



## **Testimony— House Finance and Taxation Committee House Bill 1099**

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Chairman Headland, and members of the House Finance & Taxation Committee:

My name is Shannon Fleischer. I am here on behalf of the Office of State Tax Commissioner in support of HB 1099, the Tax Department's housekeeping bill. I was asked to provide an explanation to the Committee of the provisions of House Bill 1099. State Supervisor of Assessments Kim Vietmeier is available if there are any questions specific to Section 2 of the Bill.

### **Section 1 of bill**

Page 1, lines 9-15: This amendment would allow the Tax Commissioner, for good cause shown, to waive any penalty imposed against a supplier of alcoholic beverages for failure to file reports with the Tax Commissioner required under N.D.C.C. § 5-03-09. A supplier is a manufacturer, importer, marketer, or wholesaler of alcoholic beverages. Similar language allowing for waivers of penalty for good cause exists in the other tax types administered by the Tax Commissioner. The reason for this change is that there are instances where the delay in filing the report is beyond the control of the alcoholic beverage supplier. This language would give the Tax Commissioner the ability to acknowledge those instances if the taxpayer has good cause for failing to meet a deadline.

## **Section 2 of bill**

Page 1, lines 16-24 and Page 2, lines 1-8: The 2017 Legislative Assembly, in House Bill 1356, which related to statements of full consideration recorded by county recorders, repealed the same language in N.D.C.C. § 11-18-02.2, and, due to an oversight, the language in N.D.C.C. § 57-01-06, the “sales ratio” statute, was not amended at that time. This technical amendment would make these statutes consistent so that both the Tax Department and counties are using the same information when preparing and using the sales ratio study.

## **Section 3 of bill**

Page 2, lines 9-19: This section of the bill proposes to remove the requirement that notices sent to sales and use tax permit holders be sent by registered or certified mail. With the repeal of this requirement, the process would allow notices to be sent by first class mail with an affidavit or other proof of service statement. Currently, if a taxpayer does not pick up the registered or certified mail, the Tax Commissioner is required to serve the documents by a sheriff. The costs associated with sending notices by registered or certified mail and serving notices by sheriff have continued to rise. This change would result in cost-savings while still ensuring proper notices are sent to permit holders.

## **Section 4 of bill**

Page 2, lines 20-31 and Page 3, lines 1-2: Under N.D.C.C. § 57-39.2-23, the information contained in county lodging tax and county lodging and restaurant tax returns and reports is confidential. This amendment makes that information available to no more than two members of a county governing body in the same manner as presently exists for city lodging tax and city lodging and restaurant tax information.

Chairman Headland, members of the Committee, the Tax Commissioner respectfully requests favorable consideration of House Bill 1099. We are available for any questions you may have. Thank you.