1999 SENATE FINANCE AND TAXATION

SB 2385

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2385

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date February 1, 1999

Tape Number	Side A	Side B	Meter #
1	x		1275-4568
Committee Clerk Signature Sheila Ward			

Minutes:

SENATOR URLACHER opened the hearing on SB2385: A BILL RELATING TO THE CORPORATE INCOME TAX; TO PROVIDE FOR APPLICATION; AND TO PROVIDE FOR EFFECTIVE DATE.

SENATOR SCHOBINGER testified on SB2385 and asked the committee to consider an amendment to the bill. (See attached testimony)

REP. BEN TOLLEFSON testified in support of SB2385 and stated how can we make up those funds that have been supplying many dollars to the budget and to the State of ND. What we need to do is bring greater opportunity to the State of ND. Smaller corporations contribute a great number of dollars to the fund. Corporate taxes are paid by many groups in the state, small and large. This bill is an important issue for the growth of enterprise within this state.

SENATOR REDLIN stated his concern for the bill when I find that the corporate income tax brings 102 million dollars per biennium into our general fund. 80% of the corporate tax comes from out-of-state corporations, whose stockholders are mostly out of state. I believe with the loss of corporate tax, it would mean an increase in many taxes right now to compensate for this tremendous loss. The sales tax increase would be about 15%, income tax increase 27%, vehicle excise tax increase 100%, to try to put together the kind of the things we are getting out of this form of tax. It would be a mistake to wipe out one of the fine sources of revenue because it is a legitimate way to help with our problems of maintaining schools, etc.

REP. THORPE testified and asked for a DO NOT PASS. North Dakota's total biannual corporate income tax collections are 102 million dollars. In 75%-85% of this amount collected is from corporations who operate in many states, not just ND. How can we make up the loss of revenue. ND would have to have an at least 90% increase in economic growth in order to make up that 102 million dollars. It would be difficult to accomplish this with our small population in the state.

SENATOR SCHOBINGER asked if there are other bills coming through the Legislature that are trying to reverse the trend regarding loss of population in ND.

REP. THORPE replied there is one bill coming up in IBL on the House side to do with some increases in minimum wage and indexing base wage. We are ranked 50th in the nation in how our people are paid on average.

SENATOR SCHOBINGER asked if the increase in the minimum wage have any real effect on the out migration of young people.

REP. THORPE replied we have had only one raise in minimum wage in 10 years and it is nowhere near covering the poverty level of what it takes to make a living.

SENATOR STENEHJEM asked if it was the sales tax that we were going to address to fund this whole bill, what would our end sales tax have to be. Would it be 15% of sales or 5.7%.

REP. THORPE replied if we address sales tax only we have to raise it from 5% to 5 3/4%.

JOHN RISCH, Legislative Director for United Transportation Union testified in opposition to SB2385. (See attached testimony) It would make the budget situation dramatically worse in the ND. Our corporate income tax is a tax that only taxes profitable corporations. If a corporation is struggling or not making any money, they are free from paying corporate taxes. If this bill did pass, we could repeal the corporate income tax and not one new job would be created in the state because of it.

SENATOR SCHOBINGER asked what is the average salary at Menard's and Wal-Mart. Do you agree stock prices are directly related to earnings. Are corporations made up of individuals.

JOHN RISCH replied I suspect Wal-Mart and Menard's do what most businesses do in the state and pay as little as they possibly can to their employees. Stock prices profits have a direct effect on the price in value and how stock prices go up, but not always. Corporations are made up of individuals who have ownership in the corporation and buy stock, as well as individuals. If this bill passes the person that gains the most is the chairman of the board of the corporation.

SENATOR STENEHJEM asked who pays the corporate income taxes.

JOHN RISCH replied it comes out of the corporate treasury.

SENATOR STENEHJEM asked how the money got into the corporate treasury.

JOHN RISCH replied the money gets into the corporate treasury from profits.

SENATOR STENEHJEM asked where do the profits come from.

JOHN RISCH replied through people.

