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10/2/03

2003 HOUSE FINANCE AND TAXATION

HB 1196

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ODIOS Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1196

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 20, 2003

| Tape Nu | mber | Side A | Side B | Meter # |
|-------------|-----------------|--------|---------|---------|
| | 1 | X | | 39.8 |
| | | | | |
| | | | | |
| Committee (| Clerk Signature | Janie | e Stein | |

Minutes:

REP. WESLEY BELTER, CHAIRMAN Called the hearing to order.

REP. GIL HERBEL. Introduced the bill. This bill removes lines 32 and 33 from the state income tax form. The reason for the removal of these two lines is that the tax form, should be a tax form, and not a fund raising form. He stated he is not opposed to the Boy Scouts and the Girl Scouts, the Salvation Army and the veterans, the crippled children, the senior citizens, United Way, Red Cross, all of these are great causes. I firmly believe they need a different mechanism to fund their causes. Eventually, if you add more check-offs, you will have requests for more of these organizations. The income tax form should be kept to do your income taxes. Attached, is a copy of the Individual Income Tax Return.

LARRY KOTCHMAN. STATE FORESTER. Testified in opposition of the bill. See attached written testimony, plus a handout "Trees for North Dakota".

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House Finance and Taxation Committee
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REP. FROELICH How does your program differ or vary from the programs of the Soil Conservation Services, why can't we do it through the Soil Conservation Services and abolish this one?

LARRY KOTCHMAN The programs differ in the sense that the forests that are planted, are aimed at communities. There is no other cost share available for that kind of an activity from the Soil Conservation District. In terms of the living snow fence effort, these programs are funded through activities that come from our agency. We do work with the Soil Conservation Districts very closely in the administration of the living snow fence effort. The thing about cost funds that are unique for living snow fences is that there are other programs that help establish living snow fences, but they only fund up to seventy five percent of the cost. These monies are often, additional dollars that go in to a project to bring it up to 100% of the out of pocket costs for a private landowner.

DEAN HILDEBRAND. DIRECTOR OF THE NORTH DAKOTA GAME & FISH

DEPARTMENT. Testified in opposition of the bill. He reiterated what he testified to in HB 1342. He related to trees which were planted by school kids, who come back years later to find the tree they planted. Most all of those trees come from that check-off program. They hire young people in the spring of the year, to conduct tours through their wildlife sites.

REP. BELTER Are you saying, you cannot use any of your internal funds to replace these, from hunting or whatever?

DEAN HILDEBRAND Referred to the handout which was submitted to committee members, utilizing federal dollars for nongame species. The federal government is very specific on how we utilize those funds. We have lots of birdwatchers in North Dakota. All of those birdwatching

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House Finance and Taxation Committee
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Hearing Date January 20, 2003

clubs and all of those nongame things, I can't give federal dollars to, unless they are earmarked by the federal government. There are certain instances under tree planting, where I can use those types of funds.

REP. BELTER Did I hear you say, that if this bill wasn't passed, you would probably be able to find the funds?

DEAN HILDEBRAND I am going to try to plant as many trees as I can.

REP. BELTER What about the Watchable Wildlife?

DEAN HILDEBRAND Under Watchable Wildlife, it depends upon how it is placed. If something is being placed in an outdoor wildlife learning site, I will have to scramble.

REP. WINRICH Rep. Herbel in his presentation, talked about support of a number of private nonprofit organizations thrown in and saying the tax form should be simplified, do the funds that go to the watchable wildlife program support any such private nonprofits?

LARRY KOTCHMAN Answered the question. No, they do not, they come exclusively, to save forests.

REP. SCHMIDT Through the tree fund, you couldn't even if you wanted to, by law, you could not give the senior citizens any funding out of your budget?

DEAN HILDEBRAND No

REP. SCHMIDT Is that a federal law?

DEAN HILDEBRAND No, it is a state law. I couldn't take X number of dollars out of my budget and give it to the Silver-Haired Association.

REP. SCHMIDT Maybe we need to make a law to do that.

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House Finance and Taxation Committee
Bill/Resolution Number HB 1196
Hearing Date January 20, 2003

REP. FROELICH Do you have any place on the hunting and fishing licenses, right now, where you have a voluntary check-off for fifty cents or one dollar, for any of these programs we discussed?

DEAN HILDEBRAND No

REP. FROELICH Asked if it had ever been considered.

DEAN HILDEBRAND There have been a lot of things considered. Some people say you should have a check-off, to be able to increase habitat funding, and some people say you should have a check-off for almost everything. A lot of the licenses are being sold electronically, right now. Anything is possible.

