

MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

2428

2001 SENATE FINANCE AND TAXATION

SB 2428

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2428

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 2/7/01

Tape Number	Side A	Side B	Meter #
1	x		0-46
2		x	28.4-40.2
2/12/01 - 1		x	26.2-end
2	x		0-4.1
2/13/01 - 2	x		29-33.1
Committee Clerk Signature <i>Lynelle M. Kraft</i>			

Minutes:

Senator Urlacher: Opened the hearing on SB 2428, relating to rates for individual income taxes; to provide an appropriation for foundation aid for school districts and to provide for a reduction in property tax levy authority for school districts.

Senator Harvey Tallackson: Co-sponsored the bill, testified in support. This bill does three things: 1. Raises income tax from 14%-17% on the federal. 2. Gives the tax to school districts 3. Requires each school district to lower their mill levy by that amount that equals 1/2 of what they receive from the proceeds of this bill. People want relief on property taxes. Provides handout.

Senator Wardner: Do the school reduce their mills or eliminate them completely?

Senator Harvey Tallackson: Reduce by 18 a year.

Senator Wardner: We would do this over a period of time?

Senator Harvey Tallackson: yes.

Senator Stenehjem: What's the mills in Grafton right now?

Senator Christmann: Clarifies that it's 287.

Senator Wardner: Do you have an unlimited mill levy in Grafton?

Senator Harvey Tallackson: It used to be, it got voted out.

Senator Nichols: Would this bill continue in force or could both the legislature and those levying the mills change their mind after two years?

Senator Harvey Tallackson: That could happen. As it's written now, it would continue.

Senator Stenehjem: How long would it take to get down to 70%?

Senator Harvey Tallackson: About ten years.

Representative Andy Maragos: Co-sponsored the bill, testified in support.

Senator Tom Trenbeath: Co-sponsored the bill, testified in support. Usually doesn't support tax raises but concerned about property taxes going up. This is a conservative approach to an area that needs help.

Bill Gorder: Walsh County Commissioner, testified in support. Written testimony attached. Provides handouts and explains them.

Senator Christmann: Do realize that income tax has doubled have almost doubled since 1990?

Bill Gorder: I'm not totally aware of that. I don't think it has doubled in the relationship to property.

Senator Stenehjem: Why don't we just put 100% of this to property tax reduction?

Bill Gorder: We have not been funding schools at a high enough level and we have to try to catch up.

Joseph Westby: NDEA, testified in support. Provides handout and explains.

Brian Kramer: ND Farm Bureau, testified in support. People need relief in property taxes and this bill is a step in the right direction. This corresponds with a bill in the House.

Senator Wardner: A lot of people are going to look at this as an income tax increase. Will the Farm Bureau support this bill?

Brian Kramer: I believe they will. Our membership discussed it and voted on it during their convention and supported the concept in increasing income tax for the relief of property tax. I believe that they will.

Mark Sitz: ND Farmers Union, testified in support. Farmers have been concerned for some time.

Senator Wardner: You would agree with Mr. Kramer with your constituents?

Mark Sitz: Absolutely.

Wade Moser: ND Stockman's Assoc., testified in support provided there is a freeze on the property tax.

Senator Wardner: Same questions, will the cattlemen and ranchers, when they go to the polls, vote to support this rather than seeing it as a tax increase.

Wade Moser: They would support it provided there is a freeze to ensure that property taxes won't go back up.

Robert Tarktelesky: Walsh Co. Commissioner, testified in support.

Senator Urlacher: Closed the hearing. Action delayed.

Discussion held later. Meter number 28.4-40.2

Senator Wardner to get amendment.

Discussion held 2/12/01. Meter number 26.2-end, Tape 1, Side B & 0-4.1, Tape 2, Side A.

John Walstad: I have drafted a couple study resolutions that deal with this. I'm sure they will be passed, but I don't know whether the Council will pick them up. Explained what amendments would do.

Motion made by Senator Stenehjem, Seconded by Senator Wardner, for a DO NOT PASS, motion withdrawn.

Movement made by Senator Wardner, Seconded by Senator Nichols, to move amendment with some language changes. Roll call vote: 4 yeas, 2 nays, 0 absent and not voting. Amendment adopted.

Movement made by Senator Wardner, Seconded by Senator Nichols, for a DO PASS AS AMENDED, motion withdrawn.

Committee consensus on drafting another amendment to look at a broader study.

Discussion held 2/13/01. Meter number 29-33.1.

FINAL AMENDMENT ACTION:

Motion was made by Senator Wardner to move amendment, Seconded by Senator Christmann. Voice Vote taken. 4 yeas, 1 nay, 1 absent and not voting. Amendment adopted.

COMMITTEE ACTION: 2/13/01

Motion made by Senator Wardner 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 Wardner.

FISCAL NOTE
 Requested by Legislative Council
 02/15/2001

Bill/Resolution No.:

Amendment to: SB 2428

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 2428 First Engrossment directs the legislative council to consider a study of the state and local tax structure relating to the funding of elementary and secondary education. There is no fiscal impact.

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:	02/20/2001

FISCAL NOTE
 Requested by Legislative Council
 01/30/2001

Bill/Resolution No.: SB 2428

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			\$95,400,000			
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 2428 raises the individual income tax by 21%.

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 2428 is expected to raise \$95,400,000 during the 01-03 biennium. Property taxes would be reduced by \$47,500,000; schools would receive \$95,000,000.

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:	02/06/2001

PROPOSED AMENDMENTS TO SENATE BILL NO. 2428

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative council study of the feasibility and desirability of providing property tax relief through reduction of school district property taxes and replacement of revenues by additional income taxes.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

considering **SECTION 1. LEGISLATIVE COUNCIL STUDY.** The legislative council shall study the feasibility and desirability of providing property tax relief through reduction of school district property taxes and replacement of revenues by additional income taxes. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly."

Renumber accordingly

Date: 2/12/01
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2428

Senate Finance and Taxation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Move Amendment to change wording in 10733.0201 w/
change from "shall study" to "considering studying"
Motion Made By Wardner Seconded By N. Chols

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

Total (Yes) 4 No 2

Absent 0

Floor Assignment: _____

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