SENATOR STENEHJEM stated the corporate federal tax collections are going down and the individual taxes are going up. If you can take the tax and remove it from the people by 1 time they don't realize they are paying it. The corporations pass the tax through and every time there is another tax put on the corporation, when I go buy another stick of gum at the store it costs me more money because I am the consumer and I have to pay it. On the bottom end you charge more corporate income tax and it is reflected in the prices that every consumer pays for every product that he buys. Depending upon how the formula was worked in your example, if they calculate it the right way, my share of paying the taxes should go up all the time because I cannot pass it to anyone because I am the end consumer. In the end, it is the consumer that is going to pay.

JOHN RISCH replied often times when the corporation is making a profit, the taxes are paid out of the profits.

RUTH STEFONOWICZ, ND EDUCATION ASS'N testified in opposition to SB2385, stating that taking away corporate income taxes would not help the situation of salaried teachers in ND.

SENATOR URLACHER closed the hearing on SB2385.

DISCUSSION 2-3-99 A MOTION TO PUT AMEND ON WAS MADE BY SEN STENEHJEM, AND SECONDED BY SEN. WARDNER. 7 Y 0 N FOR AMENDMENTS. A MOTION TO DO PASS AS AMENDED WAS MADE BY SEN STENHJEM AND SECONDED BY SEN SCHOBINGER. 4 Y 3 N CARRIER WILL BE SEN SCHOBINGER.

FISCAL NOTE

(Return original and 14 copies)

Bill/Resolution No.: ____________ Amendment to: SB 2385

Requested by Legislative Council Date of Request: 2/11/99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

   Narrative: If enacted as amended SB 2385 would reduce state general fund revenues as shown below: (Note: This estimate does not include the potential positive impacts of economic development that may occur.)

2. **State** fiscal effect in dollar amounts:

	1997-99 Biennium		**1999-2001 Biennium**		**2001-03 Biennium**	
	General Fund	**Other Funds**	**General Fund**	**Other Funds**	**General Fund**	**Other Funds**
Revenues			-$4.08 million		-$38.76 million	
Expenditures						

3. What, if any, is the effect of this measure on the budget for your agency or department:
   a. For rest of 1997-99 biennium: ____________
   (Indicate the portion of this amount included in the 1999-2001 executive budget:)
   b. For the 1999-2001 biennium: ____________
   (Indicate the portion of this amount included in the 1999-2001 executive budget:)
   c. For the 2001-03 biennium: ____________

4. **County, city, and school district** fiscal effect in dollar amounts:

1997-99 Biennium			**1999-2001 Biennium**			**2001-03 Biennium**		
Counties	**Cities**	**School Districts**	**Counties**	**Cities**	**School Districts**	**Counties**	**Cities**	**School Districts**

If additional space is needed attach a supplemental sheet.

Signed: Kathryn L. Strombeck

Typed Name: Kathryn L. Strombeck

Department: Tax

Phone Number: 328-3402

Date Prepared: February 12, 1999

FISCAL NOTE

turn original and 14 copies)

Bill/Resolution No.: SB 2385 Amendment to: ______

Requested by Legislative Council Date of Request: 1/27/99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

   Narrative: If enacted, SB 2385 would repeal the corporation income tax beginning with tax year 2000, and is expected to reduce revenues by $71,600,000 in the 99-01 biennium. This fiscal impact assumes a loss of approximately 70% of the anticipated corporate revenues for the biennium, but does not include the potential positive effect of economic development that may occur.

2. **State** fiscal effect in dollar amounts:

	1997-99 Biennium		**1999-2001 Biennium**		**2001-03 Biennium**	
	General Fund	**Other Funds**	**General Fund**	**Other Funds**	**General Fund**	**Other Funds**
Revenues			-$71,600,000			
Expenditures						

3. What, if any, is the effect of this measure on the budget for your agency or department:
   a. For rest of 1997-99 biennium: ______
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Counties	**Cities**	**School Districts**	**Counties**	**Cities**	**School Districts**	**Counties**	**Cities**	**School Districts**

If additional space is needed attach a supplemental sheet.

