

# MICROFILM DIVIDER

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



ROLL NUMBER
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DESCRIPTION

2386

2001 SENATE FINANCE AND TAXATION

SB 2386

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2386

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 2/5/01

Tape Number	Side A	Side B	Meter #
2	x		2.1-34.5
2/7/01 - 2	x		37.6-45.5
Committee Clerk Signature <i>Lynelle M. Kraft</i>			

Minutes:

Senator Urlacher: Opened the hearing on SB 2386, relating to an agricultural cooperative investment income tax credit.

Senator Kroepelin: Co-sponsored the bill, testified in support. Introduced amendment to include Limited Liability Co. & limit the investment credit to an ethanol plant.

John Knudsvig: Representing himself as a farmer, testified in support. Gives an example & history of the problem.

Senator Wardner: What were the incentives in Minnesota?

John Knudsvig: \$.20 a gallon.

Roger Johnson: State Ag Commissioner, testified in support. Written testimony attached.

Senator Stenehjem: Are you opposed to the amendments?

Roger Johnson: No, I just haven't seen them. My plea is why would want to limit it just to corn. I would support these kinds of credits going for a limited liability co. as well.

Senator Kroeplin: Part of the reason for limiting it to ethanol is the fiscal note. The bill failed on those things in the past. I was hoping we could get at least one going and show that this works.

Roger Johnson: Please don't take my testimony as being against the amendments. We ought to do these things. We ought to provide more incentives for farmers to become investors.

Senator Stenchjem: The amendments would give not only the farmers an incentive to invest, but the general public as well.

Roger Johnson: It would also limit just to corn. You have to weigh those things.

Senator Stenchjem: Can't you make ethanol out of some other type of grain?

Roger Johnson: Yes, you can.

Richard Schlosser: ND Farmers Union, testified in support. We have no problem with the LLC section or targeting it to ethanol, but we would prefer to see cooperative ventures where producers would be able to benefit from the value added to their commodities. We would like to see that expanded into other areas.

Duane Dows: Chairman, ND Corn Utilization Council, testified in support. Written testimony attached.

Senator Christmann: Is your assumption on the \$.10 increase what they're seeing in Grafton & Walhalla?

Duane Dows: I think the \$.10 is a conservative figure.

Mike Clemens: President of ND Corn Growers, testified in support. This is the direction ND need to be going in to help agriculture rise to a whole new level of farming. Your do pass vote can help farming industries turn basic commodities into profitable value added products.

Senator Christmann: With the higher fuel prices now, how close are we to a time when ethanol would be a viable market alternative and wouldn't need to be subsidized?

Mike Clemens: If the economic would stay right where it's at today, it would be here. But we don't know where it's going to be six months down the road.

Brian Kramer: ND Farm Bureau, testified in support. We support the concept of the investment income tax credit, and we certainly support the amendment that would allow LLC's to be included. The amendment to narrow the scope to ethanol only is an attempt for us to get a start. I would support opening this up for most any agriculture investment. But the fiscal reality points out the need for a go-slow approach.

Senator Urlacher: Closed the hearing. Action delayed.

Other signed the roster in support.

Discussion held 2/7/01. Meter number 37.6-45.5.

Amendment discussed.

AMENDMENT ACTION:

Motion made by Senator Kroeplin, Seconded by Senator Nichols, to move amendment numbered 10731.0202. Voice Vote taken. All present in favor, 1 absent. Amendment adopted.

COMMITTEE ACTION:

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

**FISCAL NOTE**  
 Requested by Legislative Council  
 03/23/2001

Bill/Resolution No.:

Amendment to:           Engrossed  
                                   SB 2386

**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.*

Engrossed SB 2386 with House Amendments provides tax credits on the short and long individual income tax forms for qualifying investments in agricultural businesses. 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.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Tax Department
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	03/26/2001

**FISCAL NOTE**  
 Requested by Legislative Council  
 02/13/2001

Bill/Resolution No.:

Amendment to: SB 2386

**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 2386 First Engrossment provides an ethanol production agricultural cooperative or limited liability company investment tax credit. The potential 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.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Tax Department
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	02/14/2001

**FISCAL NOTE**  
 Requested by Legislative Council  
 01/29/2001

Bill/Resolution No.: SB 2386

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 2336 provides tax credits on the short and long forms for investments in qualifying agricultural cooperatives. 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.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Tax Department
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	02/02/2001



PROPOSED AMENDMENTS TO SENATE BILL NO. 2386

Page 1, line 2, after "an" insert "ethanol production" and after "cooperative" insert "or limited liability company"

Page 1, line 13, after "that" insert "produces ethanol"

Page 1, line 14, replace "adds" with "to add"

Page 1, line 18, replace the first "cooperative" with "business" and after the second "cooperative" insert "or a limited liability company"

Page 1, line 19, after "incorporated" insert "or organized"

Page 1, line 20, replace "processing and marketing agricultural commodities capable of being raised" with "establishing and operating an ethanol production facility"

Page 2, line 4, replace "cooperatives" with "businesses"

Page 2, line 5, replace "cooperative" with "business"

Page 2, line 6, replace "cooperative" with "business"

Page 2, line 7, replace "cooperatives" with "businesses"

Page 2, line 8, replace "cooperative" with "business"

Page 2, line 9, replace "cooperative" with "business"

Page 2, line 12, replace "cooperatives" with "businesses"

Page 2, line 25, replace "cooperative" with "business"

Page 2, line 28, replace "cooperative" with "business"

Page 3, line 1, replace "cooperative" with "business"

Page 3, line 2, replace "stock" with "ownership interests"

Page 3, line 3, replace "cooperative" with "business"

Page 3, line 4, replace "cooperative" with "business"

Page 3, line 6, replace "cooperative" with "business"

Page 3, line 8, replace "cooperative" with "business"

Page 3, line 10, replace "cooperative" with "business"

Page 3, line 11, replace the first "cooperative" with "business" and replace the second "cooperative" with "business"

Page 3, line 17, replace "cooperative" with "business"

Page 3, line 19, replace "cooperative" with "business"

Page 3, line 20, replace "cooperative" with "business"

Page 3, line 21, replace "cooperative" with "business"

Page 3, line 24, replace "cooperative" with "business"

Page 3, line 25, replace "cooperative" with "business"

Page 3, line 27, replace the first "cooperative" with "business" and replace the second "cooperative" with "business"

Page 3, line 29, replace "cooperative" with "business"

Page 4, line 4, replace "cooperative" with "business"

Page 4, line 9, replace "cooperatives" with "businesses"

Page 4, line 12, replace "cooperatives" with "businesses"

Renumber accordingly

Date: 2/7/01  
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2386

Senate Finance and Taxation Committee

- Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number 10731.0202

Action Taken Move Amendment (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: 2/7/01  
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2386

Senate Finance and Taxation Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass As Amended

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) 6 No 0

Absent 0

Floor Assignment Kroeplin

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

