

2017 HOUSE FINANCE AND TAXATION

HB 1354

2017 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1354
1/25/2017
27370

- Subcommittee
 Conference Committee

Committee Clerk Signature

Mary Brucher

Explanation or reason for introduction of bill/resolution:

A bill relating to the ability of the tax commissioner to require confidentiality waivers from taxpayers receiving tax incentives.

Minutes:

Attachment #1

Chairman Headland: Opened hearing on HB 1354.

Vice Chairman Dockter: Introduced bill. In the last interim we reviewed economic incentives. This bill needs some work and I'm working with the Tax Department to get some amendments. I'm trying to put in this bill where if you receive an incentive then you waive your confidentiality rights so we can get the information of how much you invested and where it was invested. That is the reason for this bill. We ran into a lot of issues last interim because there are so many confidentiality rules that the Department of Commerce can't get any information. The Tax Department would have the form to require them to disclose that information.

Representative Toman: If the Tax Department collects that would they be aggregating that information for future studies? How would the confidentiality work in your intent? Released to the Tax Department but not to the public?

Vice Chairman Dockter: I'm working with Dee on that issue. We are going to have in code all the economic incentives we studied or that it would only pertain to those to limit the scope. Also we want to decide if the Tax Department can give it to Commerce. Once you're getting into some of those issues then does it become public record for the whole public? We're trying to figure that out. Hopefully those amendments will address that.

Representative Howe: Will this information be lumped in a group of statistics or will you be able to reference some specific information?

Vice Chairman Dockter: That's something else we are working on with the Tax Department. I am planning to use it for statistical purposes only. If you receive state tax dollar money the citizen should at least know how much money and where their money is going. If we get that REMI software, they could take that information and put it in the software to see if we are

getting a rate of return on these incentives we have on the books in the state. We won't have a listing of names but we would want to look at the data.

Chairman Headland: The concern is when there is less than five that have participated in a certain incentive due to fear of the public figuring out who is receiving the incentive they won't aggregate it together. The Tax Department and Commerce knows but they can't pass it along to the committee. I understand where Vice Chairman Dockter is coming from and I think we could do this without having someone name themselves.

Representative B. Koppelman: Your bill starts out with saying "may require" so does that suggest the Tax Department gets to decide whether or not to require them to sign a waiver of confidentiality or is that suggesting that somebody else gets to decide?

Vice Chairman Dockter: Yes, that is correct and that is why there are amendments coming.

Representative Hatlestad: If a company or taxpayer does not agree with it does that mean it will kill his incentive?

Vice Chairman Dockter: Yes, potentially they might not receive the incentive. There are people who won't take the incentive due to the issue about revealing that they are taking them.

Representative Ertelt: In what circumstances does that occur when they have to disclose?

Vice Chairman Dockter: Any of the incentives in that subsection of the code that we have to study.

Representative Ertelt: What are the circumstances when they have to disclose that today?

Vice Chairman Dockter: I can defer to Dee with the Tax Department for that.

Dee Wald, General Counsel with the Tax Commissioner's Office: There are no circumstances that I know of where the taxpayer won't claim the incentive. There are exceptions to confidentiality where a taxpayer has no say in whether we disclose that information or not and that's what we're looking at here.

Chairman Headland: Do you just want an example of a specific circumstance?

Representative Ertelt: Yes.

Dee Wald: With respect to an incentive or any type of disclosure we can make?

Representative Ertelt: With this bill we are talking about incentives.

Dee Wald: Right now because everything is confidential, I don't think they want us to know. We would be the only agency that would know this credit was claimed. There is circumstantial evidence that indeed people don't take the incentive because of that.

Chairman Headland: I know there were examples of not being able to pass the information to the committee but I can't remember the specific incentive it was.

Representative B. Koppelman: If there are more than three or more than five then they can aggregate data but if there is less than five they can't do that. This bill would change that.

Chairman Headland: That's exactly right.

Vice Chairman Dockter: We passed a bill for the first time where we're going to study the incentives in the state over three interims. One of the questions we were asked is if we received enough data and on a lot of the questions we had to check no. This is one of the tools that could help us. If we get the REMI software this will help us as legislators to determine if the incentives are working.

