL FUND	14,081,774	16,964,013	(1,401,101)	-8.3%	15,562,912	145,895	0.9%	17,109,908
FEDERAL FUNDS	86,959	303,572	(9,843)	-3.2%	293,729	(9,843)	-3.2%	293,729
SPECIAL FUNDS	0	0	0	0.0%	0	0	0.0%	0
<b>TOTAL FUNDING SOURCE</b>	<b>14,168,733</b>	<b>17,267,585</b>	<b>(1,410,944)</b>	<b>-8.2%</b>	<b>15,856,641</b>	<b>136,052</b>	<b>0.8%</b>	<b>17,403,637</b>
<b>TOTAL FTE</b>	<b>153.00</b>	<b>151.00</b>	<b>(7.00)</b>	<b>-4.6%</b>	<b>144.00</b>	<b>(7.00)</b>	<b>-4.6%</b>	<b>144.00</b>



# The North Dakota Office of State Tax Commissioner

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## Mission Statement

The mission of the Office of State Tax Commissioner is to fairly and effectively administer the tax laws of North Dakota.

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## Vision Statement

The vision of the Office of State Tax Commissioner is to instill the highest degree of public confidence in our integrity and reliability by providing prompt, accurate and courteous service while promoting compliance with the tax laws of North Dakota.

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## Guiding Principles

### **We treat our customers as we would want to be treated.**

Customer service comes first. The public, other government officials and our coworkers are our customers. Conduct business in a courteous, dependable and professional manner. Anticipate the unexpressed needs of our customers.

### **We extend cooperation and assistance to fellow public servants.**

Be consistent and accountable in our relationships with legislators, government officials and government personnel. Strive to earn respect for ourselves and elevate the public perception of all state employees.

### **We uphold the Taxpayer Bill of Rights.**

Recognize the rights of taxpayers. Provide an equal and meaningful opportunity for taxpayers to be heard. Educate taxpayers on their responsibilities and rights under North Dakota tax law.

### **We make wise and prudent use of all resources.**

Take seriously the responsibility the citizens of North Dakota have given us. Improve service through the effective use of technology and other resources.

### **We recognize employees are our biggest asset.**

Encourage personal and professional growth. Recruit and select well qualified employees based on high standards. Recognize the achievements of employees.

### **We recognize each individual's contribution to the team.**

Explore and implement leadership styles that encourage teamwork. Foster a work climate which builds on team strengths while encouraging individual initiative. Acknowledge all coworkers as members of the same team.

### **We value those with whom we work.**

Communicate with our coworkers in an open, honest and courteous manner. Respect our differences and consider the views of the entire staff.

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The Department achieved a number of accomplishments during the 1997 - 1999 biennium in its efforts to achieve its IT goal.

**Accomplishments**

- Department "Home Page" (1997)
- Computer program using the Internet for Taxpayer's use in completing Financial Institution Tax Returns (1998)

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Accomplishments 1997 - 1999  
(continued)

**Accomplishments**  
(continued)

- Accounting Information Systems Project
- Individual Income Tax Joint Fed/State Electronic Filing

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The first phase (1997-1999) of the IT Plan provides for the implementation of five new tax filing processes.

**Technology Under Construction**

- Sales Tax Internet Filing
- Withholding EFT Telefile Project
- Motor Fuels Electronic Data Interchange

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Technology Under Construction  
—Five new tax filing processes (continued)

### Technology Under Construction (continued)

- Oil & Gas Client/Server
- Wide Area Network for Remote Processing Centers

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We have planned for future technology in several areas.

### Technology for the Future

- Client/Server Projects
- Internet Filing Projects
- Electronic Data Interchange Projects
- Telefile Projects with EFT
- Miscellaneous Projects

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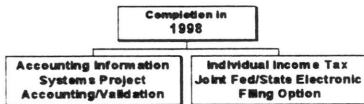
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We have already completed a number of projects.

### Summary



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The Department will initiate a number of projects in 1999.

### Summary

Completion in 1999

- Withholding Income Tax EFT Telefile Filing Option
  - Motor Fuels EDI Filing Option
- Sales Tax Internet Filing Option
  - Wide Area Network (WAN) for Remote Processing Centers
    - Oil & Gas Client/Server Filing Option

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### "Planning for Future Technology...With Accountability to Taxpayers"

What we have accomplished so far is only the beginning. With planning and vision, we will use technology to create efficiencies in the Department and reduce paperwork. Most importantly, technology will improve customer service, which is at the heart of all that we do.

