

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2033

2001 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2033

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2033

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date January 17, 2001.

Tape Number	Side A	Side B	Meter #
1		x	49.6 to end
2	x		0 to 42.2
(Feb/06/01) 2		x	3.8 to 40.3
(April 03/01) 1		x	0.9 to 8.0
(April 04/01) 1	x		0 to 7.6
Committee Clerk Signature <i>Doris E. Pérez</i>			

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on SB 2033 relating to renaissance zone contribution use.

Jennifer Clark, ND Legislative Council, neither for nor against, to explain interim committee report. Intention: clarify language, repeal renaissance zone contribution use section; clarify development plan; allow the creation of a statewide renaissance zone fund corporation.

Ron Rauschenberg, DCS, neutral.

Richard Gray, Division of Community Services Director. Written testimony attached including proposed amendments. Amendments address: definition of renaissance zone, taxes, permission to change parts of the zone if no activity takes place and regarding the amount of tax exemptions granted.

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Robert Stein, City of Fargo Senior Planner, in support of Gray's amendment. Written testimony attached.

Art Rosenberg, Dakota Renaissance Venture Corp., Written testimony attached, including 3 proposed amendments regarding property taxes and venture capital organization.

Senator Krebsbach: I would like to see the portion of the bill regarding contiguous blocks be amended to provide more flexibility.

Senator Mutch: I think all of you should get together and come up with one set of amendments on which all of you agree.

Hearing closed.

February 06, 2001. Tape 2-B-3.8 to 40.3

Committee reconvened. All members present.

Richard Gray distributed amendments agreed on by all. We tried to meld ideas and compromised on things such as the lease issue, added definitions and language.

Senator Klein: This amendment supercedes all the previous ones.

Senator Every: Motion to adopt amendments. **Senator Krebsbach**: Seconded.

Roll call vote: 7 yes; 0 no. Motion carried.

Senator Mathern: Motion: pass as amended. **Senator Krebsbach**: Second.

Roll call vote: 7 yes; 0 no. Motion carried. Floor assignment: **Senator Mathern**.

April 03/01, Tape 1-B-0.9 to 8.0

Representative Rick Berg, District 45, There were numerous meetings with all concerned parties. There were two amendments, we adopted Rep. Seversons'. More controversial was allowing a renaissance fund that could invest in any company in a zone or another company in another zone, consensus is this is a terribly difficult issue.

Representative Dale Severson, District 23. Addressed the amendment regarding income tax credit for communities with under 2500 population. Provides opportunities for rural ND small towns to provide added source of revenue. Biggest concern was double dipping. We worked hard on that language so once a project and investors have been determined, only one can take the deduction. That has to be determined right upfront, either the business is taking the deduction or the investor and that is capped over two years.

Discussion held.

Ron Rauschenberger, DCS, Removed the statewide renaissance zone fund organization not established by a city was removed because we were concerned with a statewide renaissance zone fund. That was changed to a renaissance zone fund corporation established by a city. None of the renaissance zone credits are allowed to roll over on the other income. Those were the two main concerns the rest was cleanup language.

Committee requested additional time to study amendments.

April 04/01, Tape 1-A- 0 to 7.6

Committee reconvened. All members present. Discussion held regarding communities of less than 2500 and the long range effect of the credits.

Senator Klein: My concern is whether the House amendments maintained the integrity of the

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Senate Industry, Business and Labor Committee

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Op 14/01

bill.

Ron Rauschenberger, DCS. A lot of it is cleanup, everything has been worked out very well.

Everything got tweaked pretty good and I think the bill is very workable for all of ND. The tax department also worked with us.

Senator Klein: Motion to concur with House amendments. **Senator Mathern:** second.

Discussion held.

Roll call vote: 7 yes; 0 no. Motion carried. Floor assignment : **Senator Mathern.**

FISCAL NOTE
 Requested by Legislative Council
 02/13/2001

Bill/Resolution No.:

Amendment to: SB 2033

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 2033 First Engrossment expends the tax credit provisions relating to renaissance zones. The fiscal impact is unknown.

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.*

Name:	Kathryn L. Strombeck	Agency:	Tax Department
Phone Number:	328-3402	Date Prepared:	02/14/2001

FISCAL NOTE

Requested by Legislative Council
12/14/2000

Bill/Resolution No.: SB 2033

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						
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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 2033 expands the existing tax credit provisions for certain participants in Renaissance Zones. The fiscal impact of these provisions is unknown.

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.*

Name:	Kathryn L. Strombeck	Agency:	Tax Department
Phone Number:	328-3402	Date Prepared:	01/16/2001

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL 2033

Page 6, line 24, after "investment" insert "If the cost of a new business purchase or expansion of an existing business, approved as a zone project, exceeds seventy-five thousand dollars, and the business is located in a city with a population of not more than two thousand five hundred, an individual taxpayer may, in lieu of the exemption provided in subsection 2, elect to take an income tax exemption of up to two thousand dollars of personal income tax liability as determined under section 57-38-29 or 57-38-30.3. The election must be made on the taxpayer's zone project application. The election is irrevocable and binding for the duration of the exemptions provided in subsection 2 or 3. If no election is made on the zone project application, the taxpayer is only eligible for the exemption provided in subsection 2" and remove the overstrike over the period

Page 6, line 25, remove the overstrike over "4:"

Renumber accordingly

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