Chairman Headland: Is there further testimony in support?

Jennifer Greuel, Executive Director of Economic Development Association of North Dakota: Distributed testimony from the board president in support. See attachment #1. Ended testimony at 14:22.

Vice Chairman Dockter: When I get those amendments I will reach out to you and get you the information so that we can work together.

Blake Crosby, North Dakota League of Cities: We support this ability to have access to data when making decisions. Too often we make decisions based on emotions and lack of data. When we're talking about tax incentives we need to make decisions based on data and facts.

Chairman Headland: Are there any questions? Is there further testimony in support?

Brent Bogard, Greater North Dakota Chamber: We support the concept of this bill. We appreciate the efforts with the amendments that are coming. We look forward to working with the committee on this.

Chairman Headland: Is there further testimony in support? Is there opposition? Seeing none we will close the hearing on HB 1354.

2017 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1354
1/31/2017
27683

- Subcommittee
 Conference Committee

Committee Clerk Signature

Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to the ability of the tax commissioner to require confidentiality waivers from taxpayers receiving tax incentives.

Minutes:

Attachment #1

Vice Chairman Dockter: Distributed proposed amendments 17.0874.01001 and explained. See attachment #1. Read aloud subsection c.

Representative Hogan: Would there ever be a time when our finance and taxation committee would get this information and not just the interim committee?

Vice Chairman Dockter: The intent when we did this amendment is because we have the interim to go over the incentives and the gathering of information. That's a good question because in this bill it actually states "during the interim committee." So this committee couldn't use this information if we wanted to request it, is that correct Dee?

Dee Wald, General Counsel, Office of State Tax Commissioner: Yes, that's correct. This is a hog house so we put it in the section where the economic development tax study is. That's why it's there and why it looks so different than it was. It used to be in the tax code.

Chairman Headland: I think it achieves what it was supposed to do.

Representative Olson: Aren't these interim committee meetings open to the public anyway? Aren't the documents in public record?

Dee Wald: We removed the name, all you can get is the dollar amount that was claimed. It would be a guessing game to determine who took the credit.

Representative Olson: With that in mind why restrict it to the interim committee? This doesn't really do anything then.

Dee Wald: It does do something; it requires us to disclose the dollar amount even if five or less taxpayers have claimed the credit. It fixes that problem we had during the interim.

Representative Olson: The thing that doesn't do anything is where it says it "may be used by the interim committee only for the purposes of conducting the study under subsection 2." I don't think we need to have that limiting language in there. I don't know what it accomplishes functionally.

Dee Wald: Overall, the reason I drafted this amendment to be so limiting is because historically the legislature hasn't been happy with opening up the disclosure provisions.

Vice Chairman Dockter: You don't know who's going to be in office and that's why we're cautious. They really tried to tighten this up as much as possible while still trying to get the information we want.

Representative Olson: I understand the intent but it really isn't limited because that information will be public the moment it is submitted to that committee.

Chairman Headland: We could strike that.

Representative Trottier: Should there be a comma in front of "only" or after "only"?

Dee Wald: I'm not sure.

Representative Hogan: Maybe we should start with a limited focus on the interim committee and see if we run into any issues in the next two years then we can reconsider it.

Dee Wald: You have open meetings laws. There's no way to put that into an executive session.

Representative Toman: Once we request that in the interim committee this tax committee could probably request it because it is open record at that point in time. I move to strike the "interim committee" and replace it with "chairman of a legislative committee."

Chairman Headland: We're trying to get rid of "The information provided by the tax commissioner may be used by the interim committee only for the purposes of conducting the study under subsection 2." After subsection 2 you could follow it with the sentence "The tax commissioner shall provide notice to the taxpayers..."

Dee Wald: That's fine. I drafted it because the focus was on using this information for the study.

Chairman Headland: I think we all agree that once it's been presented at an interim committee it's public.