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**SB 2006 - Appropriation  
Homestead Credit**

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**Property tax relief for  
elderly and disabled  
Barry Hasti  
Property Tax Division Director**

January 19, 1999

Senate Appropriations Committee

## Homestead Credit Program

- Homeowners:
  - ┆ Graduated property tax reduction
- Renters:
  - ┆ Refund from the state of the amount that 20 percent of rent exceeds four percent of income (Maximum refund \$240)
- Special assessment credit
  - ┆ Creates lien against homestead

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## Qualifications

- Age 65 or older or disabled
- Annual income not exceeding \$13,500
  - ┆ Includes spouse's income
  - ┆ After out-of-pocket medical expenses
- Homeowner limited to \$50,000 in assets above value of homestead

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## Appropriation

- History of full funding since 1973
- Executive budget for next biennium \$4,540,813
  - ┆ Expected to fully fund the program
- If not sufficient to fully fund
  - ┆ Pay on first-come, first-paid basis
  - ┆ Seek deficiency appropriation in 2001

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**Testimony Before the Senate Appropriations Committee**

**January 19, 1999**

**Senate Bill 2006**

**Barry Hasti, State Supervisor of Assessments**

Chairman Nething; Committee Members: My name is Barry Hasti. I am the State Supervisor of Assessments and the Director of the Property Tax Division of the Office of State Tax Commissioner. The Property Tax Division has the responsibility to administer the Homestead Property Tax Credit Program for qualifying senior citizens and disabled persons.

There are three parts to the property tax relief program. The first part offers a graduated reduction in the taxable value, and resulting taxes, of the qualifying applicant's homestead. The second part of the program makes a direct payment to qualifying renters to refund the difference when twenty percent of the rent, the portion representing property taxes, exceeds four percent of the applicant's annual income. The legislature has set four percent of the annual income as a reasonable amount of a property tax burden. The third part allows the recipient of a homestead tax credit to receive a credit for the annual installment of special assessments; however, a lien is placed upon the property for the amount of the credit plus interest at nine percent.

The legislature has fully funded the senior citizens' property tax credit since 1973. The general fund appropriation in the 1997 - 1999 biennium appears to be sufficient to meet the current needs of the programs.

**Senate Bill 2006**  
**Testimony of Barry Hasti**  
**Page 2**

The budget request for the 1999 - 2001 biennium was made in accordance with the Governor's directive to submit a budget at 95 percent of the current funding. The request was for \$4,613,772 (\$4,313,772 general fund and \$300,000 transfer from the Housing Finance Agency.) The executive recommendation for 1999 - 2001 increased the general fund appropriation to \$4,540,813 and eliminated the special funds transfer, a net reduction of \$72,959. The resulting budget appropriation of \$4,540,813 is expected to fully fund the homestead credit programs in the upcoming biennium.

If, however, the appropriation is not sufficient to fully fund the programs, there are two alternatives: first is to leave the program not fully funded and let the reimbursements to the political subdivisions be on a first-come, first-paid basis and a second is to seek a deficiency appropriation in the 2001 session.

The attached material gives a history of the homestead credit program, the number of homeowner and renter recipients since 1975, the total amount of payments made to homeowners and renters since 1975, and schedules used for determining homeowners' credits.

This concludes my testimony. I will be happy to address any questions the committee may have.



**HISTORY OF PROPERTY TAX CREDITS FOR NORTH DAKOTA SENIOR CITIZENS**

<b>Session Year</b>	<b>Description of Beneficiaries</b>	<b>Income Ceiling</b>	<b>Tax Relief Formula</b>	<b>Additional Provisions That Were Adopted</b>
1969	Homeowners 65 years of age or older.	\$3,000 or less from all sources including the income of any dependent person.	50% reduction in assessed value of the homestead property up to a maximum of \$1,000.	
1973	Homeowners and renters 65 years of age or older.	\$3,500	Homeowners no change.  When 20% of the annual rent exceeds 5% of the income a renter may receive a state refund for the difference, but limited to a maximum refund of \$100.	Provided a state appropriation of \$375,000 for a full state reimbursement for the loss of revenue to counties and other taxing districts, exclusive of any state levy, for the property tax credit program.  Renters refund provision does not apply to rents or fees paid by person to licensed nursing home which is exempt from property tax.
1975	Homeowners or renters 65 years of age or older and any person who is permanently and totally disabled if certified by a physician.	\$5,000	Relief ranges from 100% reduction in assessed value if income is \$2,500 or less, to a 25% reduction if income is \$5,000 or less. Reduction in assessed value is limited and ranges from \$3,000 to \$500.  No change in the maximum amount of refunds to renters.	Appropriated \$3,286,014 for 1975-77 for the renters and reimbursement to taxing districts.
1977	No change.	\$8,000	Relief ranges from 100% reduction in assessed value if income is \$3,500 or less, to a 20% reduction if income is \$8,000 or less. Reduction in assessed value is limited and ranges from \$4,000 to \$800.  When 20% of the annual rent exceeds 4% of the income a renter may receive a state refund for the difference, but limited to a maximum refund of \$175.	For determining a person's income, applicants may deduct from their income the amount of medical expenses actually incurred by them or dependent and not reimbursed by insurance or other form of compensation. The term "medical expenses" has the same meaning as it has for state income tax purposes.

