

MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

2242

2001 SENATE FINANCE AND TAXATION

SB 2242

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2242

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 1/23/01

Tape Number	Side A	Side B	Meter #
1		x	25-49.8
2	x		8-9
	x		15.7-33.3
Committee Clerk Signature <i>Rynelle V. Kraft</i>			

Minutes:

Senator Urlacher: Opened the hearing on SB 2242, relating to an income tax exemption for individuals under thirty years of age.

Senator Mike Polovitz: Introduced the bill, testified in support. Written testimony and articles attached.

Senator Christmann: Did you look into how many people are living here under 30?

Senator Mike Polovitz: No.

Senator Christmann: Average taxpayer pays about \$700?

Senator Mike Polovitz: Yes.

Representative Roxanne Jensen: Co-sponsored the bill. Testified in favor. Feels we need to help the out-migration. This bill would be the first of it's kind, with positive press coverage to persuade some people to come or return to live in ND.

Donnita Wald: ND Tax Dept., neutral. Appeared to propose amendment and explain fiscal note.

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Senate Finance and Taxation Committee
Bill/Resolution Number 2242
Hearing Date 1/23/01

Senator Nichols: Do you look at what happens if additional young people stay in the state?

They will be paying sales tax and money will be generated from their wages going into the economy?

Donnita Wald: No.

Senator Urlacher: Closed the hearing. Action delayed.

Discussions held later. Donnita Wald reappeared to clarify fiscal note. Meter number 8-9 and 15.7-33.3.

AMENDMENT ACTION:

Motion made by Senator Stenejem, Seconded by Senator Christmann, to move amendment numbered 10302.0100. Voice Vote taken. All in favor, amendment adopted.

COMMITTEE ACTION:

Motion was made by Senator Wardner for a DO NOT PASS AS AMENDED, Seconded by Senator Christmann. Vote was 4 yeas, 2 nays, 0 absent or not voting. Bill carrier was Senator Christmann.

FISCAL NOTE
 Requested by Legislative Council
 01/18/2001

Bill/Resolution No.: SB 2242

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			(\$26,000,000)			
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 2242 creates an income tax exemption for individuals under 30 years of age.

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.*

SB 2242 is expected to reduce state general fund revenues by -\$13,000,000 per year.

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:	01/22/2001

10302.0100
Title.

Prepared by the Office of State Tax
Commissioner
January 23, 2001

PROPOSED AMENDMENTS TO SENATE BILL NO. 2242

Page 1, line 14, after the period insert "The exemption provided by this subdivision does not eliminate any duty to file a return or to report income as required by this chapter."

Page 1, line 24, after the period insert "The exemption provided by this subsection does not eliminate any duty to file a return or to report income as required by this chapter."

Renumber accordingly

Date: 1/23/01
Roll Call Vote #: |

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2242

Senate Finance and Taxation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Move Amendment (Voice Vote)

Motion Made By Stenehjem Seconded By Christmann

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 _____

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

Date: 1/23/01
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2242

Senate Finance and Taxation Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass as Amended

Motion Made By Wardner Seconded By Christmann

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

Total (Yes) 4 No 2

Absent 0

Floor Assignment Christmann

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

REPORT OF STANDING COMMITTEE (410)
January 24, 2001 9:34 a.m.

Module No: SR-12-1489
Carrier: Christmann
Insert LC: 10302.0101 Title: .0200

REPORT OF STANDING COMMITTEE

SB 2242: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO NOT PASS (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2242 was placed on the Sixth order on the calendar.

Page 1, line 14, after the period insert "The exemption provided by this subdivision does not eliminate any duty to file a return or to report income as required by this chapter."

Page 1, line 24, after the period insert "The exemption provided by this subsection does not eliminate any duty to file a return or to report income as required by this chapter."

Renumber accordingly

2001 TESTIMONY

SB 2242

1. It is my belief that the greatest threat to the well being and economic growth of this state is the out migration of our young people. We must do everything we possibly can to stop this trend and at least keep what we have. Not only does the state have the lowest growth rate but our school population is down 3,611 from last year.

2. Economic developers across the state realize the problem when they have problems finding qualified workers for their job openings.

3. We have in the past been willing to give huge tax breaks to businesses to come to the state it now only makes sense that we give the same breaks to young people.

4. Farmers and young people in our state are leaving the state at a very quick rate. I would hope eventually by keeping people in the state until the age of thirty that people will stay for the rest of their lives. In return for the short term tax cut we will receive a lifetime of income and sales tax returns.

5. One of the greatest benefits of this bill is that it does not segregate any worker from receiving this refund. This means that whatever job you have, from farming, teaching, carpenters, laborers, salesmen, nurses, ETC.

6. Ronald Alt, a researcher of the Tax Administrators in Washington DC, representing Tax Administration agencies in the fifty states says that "No other state has a tax break targeting young people. It is a new concept and he has never heard of anything like it." Let this legislature be the first to lead the state and the nation in a totally new concept in economic development by investing in our young people.

7. I am proposing the legislature approve bill number _____ to exempt all residents of North Dakota, younger than 30 years of age, from paying the state income tax. This would be accomplished by a refund at the end of every taxable year.

8. Working with the tax department, the fiscal note is estimated to be between 5 and 8 million dollars per year. The reason for the large difference is that there is no age information requested on the state tax form. This is an important piece of information that should be added to future state tax forms. The cost to the the state on average per year will be \$6.5 million or just 4% of our state's income tax receipts. This is a small price to pay for such an important commodity.

