

1999 SENATE FINANCE AND TAXATION

SB 2101

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2101

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 01/13/99

Tape Number	Side A	Side B	Meter #
1	x		2480-3119
Committee Clerk Signature <i>Shirley Wald</i>			

Minutes:

Sen. Urlacher opened hearing on Bill 2101. A BILL RELATING TO THE DISTRIBUTION OF THE TELECOMMUNICATION CARRIERS TAX; TO PROVIDE AN EFFECTIVE DATE; AND TO DECLARE AN EMERGENCY.

Barry Hasti-Tax Department, submitted testimony. (ATTACHED)

Sen. Urlacher-Any questions or discussion?

Sen. Wardner asked why the school in Dickinson didn't know it was coming?

Barry Hasti-Notices were sent to the auditors. The bill didn't provide for the information. The Tax Dept. has calculated for the counties.

Sen Urlacher-Any more questions or discussion? Is there any opposition?

Sen. Wardner made the motion to Do Pass and Sen Stenhjem seconded. The carrier of the Bill will be Sen. Kroeplin.

FISCAL NOTE

Turn original and 10 copies)

Bill/Resolution No.: SB 2101

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: SB 2101, if enacted, specifies that the state treasurer distributes the telecommunication gross receipts tax to the counties based on the amounts certified by the tax commissioner. This bill has no fiscal effect, it merely assigns the responsibility to allocate the tax.

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						

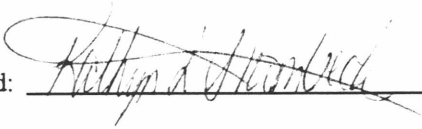
3. What, if any, is the effect of this measure on the budget for your agency or department:

- 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: 

Typed Name: Kathryn L. Strombeck

Department: Tax

Date Prepared: 1-5-99

Phone Number: 328-3402

Library Copy

Date: 1-13-99
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2101

Senate Senate Finance and Taxation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Sen. Wardner Seconded By Sen. ^{B.} Stenehjem

Senators	Yes	No	Senators	Yes	No
SENATOR URLACHER	✓				
SENATOR CHRISTMANN	✓				
SENATOR SCHOBINGER	✓				
SENATOR STENEHJEM	✓				
SENATOR WARDNER	✓				
SENATOR KINNOIN	✓				
SENATOR KROEPLIN	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Sen. Kroeplin

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

REPORT OF STANDING COMMITTEE (410)
January 13, 1999 1:15 p.m.

Module No: SR-07-0552
Carrier: Kroeplin
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2101: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2101 was placed on the Eleventh order on the calendar.

1999 HOUSE FINANCE AND TAXATION

SB 2101

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2101

House Finance and Taxation Committee

Conference Committee

Hearing Date February 24, 1999

Tape Number	Side A	Side B	Meter #
1		x	14.4
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

REP. BELTER Opened the hearing.

BARRY HASTI, STATE SUPERVISOR OF ASSESSMENTS, OFFICE OF THE STATE TAX COMMISSIONER Testified in support of the bill. See written testimony.

REP. BELTER Asked whether any of these monies have been distributed?

BARRY HASTI They have not been distributed. At this point we have collected about 7.8 million dollars and have turned it over to the State Treasurer's Office.

ROD BACKMAN, OFFICE OF MANAGEMENT & BUDGET, Testified in support of the bill.

Presented an amendment to the bill which has to do with the distribution dollars out of the general fund. The general fund does not make continuing appropriation. Anytime we have a continuing appropriation, we need to have a special fund designated for disbursement. This sets up a special fund called the telecommunication carrier's tax fund. The taxes that are collected go

into that fund and then have a continuing appropriation out to the counties. The amendment also has a transfer section that will allow us, on a one time basis, to get the money that is now setting in the general fund, over to this fund and then out to the counties.

REP. WARNER Referred to the bill from last session, how is the difference transferred?

ROD BACKMAN There will probably be some more dollars collected, it probably will not reach the 8.4 million, but there was an appropriation within the current biennium within the tax commissioner's budget to make up that shortfall. I believe there is five or six hundred thousand dollars to make up the shortfall. That should be a sufficient amount to get us to the 8.4 million.

REP. WARNER Asked whether the legislature will have to revisit this every session.

ROD BACKMAN The estimate is that the tax collection will grow to meet the 8.4 million in the upcoming biennium. The provision within current statute now says the general fund has to make up the shortfall, it also says to the extent that it exceeds the 8.4 million, it would go to the general fund.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 3-1-99, Tape #1, Side B, Meter #37.9

Committee members wanted to review the bill further, so there was no action done.

COMMITTEE ACTION 3-3-99, Tape #2, Side A, Meter #22.1

REP. GROSZ Presented amendments to committee members which gave the treasurer authority to disburse funds and the gross receipts to the political subdivisions. Any access goes into the general fund.

Discussion was held regarding the amendments.

