

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2352

2001 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2352

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2352

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date January 31, 2001.

Tape Number	Side A	Side B	Meter #
1		x	17.7 to 37.8
2		x	23.1 to 25.1
(Feb. 05/01) 2		x	26.3 to 39.4
Committee Clerk Signature <i>Doris E. Perez</i>			

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on SB 2352 relating to a sales and use tax exemption for purchase of computer and telecommunication equipment by a new primary sector business; and to provide an effective date.

SENATOR TONY GRINDBERG, District 41, cosponsor . Explained how this bill differs from the ones proposed in past sessions. Defines primary sector business. This legislation would level the playing field with other states for companies that may be thinking of coming here. We are intending new wealth creation. Urge do pass.

RUSSELL STAIGEN, Bismarek-Mandan Development Assn., in favor. There is a current exemption if computers used to monitor robotics. One manufactures a product, another data, both should be treated the same.

DON MORTON, Great Plains, a ND company representing over 247 different small towns.

Microsoft will significantly invest in GP. GP is growing, we have built a campus in Fargo and a

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Senate Industry, Business and Labor Committee

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technology zone to attract new companies to Fargo. We need to create a favorable business climate for high tech companies. Strongly favor this bill.

JEFF SWANK, TMI Systems Design Inc., ITCND, SWITC. In favor. Written testimony attached. Proposed amendment included. Would like existing companies be included. Noted effective and ending date on the bill are the same.

JERRY BRYDL, Steffes Corp., Dickinson. Support this bill and amendment and would like it to include existing industries, this would be a pathway to increased employment in this area.

SENATOR KLEIN: Would you compromise on extension to only new companies, to include existing ones would expand the fiscal note?

J. SWANK, J BRYDL: No opposition.

BRIAN WOLF, ITCND, in favor. Written testimony attached.

DANA BOHN, GNDA, support this bill strongly.

STEVE EGELAND, BMDA. This bill is very important, we need something to attract industry, strongly support it.

TONY GRINDBERG: Tax department suggested small language modification for consistency. Will bring amendments.

No opposing testimony. Hearing closed.

Fcb. 05/01. (Tape 2-B-26.3 to 39.4)

Committee reconvened. All members present. Discussion held regarding fiscal note and proposed amendment.

SENATOR KREBSBACH: Basically they are cutting the fiscal note in half because it doesn't become effective until July 2002.

SENATOR KLEIN: The bill makes very clear it has to be a new primary sector business.

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Senate Industry, Business and Labor Committee

Bill/Resolution Number SB 2352

Hearing Date January 31, 2001.

SENATOR EVERY: We need to support this bill to promote technology industry growth.

SENATOR ESPEGARD: Motion to adopt amendment. SENATOR KREBSBACH: Seconded.

Roll call vote: 7 yes; 0 no.

SENATOR KREBSBACH: Motion: do pass as amended, and be rereferred to appropriations.

SENATOR EVERY: Seconded.

Roll call vote: 7 yes; 0 no. Carrier: SENATOR EVERY.

FISCAL NOTE
 Requested by Legislative Council
 02/09/2001

Bill/Resolution No.:

Amendment to: SB 2352

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			(\$170,000)	(\$15,000)		
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 2352 First Engrossment provides a sales and use tax exemption for purchases of computer and telecommunications equipment by new and expanding primary sector businesses.

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 2352 First Engrossment is expected to reduce state general fund and state aid distribution fund revenues by \$185,000 in the 01-03 biennium.

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
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Phone Number: 328-3402

Date Prepared: 02/16/2001

FISCAL NOTE

Requested by Legislative Council

01/24/2001

Bill/Resolution No.: SB 2352

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			(\$138,000)	(\$12,000)		
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 2352 provides a sales and use tax exemption for purchases of computer and telecommunications equipment by new primary sector businesses.

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 2352 is expected to reduce state general fund and state aid distribution funds by \$150,000 in the 01-03 biennium.

