

1999 SENATE FINANCE AND TAXATION

SB 2099

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2099

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 01/11/99

Tape Number	Side A	Side B	Meter #
1		x	4210-end
Committee Clerk Signature <i>Shirley Med</i>			

Minutes:

Chairman Urlacher-Opened the hearing on 2099, A BILL RELATING TO GOVERNOR & MANAGER LIABILITY FOR USE TAX.

Donnita Wald-Special Assistant Attorney General for State Tax Commissioner, submitted testimony.

Senator Urlacher-Asks for questions or discussion on this Bill? Is there another bill in House?

Donnita Wald-No.

Senator Christmann-Does++he next Bill deal with the same sections or changes that will go over the top of these? Or can we act on them separately Donnita Wald-If they both would pass, the code reviser would merge the two, and make the changes. They do deal with the same section of the law. If they don't pass, they will make changes

Senator Christmann-On Bill 2099, can I have an example of how it would be affected? What is the problem and what are we fixing?

Donnita Wald-The LLC is an employer, sales tax doesn't care about the employer or not, what happens is the language was copied, and from that law, they do care if you are an employer. So a technical correction will have to be made. No change in the law.

Senator Kinnoin-The new language, with the sales tax permit, is it always on that sheet?

Donnita Wald-Yes.

Senator Urlacher-Any questions or discussion? We will close the hearing.

COMMITTEE ACTION-01/12/99-A PROPOSED AMENDMENT TO SENATE BILL 2099, SUBMITTED BY THE TAX DEPT. WAS DISCUSSED. COMMITTEE MOVED TO ADOPT THE AMENDMENT. MOTION MADE BY SEN. STENEHJEM TO AMEND SB 2099, AS RECOMMENDED, SECONDED BY SEN. KINNOIN. 7 YEAS 0 NAYS 0 ABSENT, OR NOT VOTING. DO PASS AS AMENDED MOTION BY SEN. CHRISTMANN, AND SECONDED BY SEN. WARDNER. 7 YEAS 0 NAYS 0 ABSENT, OR NOT VOTING. SENATOR WARDNER IS CARRYING THE BILL.

Date 1/12/99

Roll call vote # 1

Please type or use black pen to complete

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2099

Senate Finance and Tax Committee

Subcommittee on _____ (Identify or

Conference Committee _____ (check where appropriate)

Legislative Council Amendment Number _____

Action Taken Adapt Ammendment

Motion Made By B Stenehjem Seconded By Kinnoin

Senators	Yes	No	Senators	Yes	No
SENATOR URLACHER	✓				
SENATOR CHRISTMANN	✓				
SENATOR SCHOBINGER	✓				
SENATOR STENEHJEM	✓				
SENATOR WARDNER	✓				
SENATOR KINNOIN	✓				
SENATOR KROEPLIN	✓				

Total 7 0
(Yes) (No)

Absent 0

Floor Assignment _____

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

Date 1-12-99

Roll call vote # 2

Please type or use black pen to complete

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2099

Senate Gen & Jap Committee

Subcommittee on _____ (Identify or

Conference Committee _____ (check where appropriate

Legislative Council Amendment Number _____

Action Taken Do Pass - As amended

Motion Made By Christmann Seconded By Kinnoin

Senators	Yes	No	Senators	Yes	No
SENATOR URLACHER	✓	_____	_____	_____	_____
SENATOR CHRISTMANN	✓	_____	_____	_____	_____
SENATOR SCHOBINGER	✓	_____	_____	_____	_____
SENATOR STENEHJEM	✓	_____	_____	_____	_____
SENATOR WARDNER	✓	_____	_____	_____	_____
SENATOR KINNOIN	✓	_____	_____	_____	_____
SENATOR KROEPLIN	✓	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total 7 0
(Yes) (No)

Absent _____

Floor Assignment Sen. Wardner

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

REPORT OF STANDING COMMITTEE

SB 2099: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2099 was placed on the Sixth order on the calendar.