**HISTORY OF PROPERTY TAX CREDITS FOR NORTH DAKOTA SENIOR CITIZENS**

<b>Session Year</b>	<b>Description of Beneficiaries</b>	<b>Income Ceiling</b>	<b>Tax Relief Formula</b>	<b>Additional Provisions That Were Adopted</b>
1979	No change.	\$9,000	<p>Relief ranges from 100% reduction in assessed value if income is \$4,500 or less, to a 20% reduction if income is \$9,000 or less. Reduction in assessed value is limited and ranges from \$4,000 to \$800.</p> <p>No change in the maximum amount of refund to renters.</p>	<p>Added provision that if the refund to a renter is less than five dollars, a minimum of five dollars would be refunded to the applicant.</p>
1981	No change.	\$10,000	<p>Relief ranges from 100% reduction in assessed value if income is \$5,500 or less, to a 20% reduction if income is \$10,000 or less. Reduction in assessed value is limited and ranges from \$4,000 to \$800.</p> <p>Renters refund limit increased to a maximum \$190 per applicant.</p>	<p>Added a provision which allowed a homestead credit for special assessments funded by the state for persons who qualified for the property tax credit. Any credits allowed would create a lien on the property to be repaid when the property next transferred at sale or death of the property owner. The lien would accumulate interest charge of 9% per year.</p> <p>Appropriated \$100,000 for the special assessment credit.</p>
1983	No change.	No change.	<p>Calculations are made on the basis of taxable value in place of assessed value.</p> <p>Benefits were not changed.</p>	<p>In addition to age or disability and income requirements, a homeowner may not, on the assessment date, have assets in excess of \$50,000 excluding the first \$80,000 value of the homestead.</p> <p>Added a provision which allowed transfer of property without repaying the lien for special assessments where the transfer occurred between spouses because of the death of one of them.</p>

## HISTORY OF PROPERTY TAX CREDITS FOR NORTH DAKOTA SENIOR CITIZENS

Session Year	Description of Beneficiaries	Income Ceiling	Tax Relief Formula	Additional Provisions That Were Adopted
1985	No change.	\$12,000	<p>Relief ranges from 100% reduction in taxable value if income is \$6,000 or less, to a 20% reduction if income is \$12,000 or less.</p> <p>Reduction in taxable value is limited, and ranges from \$2,000 to \$400.</p> <p>Renters refund limit increased to a maximum of \$210 per applicant.</p>	<p>Added provision which excluded any federal rent subsidy from the calculation of rent and income for renters, and that no refund will be made to persons who pay rent or fees for any living quarters, including a nursing home, which are exempt from taxation.</p> <p>Excluded the property tax credit for individuals living in a farm residence which is exempt from taxation. Also limited the total amount of homestead credit for special assessments to \$6,000 excluding the interest charged by the municipality levying the special, and provided that only the annual installment due would be allowed as a credit in any year.</p>
1989	No changes.	<p>\$13,000</p> <p>(Effective for tax year 1990)</p>	<p>Relief ranges from 100% reduction in taxable value if income is \$7,000 or less, to a 20% reduction if income is \$13,000 or less.</p> <p>Reduction in taxable value is limited and ranges from \$2,000 to \$400.</p> <p>Renters refund limit increased to a maximum \$230 per applicant.</p>	<p>Added provision allowing retention of property tax credits for property owned by persons confined to certain care facilities, provided the property is not rented to another person. Additional provision provided that all current benefits for the property tax credit cease upon death of the applicant and that the credit is prorated to the date of death.</p> <p>Changed the definition of assets to include anything of value currently owned by the applicant excluding the first \$80,000 value of the homestead, plus the value of any property divested within the last three years.</p>
1991	No change.	No change.	No change.	<p>Changed provision to state that current benefits cease at the end of the taxable year of the death of the applicant.</p>