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
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Phone Number: 328-3402

Date Prepared: 01/30/2001

Date: 2/05/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2352

Senate Industry, Business and Labor Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken On amendments to adopt

Motion Made By Sen Espgaard Seconded By A Krebsbach

Senators	Yes	No	Senators	Yes	No
Senator Mutch - Chairman	✓		Senator Every	✓	
Senator Klein - Vice Chairman	✓		Senator Mathern	✓	
Senator Espgaard	✓				
Senator Krebsbach	✓				
Senator Tollefson	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment _____

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

Date: 2/05/01
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2352

- Senate Industry, Business and Labor Committee

Subcommittee on _____
or

Conference Committee

Legislative Council Amendment Number _____

Action Taken DPA

Motion Made By Krebsbach Seconded By Every

Senators	Yes	No	Senators	Yes	No
Senator Mutch - Chairman	✓		Senator Every	✓	
Senator Klein - Vice Chairman	✓		Senator Mathern	✓	
Senator Espegard	✓				
Senator Krebsbach	✓				
Senator Tollefson	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Every

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

REPORT OF STANDING COMMITTEE

SB 2352: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2352 was placed on the Sixth order on the calendar.

Page 2, line 2, after "business" Insert "or a physical or economic expansion of a primary sector business"

Page 5, line 4, after "business" Insert "or a physical or economic expansion of a primary sector business"

Renumber accordingly

2001 SENATE APPROPRIATIONS

SB 2352

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2352

Senate Appropriations Committee

Conference Committee

Hearing Date February 19, 2001

Tape Number	Side A	Side B	Meter #
Tape #1	x		46.5-54.5
Tape #1		x	0.0-9.1
Committee Clerk Signature <i>Gene Ritzel</i>			

Minutes:

Senator Nething opened the hearing on SB2352 - relating to a sales and use tax exemption for purchases of computer and telecommunications equipment by a new primary sector business.

Senator Grindberg, District 41, Fargo, testified in support of the bill. Mention was made this is the third time since '97 that this has been set forward; and each time the amount gets smaller. It is an attempt to treat companies the same.

Brian Wolf (Lobbyist # 513), Information Technology Council of North Dakota, testified in support of SB2352. Financial incentive is imperative -- it's help to make successful companies.

Senator Tallackson: Know the number of companies covered?

Brian Wolf: Like to think 10-15 per year; next 2 years will be indicative; entry in high technology.

Senator Tallackson: Limited size of company?

Brian Wolf: No cap in terms of size.

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Senate Appropriations Committee

Bill/Resolution Number SB2352

Hearing Date February 19, 2001

Senator Solberg: Existing company wants to change - become high tech--not qualify?

Brian Wolf: This is for buying new equipment for new companies, not trying to reinvent the wheel. There are Economic Development and Finance (ED&F) certification requirements.

Senator Solberg: From manual labor to high tech?

Senator Grindberg: Take metal binding --- currently exempt on development software --- planning expansion - no.

Senator Solberg: Just sold my cattle business -- new owners are going fully computerized -- qualify?

Senator Grindberg: If deemed primary sector.

Senator Lindaas: Would companies such as Great Plains Software qualify?

Senator Grindberg: Yes, if new area - criteria met.

Senator Andrist: How does one become a primary sector?

Senator Grindberg: Criteria includes value to product, service and other documented items.

Senator Schobinger: Page 3, has the definition.

Paul Lucy, President Economic Development Association of North Dakota spoke in support of SB2352 (a copy of his written testimony is attached).

Senator Solberg: We have had companies come into North Dakota without this incentive?

Paul Lucy: Individual areas provide some incentives -- we have used most of our economic development dollars in the Minot area ourselves to bring companies in.

Senator Bowman: Is the margin so narrow on these companies -- that they can't afford the sales tax?

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Senate Appropriations Committee
Bill/Resolution Number SB2352
Hearing Date February 19, 2001

Paul Luey: Companies visit -- look at locations around the country even the word --- more incentives elsewhere. The labor force is here, but looking for incentives --- always a better bottom line is desired.

Senator Bowman: More rentable spaces here versus California? Besides this incentive -- could the opportunity be here without this?

Paul Luey: Could be in Kansas, Nebraska, South Dakota, Eastern Montana, or Ireland -- rent can be part of a company's decision.

Senator Robinson: There is support for this bill -- right time to look.

February 20, 2001 Full Committee (Tape #1, Side A, Meter No. 13.3-17.1)

Senator Nething reopened the hearing on SB2352.

Discussion on the bill.

Senator Grindberg moved a DO PASS, seconded by Senator Holmberg.

Discussion.

Roll Call Vote: 12 yes; 2 no; 0 absent and not voting.

Floor assignment will go back to the original committee; carrier: Senator Every.