Signed: ______

Typed Name: Kathryn L. Strombeck

Department: Tax

Date Prepared: January 29, 1999

Phone Number: 328-3402

90502.0101
Title. 0200

Prepared by the Legislative Council staff for
Senator Schobinger
February 2, 1999

PROPOSED AMENDMENTS TO SENATE BILL NO. 2385

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 57-38 of the North Dakota Century Code, relating to annual reductions in corporate income tax liability;"

Page 1, line 6, remove "and"

Page 1, line 9, remove "to provide for application; and"

Page 1, line 10, after "date" insert "; and to provide an expiration date"

Page 9, after line 2, insert:

"**SECTION 12.** A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Phaseout of corporate income tax. The income tax liability of a corporation as determined under this chapter must be reduced by:

1. Twenty percent for the first taxable year beginning after December 31, 2000.
2. Forty percent for the first taxable year beginning after December 31, 2001.
3. Sixty percent for the first taxable year beginning after December 31, 2002.
4. Eighty percent for the first taxable year beginning after December 31, 2003."

Page 16, line 14, replace "**APPLICATION**" with "**EXPIRATION DATE**", replace "This" with "Section 12 of this", and after "for" insert "the first four"

Page 16, line 15, replace "1999, and for taxable years beginning before January 1," with "2000, and is thereafter ineffective. Sections 1 through 11 and 13 through 19 of this Act are effective for taxable years beginning after December 31, 2004."

Page 16, remove lines 16 and 17

Renumber accordingly

Date: 2/3/99
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2385

Senate Senate Finance and Taxation Committee

☐ Subcommittee on
or
☐ Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass as amended

Motion Made By Sen Stenehjem Seconded By Sen Schobinger

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

Total (Yes) 4 No 3

Absent

Floor Assignment Sen. Schobinger

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

REPORT OF STANDING COMMITTEE

SB 2385: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (4 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). SB 2385 was placed on the Sixth order on the calendar.

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 57-38 of the North Dakota Century Code, relating to annual reductions in corporate income tax liability;"

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Renumber accordingly

1999 TESTIMONY

SB 2385

TESTIMONY SENATE BILL 2385
PREPARED BY REPRESENTATIVE ELWOOD THORPE
MONDAY - FEBRUARY 1, 1999

Chairman Urlacher and members of the committee. For the record my name is Elwood Thorpe from District 5.

I am here before you to alert you to some things that I believe are imperative to know before you can make a educated vote on this particular bill.

North Dakota's total biennial corporate income tax collections are $102 million. 75-85 Percent of this $102 million collected is from corporations who operate in many states, not just North Dakota.

Which of the following would you want to do to replace the lost revenue?

North Dakota would have to increase the sales tax from 5% to 5.67% to replace the lost revenue.

North Dakota would need to increase the income tax from 14% to 17.5% to replace the lost revenue.

Or North Dakota would have to have a 9% increase in economic growth in order to make up this $102 million lost revenue.

Chairman and members of the committee I ask you for a DO NOT PASS on Senate Bill 2385.

united transportation union

JOHN RISCH
[redacted] Legislative Director
[redacted] DAKOTA LEGISLATIVE BOARD

750 Augsburg Avenue
Bismarck, ND 58504
Office: 701-223-0061
Fax: 701-223-0061
E-mail: JohnRisch@aol.com

Testimony of John Risch
Before the Senate Committee on
Finance a Taxation
Opposing Senate Bill 2385
February 1, 1999

Mr. Chairman and members of the committee, my name is John Risch. I am the North Dakota Legislative Director of the United Transportation Union. The UTU is the largest rail labor union in North America. Our membership includes conductors, engineers, switchmen, trainmen and yardmasters.

The UTU opposes this bill for several reasons:

1. If this bill passes it will make North Dakota's budget problems worse. Show graph.

2. This bill would grant total income tax relief only to "profitable" corporations. Struggling corporations would not benefit. The beauty of our current income tax is, profitable businesses pay and unprofitable ones don't.

3. The bill is bad public policy. It grants tax breaks to established businesses that have no obligation to reinvest any of it in our state. One could argue that this bill will simply take corporate North Dakota off the income tax roles and not one new job will be created. Discuss BNSF. 3290

4. Corporations already can get some of their income tax rebated through income tax credits for job training and other corporate welfare programs.

5. Businesses are not paying their historical share of taxes now. Show chart.

When you think about the current condition of North Dakota's economy there are segments that are in trouble.

Certainly our state's farmers need help, but do Monsanto and Cargill need new tax breaks?

