

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2374

2001 SENATE FINANCE AND TAXATION

SB 2374

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2374

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 2/5/01

Tape Number	Side A	Side B	Meter #
1		x	10.2-34
2/6/01 - 2		x	23.5-33.3
2/12/01 - 1	x		50.3-end
		x	0-2.6
2	x		4.1-18.6
Committee Clerk Signature <i>Synelle M. Kraft</i>			

Minutes:

Senator Urlacher: Opened the hearing on SB 2374, relating to financial institutions tax and income tax credits for contributions to support institutions of higher education.

Senator Larry Robinson: Co-sponsored the bill, testified in support. This bill was introduced to level the playing field. It would open up the opportunity to make charitable contributions to the public institutions. We are not trying to take anything away from our private institutions.

Rich Brauhn: VP of Academic Affairs at Dickinson State University, testified in support. This encourages giving. It could lead to larger gifting in the future and the tax credit would provide an incentive for this to happen. In Southwest ND, this would be well received. We are very much in support.

Senator Christmann: Who all would fall into this category besides public universities?

John Kramer: The way the bill is intended, it would be institutions of higher education. That's how I interpret this. It could be also other kinds of public organizations concerned with higher education. I'm not sure what that would all encompass.

Jim Miller: ED of NDSU Foundation & Alumni Assoc., testified in support. My interpretation of this bill, is the supporting organization must be affiliated with an institution of higher learning. We have three foundations that would be affected by this bill: Development Foundation, Teammaker Organization, & Research Organization. They would qualify in the matter in which this bill is written. Roughly 22% of our total contributions from alumni have come from alumni living in the state. It's this type of incentive that will help us to better affect the quality of education of ND's public schools.

Morris Tschider: President of UND Foundation, testified in support. Provides letter which he received from the Acting Director of UND Foundation. Letter attached. What I'm really concerned about is motivating people giving money to a organization, set up tax exempt under federal law, to support an educational institution. This bill will motivate our 31 employees to develop another program that hasn't been there before. I suggest the bill be further amended to say that this deduction shall be an itemized deduction on the short form.

Senator Christmann: Through the appropriations, does the state have any say in how the money that the foundations raise is spent?

Morris Tschider: They are accountable. The state gives to the university what they can make a case for in showing that they need it. A 501-C2 has got to use the money for its' expressed purpose, has to file an income tax return, is accountable to the IRS.

Gordon Binek: VP of College Advancement at BSC, testified in support. Written testimony attached.

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Senate Finance and Taxation Committee

Bill/Resolution Number 2374

Hearing Date 2/5/01

Donnita Wald: There's nothing that has been presented today that would assist us in determining what the fiscal impact would be. Gives statistics from 1999 on contributions to higher institutions. We anticipate those would go up with this bill.

Senator Christmann: This allows them to do it on the short form instead of just the long form. Does it allow anyone that credit that previously could not get it if they used the long form?

Donnita Wald: This credit is not on the short form, and would not with this bill. Mr. Tschider was proposing that it be amended to put on the short form.

Chancellor Isaak was planning to testify but got caught up in another hearing. Another signed, but did not testify, in support.

Senator Urlacher: Closed the hearing. Action delayed.

Discussion held 2/6/01. Meter number 23.5-33.3.

COMMITTEE ACTION: 2/6/01

Motion made by Senator Wardner for a DO PASS, Seconded by Senator Kroepelin. Vote was 4 yeas, 2 nays, 0 absent and not voting. Bill carrier was Senator Wardner.

Bill was rereferred back to the committee.

Discussion held 2/12/01 Meter number 50.3-end, Side A & 0-2.6, Side B.

Rick Clayburgh: State Tax Commissioner, appeared to explain that the fiscal note could be substantial. We have no way of knowing how the taxpayers will participate in this program.

Discussion held later. Meter number 4.1-18.6, Tape 2, Side A.

Donnita Wald: Appeared to clarify the fiscal note. It is undeterminable but it will be a decrease to the general fund. There will be a substantial impact.

Committee decided that the Recommendation Stands.

FISCAL NOTE
 Requested by Legislative Council
 03/15/2001

Bill/Resolution No.:

Amendment to: SB 2374

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 2374 with House amendments expands the higher education institutions to which contributions can be made that qualify for financial institutions tax credits.

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.*

The fiscal impact of SB 2374 with House amendments cannot be determined.

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:	03/15/2001

FISCAL NOTE

Requested by Legislative Council
01/26/2001

Bill/Resolution No.: SB 2374

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 2374 expands the higher education institutions to which contributions can be made that qualify for income tax credits.

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.*

The fiscal impact of SB 2374 cannot be determined.

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

Date: 2/6/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2374

Senate Finance and Taxation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Wardner Seconded By Kraeplin

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

Total (Yes) 4 No 2

Absent 0

Floor Assignment Wardner

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

REPORT OF STANDING COMMITTEE (410)
February 6, 2001 5:33 p.m.

Module No: SR-21-2544
Carrier: Wardner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2374: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2374 was placed on the Eleventh order on the calendar.

REPORT OF STANDING COMMITTEE (410)
February 12, 2001 4:34 p.m.

Module No: SR-25-3131
Carrier: Wardner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2374: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2374 was placed on the Eleventh order on the calendar.

2001 HOUSE FINANCE AND TAXATION

SB 2374

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2374

House Finance and Taxation Committee

Conference Committee

Hearing Date March 6, 2001

Tape Number	Side A	Side B	Meter #
1	X		3,043
Committee Clerk Signature <i>Jamie Stein</i>			

Minutes:

REP. AL CARLSON, CHAIRMAN Opened the hearing and read the fiscal note.

SEN. LARRY ROBINSON, DIST. 24 Introduced the bill. Under current law, financial institutions in the state of North Dakota can qualify for an income tax credit by making charitable contributions to the private institutions in the state. This statute has been in place for years and years and years. What we are trying to do with this bill, is to open that door ever so much more, to allow the same process to apply to the public institutions of higher education. We would be leveling the playing field. We are not trying to impact the private institutions in the state, but to allow our public institutions to work with financial institutions. Those financial institutions would then receive an income tax credit for making the charitable contribution. This bill comes to us when we are asking more and more of our higher education institutions to be aggressive, to be at marketplace, to access private support for any number of causes, including capital improvements, special needs, marketing and scholastic support for their respective

institutions. As a member of the Senate, I am well aware of the concern about the number of bills we have offering tax credits this session. We feel this is a fairness issue.

He submitted an amendment to the bill, stating, on the Senate side when this bill was drafted, due to an oversight on the part of one of the sponsors, our intent was to allow this tax credit just for financial institutions, and it is my understanding, the way the bill is written, this issue surfaced on the floor, the door is opened a bit wider than we intended. Reference in the code, does include the individual income tax. That is not where we are coming from, we intended only corporate income tax for financial institutions. That certainly impacted the fiscal side of things on the bill. The amendments focus the intent of the bill only on financial institutions and their ability to make contributions to public institutions of higher education in the state of North Dakota, in exchange for income tax credit.

REP. CARLSON As I look at your amendments, it takes out the whole section which deals with charitable contributions, elected by taxpayers, and only leaves in, basically, Section 1, and the effective date.

SEN. ROBINSON Yes, we wanted to make things as easy as possible for this committee, and we hoped to have a chance to see this thing through.

This was an unintentional oversight, in our discussion on the Senate floor, this issue surfaced.

The bill was supported.

REP. WINRICH Is this the long form. or short form?

DONNITA WALD, LEGAL COUNCIL, TAX DEPARTMENT, Answered the question, stating this is a tax credit applicable to corporations and individuals on the long form only.

