

# MICROFILM DIVIDER

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



ROLL NUMBER
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DESCRIPTION

2454

2001 SENATE FINANCE AND TAXATION

SB 2454

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2454

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 2/6/01

Tape Number	Side A	Side B	Meter #
2	x		12-end
		x	0-1.4
2/7/01 - 3	x		12.4-13.4
2/12/01 - 1	x		33.7-50.2
		x	9.8-11.9
Committee Clerk Signature <i>Stephanie A. Kays</i>			

Minutes:

Senator Urlacher: Opened the hearing on SB 2454, relating to the definition of biodiesel fuel; special fuels tax reduction for sales of diesel fuel blended with biodeisel fuels.

Senator Terry Wanzek: Co-sponsored the bill, testified in support. It's an approach to helping the soybean growers.

Senator Wardner: Do you need a new plant for processing?

Senator Terry Wanzek: There are plants in other states that can do this.

Senator Wardner: So the idea would be that eventually we'd have a plant in the state of ND?

Senator Terry Wanzek: This would be a tool to help soybean farmers to build the market.

Representative Dave Monson: Co-sponsored the bill, testified in support. This bill is in the right direction. Whatever we can do in this state to promote Ag, I'm all for it.

Representative Mike Brandenburg: Co-sponsored the bill, testified in support. This might be a jump-start to encourage biodeisel to be used.

Senator Kroeplin: Co-sponsored the bill, testified in support.

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

Senator Nichols: There are no mandates in this bill?

Roger Johnson: Right.

Senator Christmann: Could I be breaking warranty requirements by using biodeisel fuel?

Roger Johnson: I don't know. Others that will testify with more expertise.

Terry Buerger: ND Soybean Council, testified in support. Biodeisel is cost effective. Utilizing this oil is economically positive, environmentally friendly, and benefits ND's economy & agriculture. There is a possibility of a plant being available in ND. John Deere does have a warranty statement out.

Senator Stenchjem: People can mix this fuel without having to pay a tax on it.

Senator Wardner: What's the price comparison?

Terry Buerger: There would be a \$.03 savings on the taxable side.

Joan Galster: State Tax Dept., testified neutrally. Appeared to answer any questions.

Shannon Sauer: Dept. Of Transportation, to answer questions.

Senator Nichols: How did you arrive at the fiscal note?

Shannon Sauer: The number is based on the assumption that 10% of diesel-based fuel sales would be biodeisel. It's based on past figures.

LeRoy Ernst: ND Motor Carriers Assoc., testified in opposition. This is discriminating against the trucking industry.

Senator Kroeplin: Wouldn't this bill make diesel cheaper for the truckers?

Page 3  
Senate Finance and Taxation Committee  
Bill/Resolution Number 2454  
Hearing Date 2/6/01

LeRoy Ernst: It may, but it's also going to decrease the amount of taxes collected.

Senator Wardner: Would the truckers have a problem with using biodiesel fuel?

LeRoy Ernst: The ones I've talked to would.

J.P. Weist: Weist Trucking in Jamestown, testified in opposition.

Senator Terry Wanzek: Restated that this is not a mandate.

Senator Stenehjem: Makes a comment again that people can mix this fuel already.

Others signed the roster in support & opposition.

Senator Urlacher: Closed the hearing. Action delayed.

Discussion held 2/7/01. Meter number 12.4-13.4.

Discussion held 2/12/01. Meter number 33.7-50.2, Side A & 9.8-11.9.

Senator Stenehjem, Seconded by Senator Wardner, made a motion for a DO NOT PASS, the motion failed.

Rick Clayburgh: State Tax Commissioner, appeared to explain fiscal impact. Needs to look into it.

Senator Nichols: Stated that he reviewed his position.

COMMITTEE ACTION: 2/12/01

Motion made by Senator Nichols for a DO NOT PASS, Seconded by Senator Wardner.

Vote was 4 yeas, 2 nays, 0 absent and not voting. Bill carrier was Senator Wardner.

## FISCAL NOTE

Requested by Legislative Council  
04/04/2001

Bill/Resolution No.:

Amendment to: SB 2454

**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
<b>Revenues</b>				(\$358,000)		
<b>Expenditures</b>						
<b>Appropriations</b>						

**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.*

**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 2454 with House Amendments is expected to reduce highway distribution fund revenues by \$358,000 during the 01-03 biennium. This assumes that a refining facility of the required capacity is operational in this state 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.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Tax Department
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	04/05/2001

**FISCAL NOTE**  
 Requested by Legislative Council  
 03/29/2001

Bill/Resolution No.:

Amendment to: SB 2454

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
<b>Revenues</b>				(\$358,000)		
<b>Expenditures</b>						
<b>Appropriations</b>						

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.*

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 2454 with House Amendments is expected to reduce highway distribution fund revenues by \$358,000 during 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.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Tax Department
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	03/30/2001

## FISCAL NOTE

Requested by Legislative Council  
01/30/2001

Bill/Resolution No.: SB 2454

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
<b>Revenues</b>				(\$715,000)		
<b>Expenditures</b>						
<b>Appropriations</b>						

**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 2454 is expected to reduce highway distribution fund revenues by \$715,000 in the 01-03 biennium.

**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>	02/05/2001



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

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2454

Senate Finance and Taxation Committee

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

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

Action Taken Do Not Pass

Motion Made By Stenehjem Seconded By Wardner

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

Total (Yes) 3 No 3

Absent 0

Floor Assignment \_\_\_\_\_

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

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

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2454

enate Finance and Taxation Committee

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

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

Action Taken DO NOT PASS

Motion Made By Nichols Seconded By Wardner

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 Wardner

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

**REPORT OF STANDING COMMITTEE (410)**  
February 12, 2001 11:47 a.m.

**Module No: SR-25-3033**  
**Carrier: Wardner**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2454: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO NOT PASS (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2454 was placed on the Eleventh order on the calendar.**

2001 HOUSE FINANCE AND TAXATION

SB 2454

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2454

House Finance and Taxation Committee

Conference Committee

Hearing Date March 5, 2001

Tape Number	Side A	Side B	Meter #
2	X		1,289
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

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

**SEN. TERRY WANZEK, DIST. 29,** Introduced the bill as the prime sponsor. The bill reduces the fuel tax by ten percent for any diesel admissions that contain a blend of at least two percent biodiesel. He submitted a handout received from the National Biodiesel Association relating to biodiesel: A blending component for enhanced fuel lubricity in diesel fuel. His feelings are that we provide tax incentives instead of mandates. I know there is a lot of concern about how this may impact the Highway Distribution Fund. That is a sensitivity that I share, however, I happen to have a record of the fuel tax I actually paid on our farm last year. The only reason I provide this is to make a point about how a vibrant economy does contribute to the Highway Distribution Fund. On our farm, we have a number of different vehicles, semi, two tandoms, single axed truck, pickup, four-wheeler, trailers, semi vans, with the registrations fees off of those. with the gas that was actually purchased on our farm, when you get down to it, they are not all miles on