Page 2, line 9, overstrike "or managers"

Renumber accordingly

1999 HOUSE FINANCE AND TAXATION

SB 2099

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2099

House Finance and Taxation Committee

Conference Committee

Hearing Date February 24, 1999

Tape Number	Side A	Side B	Meter #
1		x	6.9
Committee Clerk Signature <i>Jamie Stein</i>			

Minutes:

REP. BELTER Opened the hearing.

DONNITA WALD, SPECIAL ASSISTANT ATTORNEY GENERAL FOR THE OFFICE OF THE STATE TAX COMMISSIONER, Testified in support of the bill. See written testimony.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 2-24-99, Tape #1, Side B., Meter #52.6 to Tape #2, Side A

REP. GRANDE Made a motion for a DO PASS.

REP. GROSZ Second the motion. MOTION CARRIED.

13 Yes 0 No 2 Absent

REP. FROELICH Was given the floor assignment.

Please type or use black pen to complete

Date 2-24-99
Roll call vote # 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2099

House HOUSE FINANCE & TAX Committee

- Subcommittee on _____
- Conference Committee

} Identify or check where appropriate

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Grande Seconded By Rep. Grosz

Representatives	Yes	No	Representatives	Yes	No
BELTER	✓		WINRICH	✓	
RENNERFELDT	✓				
CLARK	A				
FROELICH	✓				
GRANDE	✓				
GROSZ	✓				
HERBEL	✓				
KROEBER	✓				
MICKELSON	✓				
NICHOLAS	A				
RENNER	✓				
SCHMIDT	✓				
WARNER	✓				
WIKENHEISER	✓				

Total 13 0
(Yes) (No)

Absent 2

Floor Assignment Rep. Froelich

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

REPORT OF STANDING COMMITTEE (410)
February 24, 1999 3:51 p.m.

Module No: HR-33-3496
Carrier: Froelich
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2099, as engrossed: Finance and Taxation Committee (Rep. Belter, Chairman)
recommends **DO PASS** (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING).
Engrossed SB 2099 was placed on the Fourteenth order on the calendar.

1999 TESTIMONY
SB 2099

**TESTIMONY BEFORE THE
SENATE FINANCE AND TAXATION COMMITTEE
ON SENATE BILL 2099**

January 11, 1999

Chairman Urlacher, members of the Senate Finance and Taxation Committee, my name is Donnita Wald, Special Assistant Attorney General for the Office of State Tax Commissioner. I am here today to testify in support of Senate Bill 2099, which is a technical correction bill introduced at the request of the Tax Commissioner.

This bill standardizes the corporate officer and limited liability company (LLC) governor or manager liability statutes contained in the sales tax law (N.D.C.C. ch. 57-39.2) and the use tax law (N.D.C.C. ch. 57-40.2). These changes, if adopted, will result in the two chapters "mirroring" each other.

Section 1 of the bill relates to LLC's governor or manager liability for sales tax purposes. Section 1 removes an incorrect reference to LLC's being employers, which is an irrelevant factor for sales tax liability. The proper condition is that the LLC must be required to hold a sales and use tax permit. ²⁰⁵

Section 2 of the bill also pertains to the sales tax. This section removes references to LLC's in N.D.C.C. § 57-39.2-18.1 as LLC governor or manager liability is provided for in N.D.C.C. § 57-39.2-15.2. (See Section 1 of this Bill).

Sections 3 and 4 relate to the use tax. Section 3 removes references to LLC's. This section also corrects an improper reference to "corporations holding a permit" as the use tax is imposed not only on those persons having a retail sales tax permit, but also on persons who purchase items out-of-state for use in North Dakota.

Section 4 then creates a new section which only addresses governor or manager liability for LLC use taxes. The creation of the new section will then mirror the provisions of the sales tax, which also contain one statute for corporate officer liability and one for LLC governor or manager liability. ³⁰⁴

The Tax Commissioner asks that the Committee give Senate Bill 2099 favorable consideration. If the Committee has any questions, I will be happy to answer them at this time.