Representative B. Koppelman: We could make a motion on the amendment and then move to amend the amendment right away. If you look at section 1 subsection 5, which is

current law, everything we're discussing here is already under a heading discussing the interim committee's work. It would be kind of pointless because even if you took out the word "interim" I think 5c would refer back up to the heading which would refer to the interim committee. I don't think the amendment would have an effect. You're talking about making this information available to any committee at any hearing but doing it here won't work. If this is your goal, then you need to ask yourself if it's germane to the bill and then draft a whole new hog house and probably amend two sections of law.

Vice Chairman Dockter: Dee, you can send me an email and I'll print it out.

Chairman Headland: The previous amendment failed because it failed to get a second.

Discussion ended.

2017 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1354
2/1/2017
27759

- Subcommittee
 Conference Committee

Committee Clerk Signature

Mary Brucher

Explanation or reason for introduction of bill/resolution:

A bill relating to the ability of the tax commissioner to require confidentiality waivers from taxpayers receiving tax incentives.

Minutes:

Attachment #1

Vice Chairman Dockter: Distributed proposed amendments dated April 1, 2017 (Dee Wald said this was her error on the date, it should have read February 1, 2017). See attachment #1.

Dee Wald, General Counsel, Office of State Tax Commissioner: This amendment allows disclosure upon written request from Legislative Management, which would cover the interim committees or written request from a standing committee chair. We could disclose the information on tax incentives that are listed in the tax incentive study. It requires the tax commissioner to provide notice that the information may be disclosed.

Chairman Headland: Is there any discussion?

Representative Steiner: How does that look? Does it say the company name and how much the tax break was? You can figure out who the owners are.

Dee Wald: No, the name would not be provided. All that we would say is seed capital credit and if it was one taxpayer we would put that one number there but no name. You would know exactly how much is claimed.

Representative Mitskog: There would be no description by industry?

Dee Wald: That is correct.

Vice Chairman Dockter: In the interim we had less than five so this would take care of that and could be anyone. For one of the credits they could have one entity or one person and they would still get the information.

Dee Wald: That is correct.

Representative Ertelt: Whether the information is prohibited from disclosure under title 57?

Dee Wald: Everything on a return or everything we that we received during an audit or investigation of a taxpayer. Anything that you give us to pay your taxes is confidential.

Representative Mitskog: MADE A MOTION TO ADOPT THE AMENDMENT

Representative Hatlestad: SECONDED

ROLL CALL VOTE: 14 YES 0 NO 0 ABSENT

MOTION CARRIED

Chairman Headland: We have amended HB 1354 before us.

Representative Hatlestad: MADE A MOTION FOR A DO PASS AS AMENDED

Representative Howe: SECONDED

Chairman Headland: Discussion?

ROLL CALL VOTE: 14 YES 0 NO 0 ABSENT

MOTION CARRIED

Representative Hatlestad will carry this bill.

February 2, 2017

2/1/17 [Signature]

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1354

Page 1, line 2, remove "require confidentiality waivers"

Page 1, line 3, replace "from" with "make disclosures regarding"

Page 1, replace lines 7 through 10 with "Upon receipt of a written request from the chairman of the legislative management or the chairman of a standing committee of the legislative assembly, the tax commissioner shall disclose the amount of any tax incentive identified in section 54-35-26 which was claimed or earned by a taxpayer. This subsection does not authorize disclosure of the taxpayer's name or any other information prohibited from disclosure under title 57. The tax commissioner shall provide notice to taxpayers of possible disclosure under this subsection, in a manner as prescribed by the tax commissioner."

Renumber accordingly

Date: 2-1-17
Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1354

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 17.0874.01002

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Rep. Mitskog Seconded By Rep. Hatlestad

Representatives	Yes	No	Representatives	Yes	No
Chairman Headland	✓		Representative Hogan	✓	
Vice Chairman Dockter	✓		Representative Mitskog	✓	
Representative Ertelt	✓				
Representative Grueneich	✓				
Representative Hatlestad	✓				
Representative Howe	✓				
Representative Koppelman	✓				
Representative Olson	✓				
Representative Schobinger	✓				
Representative Steiner	✓				
Representative Toman	✓				
Representative Trottier	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment _____