**HISTORY OF PROPERTY TAX CREDITS FOR NORTH DAKOTA SENIOR CITIZENS**

<b>Session Year</b>	<b>Description of Beneficiaries</b>	<b>Income Ceiling</b>	<b>Tax Relief Formula</b>	<b>Additional Provisions That Were Adopted</b>
1993	No change.	<p align="center">\$13,500</p> <p>(Effective for tax year 1995)</p>	<p>Relief ranges from 100% reduction in taxable value if income is \$7,500 or less, to a 20% reduction if income is \$13,500 or less.</p> <p>Reduction in taxable value is limited and ranges from \$2,000 to \$400.</p> <p>Renter's refund limit increased to a maximum \$240 per applicant.</p>	<p>Provided a definition of permanently and totally disabled similar to the definition used by Social Security Administration.</p> <p>Expanded the provision on homestead credit for special assessments levied by any taxing district.</p>

## HOMESTEAD CREDIT PAYMENTS

### HOMEOWNERS -

<u>Credit for Tax Year</u>	<u>Number Qualifying</u>	<u>Amount Paid</u>
1975	6,004	\$ 650,693
1976	6,738	691,592
1977	9,663	1,351,324
1978	10,736	1,556,881
1979	10,529	1,582,655
1980	10,633	1,881,602
1981	10,158	1,970,208
1982	9,411	1,886,433
1983	8,820	1,841,081
1984	8,206	1,818,526
1985	7,362	1,697,678
1986	7,567	1,987,970
1987	7,540	2,011,933
1988	7,546	2,142,139
1989	7,307	2,158,650
1990	7,188	2,336,992
1991	7,029	2,230,637
1992	6,743	2,181,292
1993	6,576	2,184,714
1994	6,376	2,159,466
1995	6,095	2,194,689
1996	5,680	2,072,141
1997	5,278	1,974,283

## HOMESTEAD CREDIT PAYMENTS

### RENTERS -

<u>Refund for</u> <u>Year of</u>	<u>Number</u> <u>Qualifying</u>	<u>Amount</u> <u>Paid</u>
1975	414	\$ 26,182
1976	508	37,367
1977	1,325	143,352
1978	2,301	292,458
1979	2,572	353,058
1980	2,594	365,696
1981	2,635	387,906
1982	2,664	414,429
1983	3,133	516,244
1984	3,068	519,667
1985	2,206	159,713
1986	1,994	161,905
1987	1,878	163,092
1988	1,881	163,357
1989	1,657	149,666
1990	1,601	149,705
1991	1,582	151,600
1992	1,534	155,205
1993	1,563	166,739
1994	1,626	175,554
1995	1,590	177,782
1996	1,499	166,841
1997	1,482	165,060

## Schedules Used For Determining Homeowners Credits

Effective for Tax Year	Income Levels	Percentage of Reduction	Maximum Reduction of Value Allowed	
1976	\$ 0 - 2,500	100	\$ 3,000	
	2,501 - 3,500	75	1,500	
	3,501 - 4,500	50	1,000	*
	4,501 - 5,000	25	500	
1977-1979	\$ 0 - 3,500	100	\$ 4,000	
	3,501 - 4,500	80	3,200	
	4,501 - 5,500	60	2,400	*
	5,501 - 6,500	40	1,600	
	6,501 - 8,000	20	800	
1980	\$ 0 - 4,500	100	\$ 4,000	
	4,501 - 5,500	80	3,200	
	5,501 - 6,500	60	2,400	*
	6,501 - 7,500	40	1,600	
	7,501 - 9,000	20	800	
1981-1983	\$ 0 - 5,500	100	\$ 4,000	
	5,501 - 6,500	80	3,200	
	6,501 - 7,500	60	2,400	*
	7,501 - 8,500	40	1,600	
	8,501 - 10,000	20	800	
1984-1985	\$ 0 - 5,500	100	\$ 2,000	
	5,501 - 6,500	80	1,600	
	6,501 - 7,500	60	1,200	**
	7,501 - 8,500	40	800	
	8,501 - 10,000	20	400	
1986-1989	\$ 0 - 6,000	100	\$ 2,000	
	6,001 - 7,500	80	1,600	
	7,501 - 9,000	60	1,200	**
	9,001 - 10,500	40	800	
	10,501 - 12,000	20	400	
1990-1994	\$ 0 - 7,000	100	\$ 2,000	
	7,001 - 8,500	80	1,600	
	8,501 - 10,000	60	1,200	**
	10,001 - 11,500	40	800	
	11,501 - 13,000	20	400	
1995 and thereafter	\$ 0 - 7,500	100	\$ 2,000	
	7,501 - 9,000	80	1,600	
	9,001 - 10,500	60	1,200	**
	10,501 - 12,000	40	800	
	12,001 - 13,500	20	400	

\* Amounts are in assessed value

\*\* Amounts are in taxable value

SB 2006

Rex,  
Here is the  
answer to your  
fuel tax  
question.