BILL PFEIFER WILDLIFE SOCIETY, Testified in opposition of the bill. He stated these funds have stood the test of time for ten plus years. Apparently, they are satisfactory to the folks who are using them, and certainly to the organizations who are receiving them. There is no appropriation of state and general fund money goes into any of this, it is only a donation situation. Related to a situation which happened about ten years ago, regarding his in-laws and bird watching. This mechanism, for people like that, to show an appreciation, they don't hunt any more, but those folks can show appreciation by this donation.

MIKE DONAHUE, NORTH DAKOTA WILDLIFE ASSOCIATION, Testified in opposition of the bill.

KAY POWER. TEACHER IN BISMARCK Testifed in opposition of the bill. She stated there is no better teaching tool than bringing in the outdoors to a classroom. In the eleven years that she has taught, she used the outdoors in her classroom. She stated she has gone to the State Game & Fish for the different publications to use in the classroom, and the students are ecstatic

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Page 5 House Finance and Taxation Committee Bill/Resolution Number HB 1196 Hearing Date January 20, 2003

about that. If you cut off this funding, you are missing a big portion of the education that goes on. Gave an example of her study of the owls in North Dakota, working in the classroom. She stated they got a lot of coverage on that project in the newspaper.

RON LUETHE, CITIZEN OF BISMARCK. Testified in opposition of the bill. He felt the funding that is received from this check-off, is a great benefit for the state.

JEB WILLIAMS. NORTH DAKOTA GAME & FISH DEPARTMENT Testified in opposition of the bill. He stated he works extensively with the watchable wildlife program. He state they share the watchable wildlife program with everyone through the popular photo contest. Each year, they produce a promotional poster. This year, there were fifty participants, who sent in over three hundred photographs for the program. It offered a very unique look to the wildlife in North Dakota. This is just one of the areas in which the funding is used. These artists are then featured in the North Dakota Outdoors Magazine. It has been a very positive approach.

REP. BELTER Asked if all of the publications handed out during the hearing, were free publications?

JEB WILLIAMS That is correct.

REP. BELTER Asked whether there were any paying customers.

JEB WILLIAMS Yes, there are about 28,000 subscriptions.

With no further testimony, the hearing was closed.

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House Finance and Taxation Committee
Bill/Resolution Number HB 1196
Hearing Date January 20, 2003

COMMITTEE ACTION 1-21-03, Tape #1, Side B, Meter #39.9

Committee members discussed the pros and cons regarding this bill. Several of the committee members felt these organizations will find different ways to fund themselves then having a check-off on the income tax return.

COMMITTEE ACTION 1-27-03, Tape #1, Side B, Meter # 22.2

During discussion several committee members felt that a tax form should not be used for check-offs.

REP. WEILER Made a motion for a DO NOT PASS

REP. KLEIN Second the motion. MOTION FAILED.

REP. DROYDAL Made a motion to adopt an amendment which would change the effective date of December 31, 2002 to December 31, 2004.

REP. CLARK Second the motion. MOTION CARRIED

REP. CLARK Made a motion for a DO PASS AS AMENDED

REP. IVERSON Second the motion. MOTION CARRIED.

7 YES

6 NO

1 ABSENT

REP. GROSZ Was given the floor assignment.

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FISCAL NOTE Requested by Legislative Council 01/29/2003

Amendment to:

HB 1196

1A. State fiscal effect: identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

| | 2001-2003 Biennium | | 2003-200 | 5 Blennium | 2005-2007 Bionniun | |
|----------------|--------------------|-------------|-----------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | (\$63,000) |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

1B. County, city, and school district fiscal effect: Identify the fiscal effect on the appropriate political subdivision. 2001-2003 Biennium 2003-2005 Biennium 2005-2007 Biennium School School **School** Counties **Districts** Countles Cities **Districts Districts** Countles Cities Cities

2. Narrative: Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

Engrossed HB 1196 eliminates the optional contribution to the nongame wildlife and Trees for North Dakota programs that are contained on the income tax form. The effective date has been changed so the elimination becomes effective on the 2005 tax return. The fiscal impact in the 2003-05 biennium is zero.

- 3. State fiscal effect detail: For information shown under state fiscal effect in 1A, please:
 - A. Revenues: Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

The two funds collected a total of \$63,000 from voluntary contributions on the income tax form in the most recent two years.