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

Date: 2-1-17
Roll Call Vote #: 2

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1354

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Rep Hatlestad Seconded By Rep Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Headland	✓		Representative Hogan	✓	
Vice Chairman Dockter	✓		Representative Mitskog	✓	
Representative Ertelt	✓				
Representative Grueneich	✓				
Representative Hatlestad	✓				
Representative Howe	✓				
Representative Koppelman	✓				
Representative Olson	✓				
Representative Schobinger	✓				
Representative Steiner	✓				
Representative Toman	✓				
Representative Trottier	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Hatlestad

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

REPORT OF STANDING COMMITTEE

HB 1354: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1354 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "require confidentiality waivers"

Page 1, line 3, replace "from" with "make disclosures regarding"

Page 1, replace lines 7 through 10 with "Upon receipt of a written request from the chairman of the legislative management or the chairman of a standing committee of the legislative assembly, the tax commissioner shall disclose the amount of any tax incentive identified in section 54-35-26 which was claimed or earned by a taxpayer. This subsection does not authorize disclosure of the taxpayer's name or any other information prohibited from disclosure under title 57. The tax commissioner shall provide notice to taxpayers of possible disclosure under this subsection, in a manner as prescribed by the tax commissioner."

Re-number accordingly

2017 SENATE FINANCE AND TAXATION

HB 1354

2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

House Bill 1354
3/1/2017
Job #: 28540

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new subsection to section 57-01-02 of the North Dakota Century Code, relating to the ability of the tax commissioner to make disclosures regarding taxpayers receiving tax incentives; and to provide an effective date.

Minutes:

Attachment #1

All Senators present.

Chairman Cook: Opened the public hearing on HB 1354.

Representative Jason Dockter, District 7: The interim committee had some issues to find out information to figure out the tax incentives. What is trying to be accomplished is to get raw data numbers to determine if the economic incentives are productive. In the bill, we're not requiring anyone's name, address, or anything. All we're attempting here is to disclose to anyone that gets an economic incentive in the state of North Dakota that they'll need to release whatever number, tax credit received from the state. So we can use to determine if the incentives are being productive.

Chairman Cook: I have a copy of the bill as it was initially introduced, and the original bill may require taxpayers to complete forms granting a waiver of confidentiality. And that is what I understood we needed, was for the taxpayer to waive confidentiality benefits that they have if there is limited numbers of tax payers receiving a certain benefit. You've now amended the bill and I'm not sure what we can acquire under the bill as amended, that we can't acquire today.

Representative Dockter: We worked with Council and Dee, and the issues that we're having is peoples are concerned about getting names, addresses, and for them to disclose who is getting the incentives.

Donnita A. Wald, General Counsel, North Dakota Tax Department was called to the podium.

Chairman Cook: What was the rational for amending the first bill as it was introduced?

Donnita Wald: First issue we had was the discretionary nature of the Tax Commissioner requiring it. This commissioner would, but we don't know what future ones would or wouldn't do. So we wanted to make it more mandatory and give us the ability to release the tax incentives claimed, regardless of the tax payers that claimed it. If there's under five and one taxpayer claims that credit we can give you that number.

Chairman Cook: And the way the bill is amended into; you can do that? And you can't today?

Donnita Wald: We can't today. So we put some parameters on there. The other problem was we didn't know what a tax incentive was as it related to everything we have. The exemptions. So we wanted to narrow the scope that you're studying during the interim. The credits will give you the information if the chair of legislative management or chair of a standing committee requests so in writing. Gives the interim and this committee, if they so desire, or any committee, the information they need to analyze and make decisions about tax incentives. We can't disclose their name or any other information relating to the taxpayer. Sometimes the taxpayer may want to maintain some confidentiality as to who they are. What is important is that you get the number.

Last two lines. 12-14 provide notice to the taxpayer, whether it's when the taxpayer signs the form, in the instructions, on the North Dakota 1 credit schedule. So that taxpayers know when they claim the credit it will be subject to disclosure.

Chairman Cook: They get notified when they actually apply for the credit. Is there a section of code that defines confidentiality requirements that are required to be met?