**Clayburgh, Rick S.**

**From:** Gathman, Deneen L.  
**To:** Clayburgh, Rick S.  
**Cc:** Anderson, Glenda J.  
**Subject:** Motor Fuels Transfer question by Repr. Rex Byerly  
**Date:** Monday, March 01, 1999 3:37PM

Total collections for Motor Fuels taxes for the 1995-1997 biennium were \$137,173,855.17. The transfer for that biennium equaled \$1,071,878.00. The percentage comes out to be .78% of total collections.

17.

The transfer for this biennium = \$1,128,872.00 (The percentage for 1/2 of this biennium = .39%)

The transfer for the 1999-2001 biennium = \$1,330,208.00. The main reason for the increase is that we had to include field tax auditor time as they are now doing some Motor Fuel tax audits. Blaine estimated about 10% of their audits are Motor Fuels tax audits.

If you have any questions, please call me.



**OFFICE OF STATE TAX COMMISSIONER  
HOUSE APPROPRIATION'S BUDGET PRESENTATION  
MARCH 1, 1999**

**1. Staff Introductions:**

**2. Preparation of the 95% budget request:**

- \* Eliminated 7 FTEs, net GF savings (\$315,751)
- \* Evaluated operating expense and identified savings, net GF savings (\$524,716)
- \* Funded (\$178,000) in cost increases
- \* Eliminated participation in the Multistate Tax Commission audit program (\$243,450)
- \* Evaluated existing technology needs, (\$635,450) included in base budget
  - Programming & Maintenance Costs and Software Upgrades (\$448,500)
  - EFT Expansion for additional tax types (\$101,800)
  - Data Entry system replacement (\$85,150)

**3. Optional Adjustment Requests:**

- \* Funding to continue in MTC audit program (\$243,450)
- \* Funding for 3 technology projects (\$656,550)
  - Expand Internet filing to other tax types (\$140,000)
  - LAN/WAN upgrade continuation (\$145,000)
  - Client server project for additional tax types (\$371,000)

**4. General Budget Issues:**

- \* Section 2 Transfer
- \* Section 3 Exemption, (\$60,000) Project 2001 carryforward

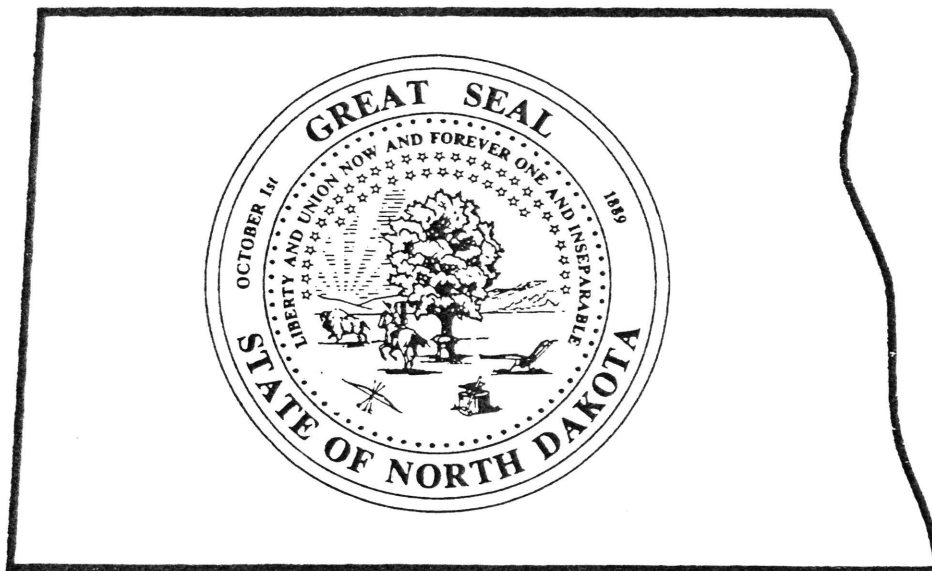
**5. Continuing and Future Tax Administration Issues:**

- \* Technology
- \* Employee incentives
- \* Space
- \* Tax study

CONTACT AGENCY FOR COPY

# 43rd BIENNIAL REPORT

OFFICE OF STATE TAX COMMISSIONER



RICK CLAYBURGH  
TAX COMMISSIONER

For the Biennial Period July 1, 1995 to June 30, 1997