REP. GROSZ Made a motion to adopt the amendments as presented.

REP. WARNER Second the motion. MOTION CARRIED BY VOICE VOTE.

REP. GROSZ Made a motion for a DO PASS AS AMENDED.

REP. MICKELSON Second the motion. MOTION CARRIED

14 Yes 0 No 1 Absent

REP. GROSZ Was given the floor assignment.

COMMITTEE ACTION 3-8-99 Tape #2, Side A, Meter 0

REP. GROSZ Made a motion to reconsider the action by which SB 2101 was passed out of committee.

REP. WARNER Second the motion. MOTION CARRIED BY VOICE VOTE.

REP. CLARK Made a motion to remove the amendments from the bill which were adopted in prior action.

REP. RENNER Second the motion. MOTION CARRIED BY VOICE VOTE.

REP. BELTER Presented new amendments to the bill to page 2, line 4, which strike the word "during" and "put for past year" in place of it.

REP. CLARK Made a motion to adopt the amendments as presented.

REP. RENNER Second the motion. MOTION CARRIED BY VOICE VOTE.

REP. CLARK Made a motion for a DO PASS AS AMENDED.

REP. WINRICH Second the motion. MOTION CARRIED

13 Yes 0 No 2 Absent

REP. RENNERFELDT Was given the floor assignment.

Please type or use black pen to complete

Date 3/99

Roll call vote # 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2101

House HOUSE FINANCE & TAX Committee

Subcommittee on _____

Conference Committee

} Identify or check where appropriate

Legislative Council Amendment Number _____

Action Taken Do Pass as amended

Motion Made By Rep. Grosz Seconded By Rep. Mickelson

Representatives	Yes	No	Representatives	Yes	No
BELTER	✓		WINRICH	✓	
RENNERFELDT	✓				
CLARK	✓				
FROELICH	✓				
GRANDE	✓				
GROSZ	✓				
HERBEL	✓				
KROEBER	✓				
MICKELSON	✓				
NICHOLAS	✓				
RENNER	✓				
SCHMIDT	✓				
WARNER	✓				
WIKENHEISER	✓				

Reconsidered

Total 14 0
(Yes) (No)

Absent 1

Floor Assignment Rep. Grosz

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

Please type or use black pen to complete

Date 3-8-99
Roll call vote # 2

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2101

House HOUSE FINANCE & TAX Committee

- Subcommittee on _____
 - Conference Committee
- } Identify or check where appropriate

Legislative Council Amendment Number _____

Action Taken Do Pass as amended

Motion Made By Rep. Clark Seconded By Rep. Winrich

Representatives	Yes	No	Representatives	Yes	No
BELTER	✓		WINRICH	✓	
RENNERFELDT	✓				
CLARK	✓				
FROELICH	✓				
GRANDE	✓				
GROSZ	✓				
HERBEL	✓				
KROEBER	✓				
MICKELSON	✓				
NICHOLAS	✓				
RENNER	✓				
SCHMIDT	✓				
WARNER	✓				
WIKENHEISER	✓				

Total 13 0
(Yes) (No)

Absent 2

Floor Assignment Rep. Rennerfeldt

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

REPORT OF STANDING COMMITTEE

SB 2101: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2101 was placed on the Sixth order on the calendar.

Page 1, line 1, after "reenact" insert "subsection 2 of section 57-34-03 and"

Page 1, line 2, after the first "to" insert "deposit and", replace "telecommunication" with "telecommunications", and after "tax" insert "; to provide a continuing appropriation; to provide for a transfer"

Page 1, after line 4, insert:

"SECTION 1. AMENDMENT. Subsection 2 of section 57-34-03 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

2. A telecommunications carrier's customer in this state is entitled to a refund equal to two and one-half percent of the amount of telecommunications service charges paid to telecommunications carriers by that customer in excess of eight hundred thousand dollars in a calendar year. A refund claim under this subsection must be filed with the tax commissioner before July first of the year following the calendar year for which the refund is claimed. A claim for refund must be made in the manner prescribed by the tax commissioner. Refunds under this subsection must be paid by the tax commissioner from tax collections under this chapter and are appropriated from the telecommunications carriers tax fund as a standing and continuing appropriation to the tax commissioner for that purpose."

Page 1, line 7, after the first period insert "**Deposit of tax revenues -**", after "**counties**" insert "**- Telecommunications carriers tax fund**", and after the second period insert "Net gross receipts tax revenues of up to eight million four hundred thousand dollars per taxable year under this chapter must be deposited in a special fund in the state treasury, the telecommunications carriers tax fund. Net gross receipts tax revenues under this chapter exceeding eight million four hundred thousand dollars in a taxable year must be deposited in the state general fund. For purposes of this section, "net gross receipts tax revenues" means gross receipts tax revenues minus any refunds paid under section 57-34-03."