Donnita Wald: Each tax type has a confidentiality statute. They're all a little different as to what can be disclosed. The income tax has some of the more difficult disclosure requirements because we get information from the Feds and they have their own rule book on disclosure of federal tax information. This relates to a North Dakota tax credit we won't have a problem with that. We might run into a problem if we have names and addresses included.

Chairman Cook: It's pretty easy to connect the dots. There's one person taking advantage of a particular incentive and that's public information and so you ask for the amount of tax credits and there's only one. So we know who the person is and the amount of tax credits and we're going to be able to live with that?

Donnita Wald: We can live with that.

Vice Chairman Bekkedahl: You keep talking about the confidentiality and how we have to keep that, it's probably something in statute somewhere. I'm trying to draw the parallel and maybe you can answer this. The parallel between the federal farm subsidies that never used to be published, but now are public record. Can go find out how much they got, the county they live in. Is there any parallel why the federal government allows that type of reach into a subsidy and we cannot do it here?

Donnita Wald: I do not know. I assuming that it's the department of agriculture that deals with that, it's not in the federal tax code.

Senator Dotzenrod: Some of these tax benefits are well known. Most renaissance zone projects if there is a property tax reduction for 5 years, it goes into the newspaper. A lot of the details and information in the newspapers. We run into the trouble with income tax, where we're dealing with the obligations a taxpayer has to the federal government and what credits they're using. I'm looking at our list, renaissance zone credits and exemptions. There's a component of renaissance zone that involves income tax.

Donnita Wald: It's North Dakota's statute that make the renaissance zone credits and exemptions, and the sales tax exemptions confidential. The feds don't have any in their laws. So no impact whatsoever. Property tax is an open record. Anything on an income tax return because we have this voluntary compliance system, that's what the confidentiality is for.

Senator Dotzenrod: Under the provisions of this bill, would we be able to inquire on any one particular angel fund. Information that maybe we can't do right now but with this bill we could.

Donnita Wald: That is correct.

Chairman Cook: can you give me an example of any tax incentive that an individual taxpayer might apply for where they don't have to get notified by the tax commissioner of possible disclosure. It's going to affect basically every one of them, right?

Donnita Wald: Everyone that's listed on the list. I can't think of anything. The list of the tax incentives for study by interim committee. If it's in the list, we can give you the dollar amounts. If it's not on that list, we can't. The list is limited right now; some incentives are missing.

Chairman Cook: Can you get the committee the chapter of codes for various statutes that provide the confidentiality? Not right now, just get it to Brady so he can print it for us.

Received GNDC testimony #1 in support of HB 1354.

Justin Dever, Co-Deputy Director, Department of Commerce: Appeared in a neutral capacity on HB 1354. One of the things that prompted this was the sales tax exemption for energy conversion facilities where we're not able to indicate the cost of that because there is less than five taxpayers. That one would not be covered under this bill, not covered under 54-35-26. I don't know if there is a way to word this to allow the committee to determine which incentives to study that aren't on the list. That would prompt this, but that would be one potential concern. With the effective date for this, it only impacts incentives after July 31, 2017, so going into the next interim period, it won't provide a lot of additional information. It'll be future years that it will start to have an impact.

Chairman Cook: Closed the hearing on HB 1354.

(0:14:40-end) Forgot to stop the recording.

2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

House Bill 1354
3/15/2017
Job #: 29249

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new subsection to section 57-01-02 of the North Dakota Century Code, relating to the ability of the tax commissioner to make disclosures regarding taxpayers receiving tax incentives; and to provide an effective date.

Minutes:

Attachment #1

All Senators present.

Committee work on House Bill 1354.

(0:00:15-0:03:17) An exchange was held on whether or not all incentives are covered by the bill and the timing of the release of information to the committee.

(0:03:18-0:06:12) Most of the committee agreed that they want access to tax incentive data, but not the personal and confidential information that is on tax forms. Information will only be released at the request of a committee chairman.

Donnita Wald: The tax department is going to provide notice, our thoughts are that it's going to be on a form, it might be where you sign your name. You're going to get notice that for any tax deduction or credit, that would be better.