- B. Expenditures: Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.
- C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name: Kathryn L. Strombeck Agency: Tax Dept.
Phone Number: 328-3402 Date Prepared: 01/30/2003

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FISCAL NOTE Requested by Legislative Council 01/09/2003

Bill/Resolution No.:

HB 1196

1A. State fiscal effect: Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

| | 2001-2003 Blennium | | 2003-200 | 5 Biennium | 2005-2007 Blennium | | |
|----------------|--------------------|-------------|-----------------|-------------|--------------------|-------------|--|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds | |
| Revenues | | | | (\$63,000) | | | |
| Expenditures | | | | | | | |
| Appropriations | | 1 | | | | | |

1B. County, city, and school district fiscal effect: Identify the fiscal effect on the appropriate political subdivision.

| 200 | 1-2003 Blenr | nium | 2003-2005 Biennium | | 200 | nium | | |
|----------|--------------|---------------------|--------------------|--------|------------------|----------|--------|---------------------|
| Counties | Cities | School Districts | Countles | Cities | School Districts | Counties | Cities | School Districts |
| | | | | | <u> </u> | I | | |

2. Narrative: Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

HB 1196 eliminates the optional contribution to the nongame wildlife and trees for North Dakota funds that are contained on the income tax form.

- 3. State fiscal effect detail: For information shown under state fiscal effect in 1A, please:
 - A. Revenues: Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

The two funds collected a total of \$63,000 from voluntary contributions on the income tax form in the most recent two years.

- B. Expenditures: Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.
- C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the blennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

| Name: | Kathryn L. Strombeck | Agency: | Tax Dept. | |
|---------------|----------------------|----------------|------------|--|
| Phone Number: | 328-3402 | Date Prepared: | 01/17/2003 | |

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Date: /- 27- 03
Roll Call Vote #: /

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. HB 1/96

| House FINANCE & TAXAT | TON | | | Com | mittee |
|-----------------------------------|-----------------|-----------|-----------------|-----|--------------|
| Check here for Conference | Committee | | Cailed | / | |
| Legislative Council Amendmen | t Number | | | | |
| Action Taken |)6 No | <u>,t</u> | Pass | | |
| Motion Made By Repu | seiler | Sec | onded By Rep K | ein | and the same |
| Representatives | Yes | No | Representatives | Yes | No |
| BELTER, CHAIRMAN | , | V | | | |
| DROVDAL, VICE-CHAIR | | 1 | | | |
| CLARK | | V | | | |
| FROELICH | | W | | | |
| GROSZ | | V | | | |
| HEADLAND | | ~ | | | |
| IVERSON | | V | | | 1 |
| KELSH | _ V | | | | |
| KLEIN | J. | | | | |
| NICHOLAS | A | | | | |
| SCHMIDT | | | | | |
| WEILER | レ | | | | |
| WIKENHEISER | V | | | | |
| WINRICH | V | | | | |
| Total (Yes) | | No | 7 | 1 | |
| Absent | | *** | | | |
| Floor Assignment | ρ | · | | · | |
| If the vote is on an amendment, t | oriefly indicat | e intent: | | | |

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Roll Call Vote #: 2

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. HB /196

| House FINANCE & TAXATI | ON | | | Com | mittee |
|------------------------------------|--------------|------------|---------------------------------------|--------|-------------|
| Check here for Conference C | Committee | | | | |
| Legislative Council Amendment | Number | | | | |
| Action Taken | 20 | | Pess as | Ame | nde |
| Motion Made By | ank . | Seco | Pas As anded By Rep. Z | leason | 1 |
| Representatives | Yes | No | Representatives | Yes | No |
| BELTER, CHAIRMAN | - K | | | | |
| DROVDAL, VICE-CHAIR | | _ | | | |
| CLARK | 1 | | · · · · · · · · · · · · · · · · · · · | | |
| FROELICH | | | | | |
| GROSZ | | | | | |
| HEADLAND | 1 | <u> </u> | | | |
| IVERSON | | | | | |
| KELSH | | | | | |
| KLEIN | | | | | |
| NICHOLAS | | | | | |
| SCHMIDT | | | | | |
| WEILER | | | | | |
| WIKENHEISER | | - | | | |
| WINRICH | | | | | |
| Total (Yes) | | No | 6 | • | |
| Absent | | | | | |
| Floor Assignment | GY | 057 | | | |
| If the vote is on an amendment, br | iefly indica | te intent: | | | |

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REPORT OF STANDING COMMITTEE (410) January 27, 2003 3:35 p.m.

Module No: HR-15-1150 Carrier: Groez Insert LC: 30311.0101 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1196: Finance and Taxation Committee (Rep. Belter, Chairman) recommends

AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS

(7 YEAS, 6 NAYS, 1 ABSENT AND NOT VOTING). HB 1196 was placed on the Sixth order on the calendar.