Page 1, line 8, overstrike "net gross receipts tax revenues" and insert immediately thereafter "moneys in the telecommunications carriers tax fund"

Page 1, line 13, overstrike "Gross receipts tax revenues of" and insert immediately thereafter "The balance of the telecommunications carriers tax fund, not exceeding"

Page 1, line 14, overstrike "are" and insert immediately thereafter ", is"

Page 1, line 15, overstrike "and any gross receipts tax revenues"

Page 1, line 16, overstrike "exceeding that appropriation in any taxable year must be deposited in the state general fund"

Page 1, line 20, after the first "allocation" insert "from the telecommunications carriers tax fund"

Page 2, after line 2, insert:

"SECTION 3. TRANSFER. Within five days after the effective date of this Act, the state treasurer shall transfer net gross receipts tax revenues collected under chapter 57-34 for taxable year 1998 from the state general fund to the telecommunications carriers tax fund, but the transfer under this section may not exceed the limitation on deposits in the telecommunications carriers tax fund under section 57-34-05."

Renumber accordingly

1999 TESTIMONY

SB 2101

Senate Bill 2101

Senate Finance and Taxation Committee - January 13, 1999

Testimony of Barry Hasti

Chairman Urlacher, members of the committee, my name is Barry Hasti, Director of the Property Tax Division in the Office of State Tax Commissioner. I am here this morning to explain Senate Bill 2101.

This is a very simple bill. This bill provides for a method to distribute the telecommunications gross receipts tax enacted by the 1997 legislature. The bill specifies that the State Treasurer distributes the telecommunications gross receipts tax to the counties based on the amounts certified by the Tax Commissioner. The reason this bill is introduced is that although the telecommunications gross receipts tax bill enacted in the 1997 session set out the formula for allocating the tax to the counties, it did not specify who had the responsibility to make the distribution. The state constitution (Art. 10, § 12) requires the Tax Commissioner turn tax collections over to the State Treasurer monthly. Funds from the state treasury are paid only with the signature of the State Treasurer (North Dakota Century Code § 54-27-08.) The State Treasurer has a process in place to distribute funds to counties whereas the Tax Commissioner does not. We have consulted with the State Treasurer and agreed that the easiest way to distribute the telecommunications gross receipts tax to the counties is to have the State Treasurer make the distribution.

The tenth working day after the first of March was chosen as the date by which the State Treasurer will distribute the funds to the counties because the telecommunication tax is due January 1, and delinquent March 1. There is a standing appropriation of \$8.4 million from which to make payment to the counties.

This concludes my testimony. I will address any questions you may have.

Office of Management and Budget
February 24, 1999

PROPOSED AMENDMENTS TO SENATE BILL NO. 2101

Page 1, line 1, replace "section" with "sections 57-34-03 and"

Page 1, line 2, after the first "to" insert "deposit and", and after "tax" insert "from the telecommunication carriers tax fund"

Page 1, after line 4, insert:

"SECTION 1. AMENDMENT. Section 57-34-03 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-03. Computation of taxes by tax commissioner - Exemption for high-volume customers - Continuing appropriation.

1. On or before July fifteenth of each year, the tax commissioner shall review the report under section 57-34-02 and compute the tentative total tax to be assessed against each telecommunications carrier in this state at a rate of two and one-half percent of adjusted gross receipts. The tax commissioner shall give ten days' notice by mail to each telecommunications carrier of its tentative total tax under this section and of its right to contest the determination before the state board of equalization at its August meeting. The state board of equalization shall assess the tax under this section after consideration of any contest presented.
2. A telecommunications carrier's customer in this state is entitled to a refund equal to two and one-half percent of the amount of telecommunications service charges paid to telecommunications carriers by that customer in excess of eight hundred thousand dollars in a calendar year. A refund claim under this subsection must be filed with the tax commissioner before July first of the year following the calendar year for which the refund is claimed. A claim for refund must be made in the manner prescribed by the tax commissioner. Refunds under this subsection must be paid by the tax commissioner from tax collections under this chapter

and are appropriated from the telecommunication carriers tax fund as a standing and continuing appropriation to the tax commissioner for that purpose.

Page 1, line 7, after "counties" insert "- Telecommunication carriers tax fund"

Page 1, line 13, after the period insert "A special fund in the state treasury known as the telecommunication carriers tax fund is created for deposit of the gross receipts tax revenues under this chapter."

Page 1, line 14, after "appropriated" insert "from the telecommunication carriers tax fund"

Page 1, line 15, after "section" insert an underscored period, overstrike "and any" and immediately thereafter insert "Any"

Page 1, line 16, overstrike "that" and immediately thereafter insert "the annual", and after "appropriation" insert "and refunds made"

Page 2, after line 2, insert:

"SECTION 3. TRANSFER. Within five days after the effective date of this Act, the state treasurer shall transfer all gross receipts tax revenues collected during 1998 under chapter 57-34 up to the maximum amount appropriated in section 57-34-05 from the general fund to the telecommunication carriers tax fund."

Renumber accordingly