Brady Pelton, Intern: Handed out the proposed amendments in **attachment #1**.

Senator Unruh moved to adopt the amendment, #1.01

Senator Laffen seconded.

A Voice Vote was taken. Motion passed.

Committee discussion on other Minnesota's requirements.

Senator Laffen moved a do pass on Engrossed House Bill 1354, as amended.

Senator Unruh seconded.

A roll call vote was taken. 6 ayes, 0 nays, 0 absent.

Senator Unruh: Is there anywhere else in the Century Code that limits us because of the low number of recipients.

Donnita Wald: The not disclosing 5 or less has been Tax Department policy for years. So what this does is any and all has to be released.

Senator Meyer will carry the bill.

17.0874.02001
Title.03000

Adopted by the Senate Finance and Taxation
Committee

March 15, 2017

3/15-2017
1 of 1

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1354

Page 1, line 3, replace "incentives" with "deductions or credits"

Page 1, line 9, remove "incentive identified in section"

Page 1, line 10, replace "54-35-26 which" with "deduction or credit that"

Renumber accordingly

Date: 3-15-17
 Roll Call Vote #: 1

**2017 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1354**

Senate _____ Finance and Taxation _____ Committee

Subcommittee

Amendment LC# or Description: 17.0874.02001

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Unruh Seconded By Laffen

Senators	Yes	No	Senators	Yes	No
Chairman Dwight Cook			Senator Jim Dotzenrod		
Vice Chair Brad Bekkedahl					
Senator Lonnie J. Laffen					
Senator Jessica Unruh					
Senator Scott Meyer					

Total (Yes) _____ No _____

Absent _____ Motion passed

Floor Assignment _____

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

Date: 3-15-17
 Roll Call Vote #: 2

2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
 BILL/RESOLUTION NO. 1354

Senate _____ Finance and Taxation _____ Committee

Subcommittee

Amendment LC# or Description: 17.0874.02001 Title, 3000

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Laffen Seconded By Unruh

Senators	Yes	No	Senators	Yes	No
Chairman Dwight Cook	<u>X</u>		Senator Jim Dotzenrod	<u>X</u>	
Vice Chair Brad Bekkedahl	<u>X</u>				
Senator Lonnie J. Laffen	<u>X</u>				
Senator Jessica Unruh	<u>X</u>				
Senator Scott Meyer	<u>X</u>				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Meyer

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

REPORT OF STANDING COMMITTEE

HB 1354, as engrossed: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1354 was placed on the Sixth order on the calendar.

Page 1, line 3, replace "incentives" with "deductions or credits"

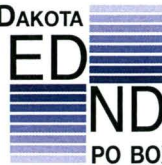
Page 1, line 9, remove "incentive identified in section"

Page 1, line 10, replace "54-35-26 which" with "deduction or credit that"

Renumber accordingly

2017 TESTIMONY

HB 1354



#1
1-25-17
HB 1354

**Testimony of Connie Ova, Vice President
Jamestown/Stutsman County Development Corporation
Testimony for HB 1354
January 25, 2017**

Chairman Headland and members of the House Finance and Taxation Committee. I'm Connie Ova, vice president of the Jamestown/Stutsman County Development Corporation and president of the Economic Development Association of North Dakota. EDND supports transparency and access to information as we study economic incentives but has some concerns about the broadness of the language of HB 1354.

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota with a primary purpose to support the creation of new wealth and diversification of North Dakota's economy.

When taxpayer funds are part of a business development deal, developers and city officials inform project owners they will be held to a level of scrutiny and are expected to have transparency with many of their business dealings. In addition, many of the funds utilized by rural and urban communities and counties require public hearings and/or political subdivision approval.

During the interim, it was obvious to EDND that a lack of information was an issue when studying economic development incentives. EDND also wants the best incentives in place to attract businesses while providing a return on investment for taxpayers. However, language in this bill does not specify what information may be required by the Tax Commissioner. Requiring businesses to completely open their books if they use a tax incentive could be a roadblock for businesses interested in locating in North Dakota and could affect our reputation as a business-friendly state. EDND would ask the committee to take a closer look at what information is needed from businesses to complete the economic incentives review and amend the bill accordingly.

