

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2064

2001 SENATE FINANCE AND TAXATION

SB 2064

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2064

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 1/16/01

Tape Number	Side A	Side B	Meter #
1		x	15,2-23,1

Committee Clerk Signature *Lynelle D. Kraft*

Minutes:

Senator Urlacher: Opened the hearing on SB 2064, relating to the disclosure of information by the state tax commissioner.

Donnita Wald: Testified in favor of the bill. Written testimony attached.

Senator Urlacher: This would require one FTE for one year?

Donnita Wald: Yes.

Senator Urlacher: Would it there be an estimated savings?

Donnita Wald: We think there will be some cost efficiencies, yes.

Rick Clayburgh: Clarified cost and efficiency of job. Meter number 19.

Senator Stenehjem: Would the tax dept. end up with a contract with a confidentiality clause with the vendor that's gonna provide this electronic information?

Donnita Wald: Yes.

Senator Stenehjem: What is the penalty for violation of that?

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Senate Finance and Taxation Committee

Bill/Resolution Number 2064

Hearing Date 1/16/01

Donnita Wald: A Class C felony.

Senator Christmann: Is there several of these of the national change-of-address vendors, is that a competitive thing or is it a part of the US Postal Service?

Donnita Wald: There are a couple of them but they're owned by the same company. They're authorized by the USPS.

Senator Christmann: You've investigated them and are confident that they do not sell any information?

Donnita Wald: Yes.

Senator Urlacher: Closed the hearing.

COMMITTEE ACTION:

Motion made by Senator Wardner for DO PASS, Seconded by Senator Stenehjem. Vote was 6 yeas, 0 nay, 0 absent or not voting. Bill carrier was Senator Kroeplin.

Date: 1/16/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2064

Senate Finance and Taxation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Wardner Seconded By Stenehjem

Senators	Yes	No	Senators	Yes	No
Senator Urlacher-Chairman	✓				
Senator Wardner-Vice Chairman	✓				
Senator Christmann	✓				
Senator Stenehjem	✓				
Senator Kroeplin	✓				
Senator Nichols	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Kroeplin

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

REPORT OF STANDING COMMITTEE (410)
January 16, 2001 11:27 a.m.

Module No: SR-06-1047
Carrier: Kroepfln
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2064: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2064 was placed on the Eleventh order on the calendar.

2001 HOUSE FINANCE AND TAXATION

SB 2064

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2064

House Finance and Taxation Committee

Conference Committee

Hearing Date March 6, 2001

Tape Number	Side A	Side B	Meter #
1		X	814
Committee Clerk Signature <i>Jamie Stein</i>			

Minutes:

REP. AL CARLSON, CHAIRMAN Opened the hearing.

DONNITA WALD, ATTORNEY WITH THE OFFICE OF TAX COMMISSIONER,

Testified in support of the bill. Gave a brief background of how the bill came about. See attached written testimony.

REP. DROYDAL Is there any chance, if you contract with a national change-of-address company, that they could, in turn, sell that list?

DONNITA WALD No, we have looked at that and made sure in the contract that we entered into, it would specifically prevent them from doing so. We also inquired with the National Change-of-Address Centers, who enter into confidentiality laws.

REP. SCHMIDT I don't understand the confidentiality, this is a name and address.

DONNITA WALD Anything we get on a tax return, name, address, anything, is confidential.

We don't disclose that.

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House Finance and Taxation Committee

Bill/Resolution Number SB 2064

Hearing Date March 6, 2001

REP. SCHMIDT Unless you are a fugitive, why would you worry about name and address?

DONNITA WALD I often wonder that. I do a lot of collections work, you wouldn't believe how many people we can't find, they just leave the state. I think people don't think about contacting the Tax Department to let them know they have moved. They worry more about their Sports Illustrated, etc.

REP. KROEBER How often would they have to inform you of a new address, daily, weekly, or what?

DONNITA WALD The way we are looking at it right now, we would do this once a year. Right before we mail our individual income tax booklets out. We will start small, eventually, probably twice a year.

REP. KROEBER If you only do it once a year, all of the updating you are doing now, none of that will occur. I don't understand how you can get by with that once a year.

DONNITA WALD I don't think this will totally get rid of that system. It will reduce it substantially though. We are looking at other ways to get address changes throughout the year. We are looking at changing our whole computer database.

REP. CARLSON Said, let's put this into dollars and cents.

DONNITA WALD In the long run, it would be a plus.

REP. CARLSON Right now, you are absorbing these costs within your budget, is that the intent?

DONNITA WALD That is correct. We think there will be savings on one end, to offset any costs on the other end. The NCOA is \$1.50 for one thousand names.

REP. CARLSON So it is not a significant expense.