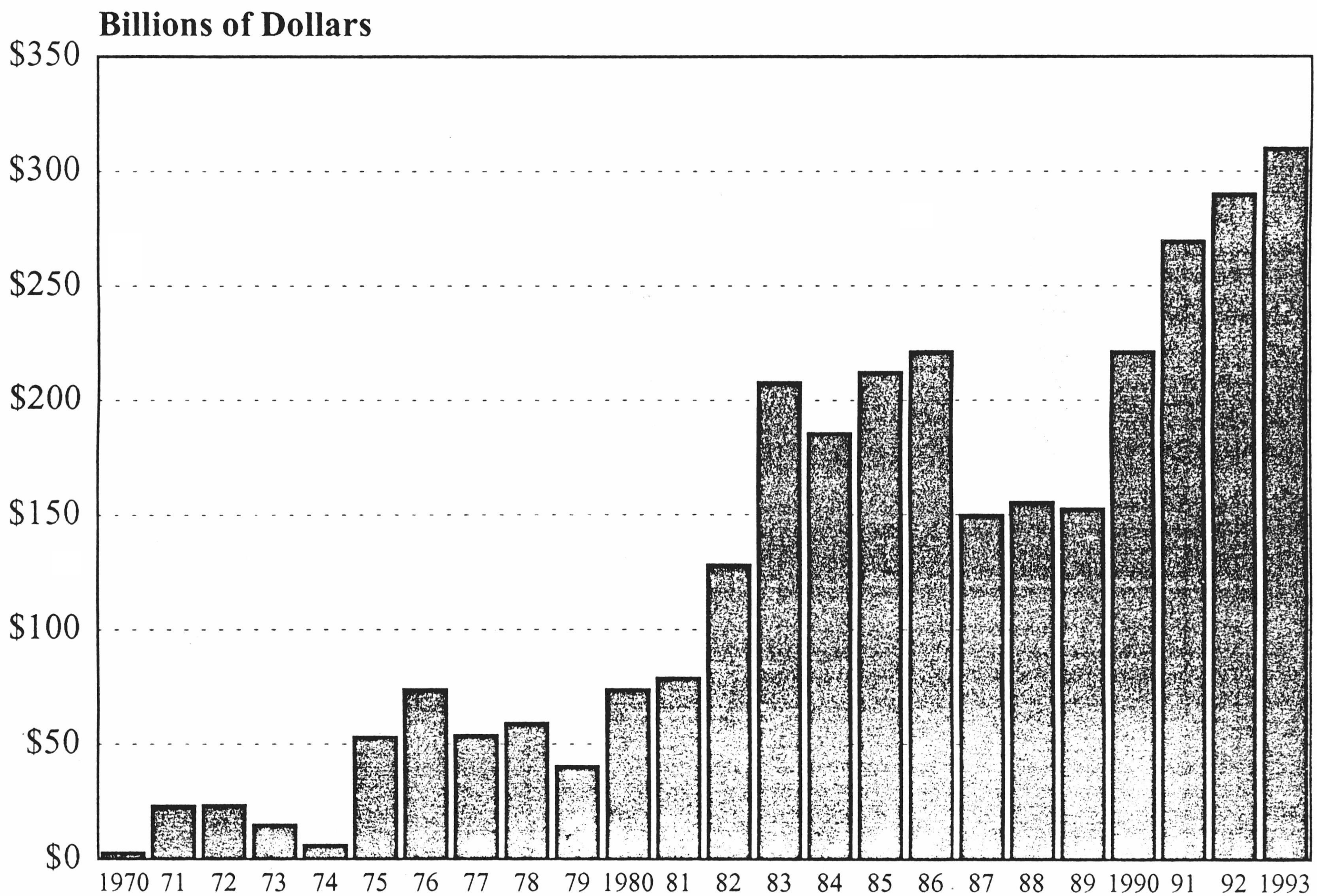
Certainly low-paid workers need help, but do Walmart and Menards need to be taken off the income tax roles?

I've been visiting with my membership about this bill and the probability that if it passes taxes on them will need to be raised to cover the cost. It's an understatement to say they are less than supportive of the bill.

The fundamental issue of this proposal is tax fairness. Is it fair to take the most prosperous off the tax roles, at the expense of the rest of us?

We say no and oppose the bill for that reason.
Saved:2385

Annual Budget Deficit



Source: CBO.