Thank you for your time, and I am happy to answer any questions regarding this bill.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1354

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact subsection 5 of section 54-35-26 of the North Dakota Century Code, relating to the disclosure of tax incentive information for taxpayers receiving tax incentives.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 5 of section 54-35-26 of the North Dakota Century Code is amended and reenacted as follows:

5. The department of commerce, tax commissioner, economic development foundation, and any other state agency or instrumentality shall provide data and analysis as requested by the interim committee conducting the analysis under this section.
 - a. If data is not available, the entity requested to provide the information shall advise the committee how the data could be obtained and the estimated cost of obtaining the data.
 - b. If data is available but cannot be shared with the committee, the entity requested to provide the information shall explain the reason and whether there are options that could be used to obtain the data or an adequate substitute for the data.
 - c. Upon written request from the chairman of the interim committee, the tax commissioner shall disclose the amount of any tax incentive identified in subsection 3 claimed or earned by the taxpayer. This subdivision does not authorize disclosure of the taxpayer's name or any other information prohibited from disclosure under title 57. The information provided by the tax commissioner may be used by the interim committee only for purposes of conducting the study under subsection 2. The tax commissioner shall provide notice to taxpayers of possible disclosure under this subsection, in the manner prescribed by the tax commissioner.

Renumber accordingly

1
2-1-17
HB 1354

Prepared by the Office
of State Tax Commissioner
April 1, 2017

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1354

Page 1, replace lines 7 through 10 with:

“Upon written request from legislative management or the chair of a standing legislative committee, the tax commissioner shall disclose the amount of any tax incentive identified in section 54-35-26 that was claimed or earned by a taxpayer. This subdivision does not authorize disclosure of the taxpayer’s name or any other information that is prohibited from disclosure under title 57. The tax commissioner shall provide notice to taxpayers of possible disclosure under this subsection, in a manner as prescribed by the tax commissioner.”

Page 1, line 11, replace “for tax incentives awarded after” with “July 1, 2017.”

Page 1, remove line 12

Renumber accordingly

3/1/2017

HB 1354

Attachment #1

Pg 1



March 1, 2017
The Honorable Senator Dwight Cook
Finance and Taxation Committee
Re: Support for House Bill 1354

Chairman Cook and members of the committee:

My name is Brent Bogar and I am representing the Greater North Dakota Chamber. The GNDC works on behalf of all our members to support building a strong, vibrant business climate in North Dakota. GNDC stands today in support of HB 1354.

GNDC has worked with its members and legislators over the years to create a business climate in North Dakota. At times this has been accomplished through various incentives for businesses that are designed to encourage investment, job retention and creation, economic diversification, and growth for North Dakota's economy.

The creation of any incentive should be measured for its effectiveness and we have seen the start of this with the review of various incentives that have been adopted by the legislature over the years. GNDC fully supports the review of such incentives to ensure that they are producing the intended results.

HB 1354 is another way for the legislature to receive appropriate information regarding the utilization of tax incentives. In any venture it is important to have data to help make decisions on the effectiveness of a program or policy. HB 1354 provides for a method in which data can be shared to determine effectiveness, while also protecting the privacy of those receiving the incentive.

GNDC supports the efforts of the legislature to ensure the any tax incentives that are available are utilized and producing results in which they were intended to create. HB 1354 is one way that can help to make this determination.

Chairman, members of the committee GNDC urges a Do Pass on HB 1354.



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3/15/2017

HB 1354

Attachment #1 pg 1

DRAFT PROPOSED AMENDMENTS TO HOUSE BILL NO. 1354

(Prepared by Legislative Intern Brady Pelton at the request of the Committee)

March 15, 2017

Amendment #: 1.01

Page 1, line 3, replace "incentives" with "deductions or credits"

Page 1, line 9, replace "incentive" with "deduction or credit"

Page 1, line 9, remove "identified in section"

Page 1, line 10, remove "54-35-26"

Renumber accordingly