

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2294

2001 SENATE FINANCE AND TAXATION

SB 2294

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2294

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 2/5/01

Tape Number	Side A	Side B	Meter #
1	x		21.6-44.3
2/13/01 - 2		x	4.2-34
Committee Clerk Signature <i>Lynelle M. Kraft</i>			

Minutes:

Senator Urlacher: Opened the hearing on SB 2294, relating to a corporate and individual income tax credit for fees paid to the small business administration for guaranteed financing.

Senator Tony Grindberg: Co-sponsored the bill, testified in support. Explained what the bill would actually do. This would help start up businesses which would otherwise not be created, and existing businesses which would otherwise not expand. Proposed an amendment.

Jeff Vye: Dakota Certified Development Corporation, testified in support. Written testimony attached. Also provided handout and submitted absentee testimony from BND.

Senator Christmann: Is the fee a one-time loan fee?

Jeff Vye: No, it's part of the interest rate that they're paying every year.

Senator Christmann: Is there a certain percentage for the guarantee fee?

Jeff Vye: It's .472% of the remaining balance of the loan.

Senator Stenehjem: Is this strictly to a farm-related project?

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Senate Finance and Taxation Committee

Bill/Resolution Number 2294

Hearing Date 2/5/01

Jeff Vye: No, it's commercial.

Senator Kroeplin: These SBA loans are for how many years?

Jeff Vye: 20.

Donnita Wald: State Tax Dept., testified neutrally. Clarified some things.

Jeff Vye: Explains percentages dealing with BND.

Senator Urlacher: Closed the hearing. Action delayed.

Discussion held (2/13/01). Meter number 4.2-34.

Senator Tony Grindberg: Appeared to explain how it works.

Senator Christmann: Does the handout from Jeff Vye look reasonable to you?

Senator Tony Grindberg: I believe that the information would have pulled off of what they actually write per year. I would feel comfortable in saying that what's been provided is an estimate based on current loan volume and projection into the future. This 504 program is a very effective tool for small businesses.

Senator Nichols: Is the guarantee fee a one time fee?

Donnita Wald: There are two kinds of fee. The guarantee is the one time upfront fee and the servicing fee which is part of the interest rate that is paid on the note.

Senator Tony Grindberg: I realize the magnitude of your challenge with these bills, I would be open to what you determine appropriate, if you need to cut it down a little bit. I think it's important enough that it does move forward in some fashion.

Senator Kroeplin: I'd make a motion that we amend it for the first biennium and revisit it when we come back.

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Senate Finance and Taxation Committee

Bill/Resolution Number 2294

Hearing Date ~~2/5/01~~

2-13-01

AMENDMENT ACTION:

Motion was made by Senator Kroepflin, Seconded by Senator Nichols, to move the amendment numbered 10606.0101 with changes. Voice Vote taken. All present in favor, 1 absent.

COMMITTEE ACTION:

Motion made by Senator Nichols for a DO PASS AS AMENDED, Seconded by Senator Christmann. Vote was 6 yeas, 0 nays, 0 absent and not voting. Bill carrier was Senator Nichols.

FISCAL NOTE

Requested by Legislative Council
01/23/2001

Bill/Resolution No.: SB 2294

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 2294 creates an income tax credit for fees paid to the SBA for financing. 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. 2294

Page 1, line 4, remove "and" and after "date" insert "; and to provide an expiration date"

Page 1, line 13, replace "a guaranty" with "an annual guarantee"

Page 1, line 15, replace "was" with "is"

Page 2, after line 4, insert:

5. For purposes of this section, a "guarantee fee" paid to the small business administration means the fee identified in the small business administration 504 loan authorization to the business applying for guaranteed financing as the ongoing guarantee fee.
6. A small business is entitled to a credit under this section only for an annual guarantee fee for a small business administration 504 loan program loan funded during calendar years 2001 through 200~~0~~².

Page 2, line 9, after "DATE" insert "- EXPIRATION DATE" and after "for" insert "the first ~~five~~²"

Page 2, line 10, after "2000" insert ", and is thereafter ineffective"

Renumber accordingly

Date: 2/13/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2294

enate Finance and Taxation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 10606.0101

Action Taken To move Amendment (with changes) (voice vote)

Motion Made By Kroeplin Seconded By Nichols

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

Total (Yes) 5 No 0

Absent 1

Floor Assignment _____

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

Date: 2/13/01
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2294

Senate Finance and Taxation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS AS AMENDED

Motion Made By Nichols 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 Nichols

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

REPORT OF STANDING COMMITTEE

SB 2294: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2294 was placed on the Sixth order on the calendar.

Page 1, line 4, remove "and" and after "date" insert "; and to provide an expiration date"

Page 1, line 13, replace "a guaranty" with "an annual guarantee"

Page 1, line 15, replace "was" with "is"

Page 2, after line 4, insert:

- "5. For purposes of this section, a "guarantee fee" paid to the small business administration means the fee identified in the small business administration 504 loan authorization to the business applying for guaranteed financing as the ongoing guarantee fee.
6. A small business is entitled to a credit under this section only for an annual guarantee fee for a small business administration 504 loan program loan funded during calendar years 2001 and 2002."

Page 2, line 9, after "DATE" insert "- EXPIRATION DATE" and after "for" insert "the first two"

Page 2, line 10, after "2000" insert ", and is thereafter ineffective"

Renumber accordingly

2001 SENATE APPROPRIATIONS

SB 2294

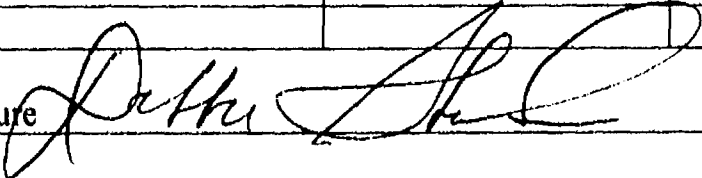
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2294

Senate Appropriations Committee

Conference Committee

Hearing Date February 19, 2001

Tape Number	Side A	Side B	Meter #
2	X		17.4-29.0
Committee Clerk Signature 			

Minutes:

Senator Nething opened the hearing on SB 2294.

Senator Grindberg, sponsor of the bill, spoke to the committee favoring the bill.

Jeffrey Bye, spoke in favor of the bill and passed out a Fact Sheet (attached) showing the fiscal impact of the bill.

Senator Tallackson: Why are there no figures on the fiscal note?

Jeffrey Bye: It can't be determined at this time.

Donnita Wald, from ND Tax Department, stated there will be an impact with this bill and we cannot give you the figures. The figures given by Jeffrey Bye are not from their department.

Senator Tomac: What type of fee are you exempting and this can be used on the short form?

Donnita Wald: In Section 2, credit for fee paid.

Jeffrey Bye: Yes can also be applied when using the short form.