Corporate
93-95 1/3 as much
overall income
7.6%-

GENERAL FUND REVENUES (In Millions)

REVENUE SOURCE	ACTUAL 1993-95	ACTUAL 1995-97	ESTIMATE 1997-99	ESTIMATE 1999-01	
Sales and Use Taxes	$ 551.5	$ 605.6	$ 673.1	$ 754.1	+12%
Individual Income Tax	279.8	315.5	355.9	381.0	+7%
Corporate Income Tax	94.8	99.3	115.2	102.3	-12%
Cigarette and Tobacco Tax	44.8	45.0	44.8	44.7	
Oil Taxes	52.9	55.0	44.9	43.7	
Coal Taxes	46.8	46.4	46.2	46.9	
Insurance Premium Tax	32.1	36.9	34.8	35.8	
Departmental Collections	22.1	28.7	32.3	32.3	
Interest Income	13.6	15.6	18.6	15.0	
Bank of North Dakota Profits	14.1	50.3	29.6	60.0	
Mill and Elevator Profits	-	1.0	3.0	3.0	
Other Revenue	46.6	43.7	48.1	45.7	
Transfers	50.1	38.4	36.9	3.0	
TOTAL REVENUES	$ 1,249.2	$ 1,381.4	$ 1,483.4	$ 1,567.5	

Other revenue includes business privilege tax, wholesale liquor tax, gaming tax, mineral leasing fees and gas tax administration transfers.

MONEY MATTERS

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The North Dakota Office of
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Rod Backman, Director
Pam Sharp, Deputy Director

Copies of this publication
may be obtained by
referring requests to:
Office of Management and Budget
600 East Boulevard Ave., Dept. 11[illegible]
Bismarck, ND 58505-0400
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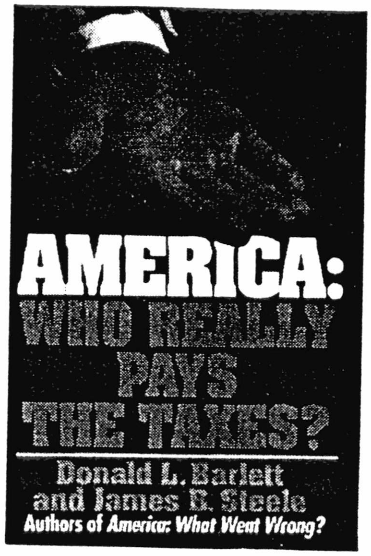
http://www.state.nd.us

America: Who Really Pays The Taxes
By Donald L. Barlett and James B. Steele
(New York: Simon and Schuster, 1994)



A Book Summary for Busy People

This is an important book. America: Who Really Pays The Taxes is the sequel to America: What Went Wrong which looked at the disastrous impact of 1980s public policies on jobs. This book is full of great examples and anecdotes. This summary tries to give the busy reader an accounting of the main points and lessons.

Main Arguments

The U.S. has a two-tier, two-class tax system: one for the wealthy ("Privileged Person's Tax Law") and one for everyone else ("Common Person's Tax Law"). When Congress pushes for progressive tax reforms it's called "class warfare" -- when the tax burden is shifted onto the middle class and poor, it's labeled "tax reform." (Quote p. 65)

Over the last 30 years, the tax burden has been transferred:
* From the wealthy to the middle class and poor;
* From corporations to individuals;
* From foreign corporations to domestic corporations;
* From foreign investors to U.S. workers;
* From multinational corporations to medium sized and small businesses;
* From the federal government to state and local government whose taxes are the "most unfair of all."

Chapter 4 -Why Corporations Pay Less

Soaring deductions! "If corporations in 1994 paid taxes at the same rate as corporations did through the 1950s, the U.S. treasury would collect an extra $250 billion a year" (p. 140).

Tax burden Shift: Percent of total federal tax collections

	From corporations...	From Individuals
1940s	-- 33%	... 44%
1950s	-- 31%	... 49%
1960s	-- 27%	... 57%
1970s	-- 21%	... 66% (Av.$178 billion a yr.)
1980s/90s	-- 15%	... 73%
post 86	-- 18%	... 82% ($550 billion a yr.)