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House Finance and Taxation Committee

Bill/Resolution Number SB 2064

Hearing Date March 6, 2001

DONNITA WALD No.

REP. WINRICH In your testimony, you estimated that the annual process would require one FTE working a year, to make the changes. That is a projection of what it would take to do this internally?

DONNITA WALD I probably shouldn't have used the word "would", I should have used the word "does". Right now, it is done by a number of different people. We did a study and people were reporting the time that they took, and it averaged out to one FTE at \$17,000 per year, doing this.

REP. WINRICH We aren't eliminating jobs here?

DONNITA WALD No.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 3-6-01, TAPE #2, SIDE A, METER #4965

REP. CARLSON Gave a review of the bill.

REP. CLARK Made a motion for a do pass.

REP. WINRICH Second the motion motion carried.

14 yes 0 no 1 absent

REP. GROSZ Was given the floor assignment.

Date: 3-6-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2064

House FINANCE & TAXATION Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do pass

Motion Made By Rep. Clark Seconded By Rep. Winrich

Representatives	Yes	No	Representatives	Yes	No
CARLSON, AL, CHAIRMAN	✓		NICHOLAS, EUGENE	✓	
DROVDAL, DAVID, V-CHAIR	✓		RENNER, DENNIS	A	
BRANDENBURG, MICHAEL	✓		RENNERFELDT, EARL	✓	
CLARK, BYRON	✓		SCHMIDT, ARLO	✓	
GROSZ, MICHAEL	✓		WIKENHEISER, RAY	✓	
HERBEL, GIL	✓		WINRICH, LONNY	✓	
KELSH, SCOT	✓				
KROEBER, JOE	✓				
LLOYD, EDWARD	✓				

Total (Yes) 14 No 0

Absent 1

Floor Assignment Rep. Grosz

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

REPORT OF STANDING COMMITTEE (410)
March 6, 2001 4:09 p.m.

Module No: HR-38-4959
Carrier: Grosz
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

**SB 2064: Finance and Taxation Committee (Rep. Carlson, Chairman) recommends DO
PASS (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2064 was placed on
the Fourteenth order on the calendar.**

2001 TESTIMONY

SB 2064

**Testimony before the Senate Finance and Taxation Committee
Senate Bill 2064**

January 16, 2001

Prepared by Donnita A. Wald, Special Assistant Attorney General
North Dakota Office of State Tax Commissioner
Phone: 328-2777
E-mail: dwald@state.nd.us

Mr. Chairman, Members of the Committee:

My name is Donnita Wald, and I'm here today representing the North Dakota Office of State Tax Commissioner on Senate Bill 2064, which was introduced at the Commissioner's request.

For the coming year, list management and postal cost management are top priorities for the Tax Commissioner's office. This bill was introduced to accommodate these priorities by allowing the Tax Department to automate and streamline how erroneous or invalid address information is received and processed.

Each year the Tax Department sends 724,000 pieces of mail¹ using addresses provided by the taxpayer on the last return filed with us. However, an individual may move to another location between mailings. Some provide change of address information and some do not.

Last year, the Department received 16,000 address correction postcards from the United States Postal Service at a cost of 60¢ per card. Because each tax type has a different database, these cards are reviewed and sorted by each division and the address is changed manually. We estimated this manual process would require one FTE working one year to make changes in our mailing lists.

¹ This number includes individual income tax booklets and postcards, corporate income tax booklets, sales tax, withholding tax, and billings to those having unpaid tax liabilities.

In addition, 7,000 pieces of mail were returned due to no forwarding address or our address was invalid. The charge for the returned mail ranges from 82 ¢ to \$1.36 per piece. If a correct address is found, it then costs the Department another 31 ½¢ to remail.

Another anticipated problem will occur with the USPS's conversion to 911 addresses. There are currently 8 North Dakota counties who are in the process of converting to 911 addresses. The USPS is giving postal patrons 12 months to change over, however, we are not notified of the change. The cost to the Department is again 82 ¢ to \$1.36 per piece and 31 ½¢ to remail.

In recent years, the United States Postal Service (USPS) has designated certain companies as authorized National Change of Address (NCOA) vendors. These vendors are able to receive, compare, and correct large address lists through a variety of computerized methods. Generally, the cost of NCOA services is approximately \$1.50 per 1,000 records provided.

The Tax Department wishes to utilize these services, however, the confidentiality laws, which prohibit disclosure of all information provided on applications or returns, prevent us from sending our name and address information to the NCOA vendor or the USPS. This bill provides an exception to the confidentiality laws to allow the sending of name and address information to either the USPS or a NCOA vendor to electronically update our mailing lists and reduce our reliance on the manual method currently used. We believe the use of an NCOA vendor is more cost effective and will result in better customer service. We therefore ask for your favorable consideration of Senate Bill 2064.