



Testimony House Finance and Taxation Committee House Bill 1115

January 8, 2025

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

I am Tax Commissioner Brian Kroshus and I am here to provide testimony in support of House Bill 1115. House Bill 1115 contains amendments proposed by the Tax Commissioner related to forms prescribed by the tax commissioner, filing of forms and reports with the tax commissioner, and maintaining bonds posted with the tax commissioner.

Section 1 of the Bill:

When a county forecloses on a property tax lien, the law provides that the purchase price can be paid in cash or in installments. If the purchase price is paid in a lump sum, existing law sets forth the form of the county deed to be issued to the purchaser. However, if the purchase price is to be paid in installments, N.D.C.C. § 57-28-15(3) provides that the contract for deed be in a form prescribed by the state tax commissioner.

The Office of State Tax Commissioner has no involvement in county foreclosures of property tax liens, is not a party to those discussions or agreements between county officials and a purchaser, and does not draft contracts under any other provision of century code. Section 1 of House Bill 1115 removes the requirement that the tax commissioner set the form of agreements between the county and private parties. Existing law sets out the basic requirements of such a contract for deed. The amendment in Section 1 ensures that the actual parties to the contract can negotiate the terms that best fit their situation within the basic requirements of statute.

Sections 2 through 6, 8 through 16, 19 through 21, 24 through 26, and 29 through 32 of the Bill:

Section 2 of the Bill clarifies that, if a corporate officer elects to post a bond to avoid personal liability for failure to file returns or pay taxes when due, that bond must be posted and maintained. Similar language appears throughout the tax code regarding corporate officers,

limited liability company members, general partners of a limited liability partnership posting bonds to avoid personal liability for failure to file returns or pay tax for many different tax types. In each section noted above, the same language is inserted, clarifying that a bond must be posted and maintained to avoid personal liability.

Section 7 of the Bill:

Subsection 5 of section 57-38-60 of the North Dakota Century Code sets forth the penalties for failure to file informational statements with the tax commissioner. When informational statements are not timely filed by employers, it becomes difficult for the tax commissioner to process tax returns and promptly issue refunds to North Dakota taxpayers.

This subsection of code has not been updated for decades. The updates in Section 7 of this Bill increase the penalty from ten to fifteen dollars per return and removes the cap. These changes modernize this section of code and ensure that the incentive to timely file informational statements is equally effective for the smallest and the largest of employers, and benefits taxpayers who are owed refunds.

Sections 17, 18, 22, 23, 27, and 28 of the Bill:

Section 17 of the bill adds language giving the tax commissioner the authority, when good cause is shown, to grant an extension of time of up to thirty days for a refiner, supplier, distributor, importer or exporter of motor vehicle fuels to file a report. Without this authority, the only option when a report cannot be filed on time is to assess a penalty and then waive it for good cause. This change creates better consistency with other tax types and gives the tax commissioner the flexibility to provide better service to taxpayers.

The same change is also made in sections 18, 22, 23, 27, and 28 of the Bill regarding reports from refiners, suppliers, distributors, importers, exporters, and terminal operators reporting for purposes of tax on motor vehicle fuels, special fuels, and aviation fuels.

Section 33 of the Bill:

Provides that the changes in Section 7 of the Bill regarding informational statements apply to statements due after December 31, 2025.

Section 34 of the Bill:

Provides that the changes in Section 7 become effective after December 31, 2025.

Chairman Headland, and members of the Committee, I respectfully request favorable consideration of House Bill 1115. I am available for any questions you may have. Thank you.

Prepared by:

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