(excise taxes and other revenues make up the difference to 100%)

Corp. payers less today

Corporate taxes have declined as a result of foreign deductions, net operating loss deductions), bloated executive salaries, runaway interest payments (on leveraged buyout debt). "Money that once went to the U.S. Treasury in taxes now goes to the people and institutions that own the corporate debt" (p. 150). Case study of "natural resource partnerships and special treatment (pp. 158-163).

* Estimates of revenue from corporations disastrously low.
* The interest deduction once served a purpose: now very destructive.
* Case study of Chapter S Corp. loopholes (pp.167-173)

Corporate Tax Politics

ON APRIL 15, 1994, while millions of U.S. citizens struggled with Byzantine forms and rising tax rates, the chieftains of the largest U.S. corporations enjoyed what is for them an increasingly benevolent Tax Code.

The tax burden on corporations, particularly large corporations, is declining while it gets tougher each year for average U.S. families to meet their tax obligations.

Individuals in 1993 have paid up to 40 percent of their income to the federal government. When combined with rising local and state taxes, for many citizens this will have meant handing over 50 percent of their income to the government. And this does not even include user fees — the hidden taxes politicians have been quietly hiking for the last decade for services such as driver's license renewals, marriage certificates or emergency medical care. The rise in these fees has greatly outpaced the rate of inflation in recent years.

Corporations, in contrast, will officially be required to pay only 35 percent of their income in federal taxes, making the U.S. corporate tax rate among the lowest in the industrial world. Many European countries impose a 40 percent corporate tax rate; and Germany taxes corporations at a 50 percent rate.

But the percentage rate itself belies the true corporate taxation rate, because in practice corporations almost never pay the full rate, thanks to myriad loopholes unavailable to individuals. Companies can deduct rent, repairs and the infamous "business lunch." Corporations can reincorporate or move overseas to escape tax liability; they can hide assets; and it is well documented that multinational corporations frequently underreport the amount of income earned in the United States.

The Washington, D.C.-based Tax Foundation estimates that when all deductions and loopholes are accounted for, the effective federal corporate income tax rate is only 23 percent. And the corporate share of the federal government's general tax fund collection fell from 33 percent in the 1940s to 15 percent in the 1980s, where it remains today, according to Philadelphia Inquirer reporters Donald Barlett and James Steele's new book, *America: Who Really Pays the Taxes?*

"If corporations in 1994 paid taxes at the same rate as corporations did through the 1950s, the U.S. Treasury would collect an extra $250 billion a year," Barlett and Steele write. "That's two and one half times as much money as corporations presently pay in taxes."

Individuals increasingly bear the burden of federal, state and local taxation because big business lobbyists have rigged the entire structure of taxation to benefit large corporations. These lobbyists swarm Capitol Hill daily, pressuring policymakers for special tax treatment for cigarette advertising, savings and loan operators and agribusiness. Each loophole adds another layer of complexity, benefiting big business at the expense of individuals and turning the Tax Code into what President George Bush's Tax Commissioner called "a virtually impenetrable maze." Congress has compounded the problem by enacting 10 major revisions to the Tax Code since 1981, further diminishing respect for the system and undermining the willingness of even the most law-abiding taxpayers to properly calculate their tax burden.

When Jimmy Carter called the Tax Code "a disgrace to the human race," even he didn't foresee the expansion and extension of corporate tax loopholes. An illuminating example is Section 936 of the Tax Code, a $3 billion a year tax break for corporations that operate in the U.S. Commonwealth of Puerto Rico that allows them to take a tax credit for the amount of profit they make in that country [See "Losing Jobs to 936," *Multinational Monitor*, July/August 1993]. Giant U.S. pharmaceutical corporations are the principal beneficiaries of this largesse. The General Accounting Office, the investigative arm of Congress, found that the tax savings of the pharmaceutical company Pfizer was roughly $156,000 per worker, or six times the average compensation for workers at Pfizer's Puerto Rican operations. This tax dodge, while draining the Treasury, is in no way linked to the number of jobs corporations create for the depressed Puerto Rican economy.

With a multi-million dollar lobbying effort, the drug industry convinced the Clinton Administration to retain its Puerto Rican subsidy. In the battle to defend this corporate subsidy, the industry enlisted lobbying firms, law firms, former members of Congress and other wheeler-dealers. And Section 936 is only one example: the Office of Management and Budget estimates that in 1994 taxpayers will have to make up for $53.3 billion in tax breaks for corporations.

