

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2278

2001 SENATE FINANCE AND TAXATION

SB 2278

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2278

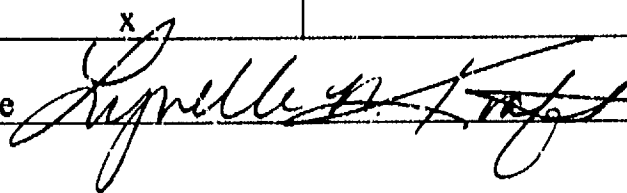
Senate Finance and Taxation Committee

Conference Committee

Hearing Date 2/5/01

Tape Number	Side A	Side B	Meter #
1	x		0-21.3
2/7/01 - 2	x		12.6-15.8
2/13/01 - 1	x		31.8-end
		x	0-31.4
2	x		33.2-43.6

Committee Clerk Signature



Minutes:

Senator Urlacher: Opened the hearing on SB 2278, relating to a credit against financial institutions taxes and corporate, individual, estate, & trust income taxes for employment of recent graduates in targeted jobs.

Senator Deb Mathern: Co-sponsored the bill, testified in support. Industries are struggling to find workers and this bill would help. The bill would provide a credit for employers who hire someone within 9 months of graduation from a higher institution in a targeted job. Addresses several areas of concern: 1. Living wage 2. Keeping young people here 3. Providing jobs in this state.

Senator Tim Mathern: Co-sponsored the bill, testified in support. We need talent to stay in our state & wages to do that.

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Senate Finance and Taxation Committee

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John Kramer: President of Fargo-Cass County Development Corp., testified in support. Big

companies come into our state and take the graduates. Provides charts and explains them.

Explains the mechanics of the bill.

Senator Kroeplin: If the company pays back the loan for the student, is that a deduction for them or would that be tax free?

John Kramer: I believe the company would have no tax obligation because it's an incentive to hire the person, but the individual would have to claim that as income. They also get a tax deduction for the interest paid off of it as well.

Senator Nichols: What are some examples of what students have been targeted?

John Kramer: Computer Science Technicians, Electrical Engineers, Welders, Machinists, people with financial degrees.

Senator Stenehjem: Is it the intention of this bill to apply to in state students & out of state students that graduated in ND?

John Kramer: Initially we wanted to just grab students in this state. But since a lot of kids go to colleges in the peripheral areas, we wanted the ability to capture those kids as well. As it's written now, I don't believe we can. We'd like to do an amendment.

Senator Stenehjem: I don't see anything in this bill that says the employer has to pass the savings on to the person employed there.

John Kramer: He has to make the payment to the individual. We can work on an amendment to strengthen the language.

Donnic Wald: State Tax Dept., testified neutrally. Unsure about how many deductions the employers get-either per employer or per graduate. Wants some clarification on the language.

Will work with John Kramer to draft some amendments.

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Senate Finance and Taxation Committee

Bill/Resolution Number 2278

Hearing Date 2/5/01

Senator Urlacher: Closed the hearing. Action delayed.

Discussion held 2/7/01. Meter number 12.6-15.8.

Discussion of the bill in relation to other 4021.

Discussion held 2/13/01. Meter number 31.8-end, Side A & 0-31.4, Side B.

John Walstad: Appeared to explain amendment. The amendment is relating to some concerns that the tax department had with the way the bill is laid out. Another significant thing is the financial institutions tax, the credit against the tax is eliminated by these amendments. Goes through each change.

Senator Christmann: What kinds of jobs would this include?

John Kramer: Refers to the handout he gave. We did an employer study with Job Service which forecasted with the employers what their demands for employment would be.

Senator Stenehjem: It's going to help private industry, not government jobs.

Senator Christmann: Is this on the long or short form?

Donnita Wald: Short form.

Senator Kroeplin: Wouldn't offering repayment of loans be more of an incentive?

Senator Stenehjem: There needs to be jobs first.

John Kramer: There are a lot students that don't have that debt. If the kids don't have the debt, they wouldn't get the repayment.

Senator Kroeplin: How many don't have loans?

John Kramer: 70% do have loans.

Senator Stenehjem: What about benefits, social security, etc.?

Donnita Wald: This would apply to gross salary, just what they take home.

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Senate Finance and Taxation Committee

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Hearing Date 2/5/01

Motion made by Senator Wardner, Seconded by Senator Nichols, to move amendments. Voice

Vote taken. All present in favor, 1 absent. Amendment adopted.

Senator Wardner: Even without this bill, isn't the supply and demand market forcing wages up?

Senator Christmann: Is this on the long or short form?

John Kramer: Yes.

Discussion on the amendments. Motion was made to add other amendments, but in further discussion it was decided to leave it.

Discussion held later. Meter number 33.2-43.6.

John Walstad: Explained what would happen if they put a cap on it, or put a limit on the number of jobs allowed to get the exemption.

Senator Wardner: Are we creating a monster for the tax department?

Donnita Wald: No, I don't think so.

COMMITTEE ACTION:

Motion made by Senator Christmann for a DO NOT PASS AS AMENDED, Seconded by Senator Wardner. Vote was 5 yeas, 1 nay, 0 absent and not voting. Bill carrier was Senator Christmann.

FISCAL NOTE
 Requested by Legislative Council
 03/19/2001

BH/Resolution No.:

Amendment to: Engrossed
 SB 2278

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.*

The fiscal impact of Engrossed SB 2278 with House Amendments cannot be determined.

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:	03/20/2001

FISCAL NOTE
 Requested by Legislative Council
 01/22/2001

Bill/Resolution No.: SB 2278

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						
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 2278 creates tax credits for employment of recent graduates in targeted jobs. The fiscal impact cannot be determined.

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:	02/02/2001

PROPOSED AMENDMENTS TO SENATE BILL NO. 2278

Page 1, line 1, remove "a new subsection to section 57-35.3-05,"

Page 1, line 3, remove "financial institutions taxes and"

Page 1 - Remove lines 7-11

~~Page 1, line 15, remove "57-35.3-03,"~~ and after "57-38-30.3" insert "for each recent graduate employed by the taxpayer in a targeted job"

Page 1, line 16, after "year" insert ". The credit is available"

Page 1, line 17, replace "employing a" with "the" and replace "graduate" with "graduate's employment"

Page 1, line 20, replace "person who is a" with "resident or"

Page 1, line 21, remove "graduation"

Page 2, line 6, replace "Credits" with "Upon application by an employer, job service North Dakota shall provide the employer with a certificate of the number of targeted jobs of the employer under this section for the taxable year. To claim a credit under this section, a taxpayer shall attach to the taxpayer's return the certificate provided by job service North Dakota under this section. Credits" and remove "chapter"

Page 2, line 7, remove "57-35.3 or"

Renumber accordingly