Hundreds of big companies in a broad range of industries have manipulated the tax system to extreme advantage. Barlett and Steele document some major tax-scamming corporations that have managed to keep their U.S. tax rate in the single digits and their overall tax burden below 15 percent:

• Royal Caribbean Cruise Lines takes in about $1 billion in gross receipts annually, and earns tens of millions in profits — but it doesn't pay a cent of U.S. income tax. Although the company and its ships are based in Miami, it is incorporated in Liberia and registers its ships in the Bahamas, Liberia and Norway. The beneficiaries of this creative scheme are two super-rich family investors in the cruise line: the Wilhelmsens of Norway, and the Pritzkers of Chicago.

• In 1991 and 1992, Chase Manhattan Bank reported income before taxes of $1.5 billion. On this sum, it paid $25 million in U.S. income taxes, a rate of 1.7 percent. Chase did pay $170 million in foreign taxes — bringing its overall tax rate to 13.3 percent.

• For 1991 and 1992, Texaco reported income before taxes of $2.7 billion. It paid $237 million in U.S. income taxes, a rate of 8.8 percent, and an additional $103 million in foreign taxes, for a total global tax rate of just 12.6 percent.

And so the great corporate tax loophole machine just keeps rolling on, unchanged under an administration allegedly committed to, in the words of President Clinton, "breaking the stranglehold ... the lobbyists have on our government." Despite promises of tax reform, the so-called "Tax Freedom" day for individuals keeps moving back, meaning that if an average middle income taxpayer's 1993 salary, starting from January 1, went solely to pay taxes, it would have taken until May 3 for that taxpayer to meet all the federal, state and local payments due. By comparison, Tax Freedom day was March 8 in 1940, and it would have been sometime in April before the 1980s.

— Carl Mayer

Carl Mayer is a law professor at Hofstra College.

SENATE BILL 2385

Mr. Chairman and members of the Senate finance and tax committee. My name is Randy Schobinger and I am the state senator representing District 3.

North Dakota has three extremely valuable exports. Two we want to enhance and one we don't. Exports of agricultural products and energy resources benefit our great state. The third and fastest growing export is -- unfortunately -- our young people.

The purpose of SENATE BILL 2385,which eliminates the corporate income tax, is to take a first and major step to reduce the export of North Dakota's youth. To do this we must provide opportunities here in North Dakota. That will happen only if new industry chooses to locate here.

I understand there are those who oppose this bill. Some believe we can not afford it. I don't think we can afford not to. Some argue business must pay its "fair share". I believe providing opportunities so our children can remain here is worth a "fair share". Still others ask who else is doing it? I say who cares? We must do what is best for North Dakota and if that means going where others have not; I'm willing to go.

1440

North Dakota has a very diverse educational system yet our economy is not so diverse. The natural result of this is our young people receiving their degrees in North Dakota and finding jobs that fit those degrees in others states. This is unacceptable to me.

This Bill will force us to seriously embark on a path leading us toward a positive future. A future we can forge for ourselves. Failure to do this will leave us adrift with no direction and no plan for the future.

Many towns and cities in our state are desperately trying to impact their future. They can not do it without legislative leadership. They can not set state policy. They can not send the message that North Dakota – THE STATE OF NORTH DAKOTA – means business. We can and we can begin today by sending a message to the full Senate that this Committee is serious and means business.

1518

If we don't do it, who will? If it isn't done soon, when will it be? If we aren't willing to step out and lead, who is?

Sending this to the full Senate with a DO PASS could very well be the most important message that is sent by this committee this year. We were not sent here to maintain the status quo. I urge us to consider the future of our state. I urge us to ask if we want our youth to have the opportunity to stay here. If our answer is yes – then let's vote YES and send this bill to the rest of our colleagues with a firm vote of approval.

Mr. chairman; I would also like the committee to consider an amendment to this bill. It's a simple amendment. My amendment would make the effective date of this bill in 2001. This will allow for the next governor of North Dakota to write his or her budget based on expected revenues and impact of this bill.

Thanks you Mr. Chairman and I'll try to answer any questions I can at this time. 1545