Page 1, line 8, replace "2002" with "2004"

Renumber accordingly

(2) DESK, (3) COMM

Page No. 1

HR-15-1150

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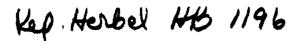
102/03

2003 TESTIMONY

HB 1196

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Form

North Dakota Office of State Tax Commissioner

ND-1 Individual income tax return 2002

| Your name (First, MI, List name) | • | | · | | Fill in only (See page | | O Amended O Extension | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------|---------------------------|---------------------------------------|---------------------------|----------------------------------------------------------------------|-----------------------|--|--|
| If joint return, spouse's name (First, MI, Last name) | | | | | | Fiscal year filer ONLY: (See page 9 Enter fiscal year beginning date | | | |
| Melling address | | | | · · · · · · · · · · · · · · · · · · · | | 1 1 | | | |
| City | State | | Zip code | | Month Enter fi | Day scal year endin | Year g date | | |
| A. Filing status used O 1. Single on federal return: O 2. Married filing joint return | • | ead of ho | usehold widow(er) with | 1 | , Month | / / | Year | | |
| (Fill in only one) 3. Married filing separate retu Spouse's name | | pendent | | | estimated f | equired to pay ederal income (See page 9) | | | |
| | School district (See page 17) | code | D. Income (See pa | source code ge 9) | Dept. use only | // Composite re | turs () (CF) | | |
| E. Federal adjusted gross income from line 35 of line 4 of Form 1040EZ, or line I of TeleFile Tax Rec | | ine 21 of | Form 1040A, | (s X) | , | ollars , | • | | |
| 1. Federal taxable income from line 41 of Form 10 Form 1040EZ, or line K of TeleFile Tax Record (If z | | | | (86) 1 | | . 9 | • | | |
| 2. Lump-sum distribution from Federal Form 4972 | (NA) 2 | | , | • | • | | | | |
| Loss from pass-through entity subject to North Dako financial institution tax (Attach statement from entity) | | | , | , | | | | | |
| 4. Total additions. Add lines 2 and 3 | | | | | , | • | • | | |
| 5. Add lines 1 and 4 | • • • • • • | | • • • | | , | • | • | | |
| 6. Interest from U.S. obligations (Attach supporting statement) | (SN) 6 | , | • | • | | | | | |
| 7. Net long-term capital gain exclusion (From worksheet on page 10 of instructions) | (NG) 7 | | , | • | | | | | |
| B. Exempt income of a Native American D. Benefits received from U.S. Railroad Retirement Boa | . (84) 8 ard | , | 1 | • | | | | | |
| (Attach copy of Form RRB-1099/RRB-1099-R, or bot | h) (85) 9 | , | 1 | • | | | | | |
| Income from pass-through entity subject to North Dal financial institution tax (Attach statement from entity) | | , | , | • | | | | | |
| 1. Renaissance zone income exemption (Attach Schedule RZ) | (87) 11 | • | 1, | | | | | | |
| al subtractions. Add lines 6 through 11 | · • • | • • | | 12 | 1 | 1 | • . | | |
| | from line 5. In | less the | n zero, enter (| D (ND) 13 | , | , | • | | |
| If full-year resident, enter amount from I if you have farm income, see page 11 of instronment If part-year resident or full-year none Schedule ND-1NR, line 22. | lax Table on paractions. | age 18 of | instructions. | - (SB) 14 | , | • | | | |

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10/2/03

| North Dakota Office 2002 Form ND | | missioner | | | | : | US | Poliars | |
|----------------------------------------------------------------------------------------|--------------------------------------------------------|------------------|----------------------------------------|---------------------------|------------|---------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 15. Enter your tax from line 14 | of page 1 | | | | | 18 | • | • | |
| edit for income tax paid to (Attach Schedule ND-1CR) | another state | | (90) 16 | • | • | • | | | |
| 17. Family member care credit (A | Attach Schedule FC) | | (52) 17 | • | • • | • | | | |
| 18. Renaissance zone credit (Atta | nch Schedule RZ) | | (53) 18 | • | • | • | | | |
| 19. Agricultural commodity proc (Attach Investment reporting | | nt credit | (NE) 19 | • | • | • | | | |
| 20. Credit for unused federal cred (From worksheet on page 11 | | um tax | (NF) 20 | ; | • | • | | | |
| 21. Qualified business seed capit (Attach investment reporting | al investment credit | | (NG) 21 | , | • | • | | e Produce de la companya de la compa | en de la companya de La companya de la co |
| 22. Net tax Hability. Subtract | t lines 16 through 21 fro | om line 15. | If loss t | han zero, e | nter O | (SE) 22 | , | , | • |
| Withholding and/or tax | already paid | | | | | • • | | | |
| 23. North Dakota withholding (A | ttach supporting W-2s | and 1099s) | (SF) 23 | • | • | • | | | |
| 24. Estimated tax paid plus overp | ayment applied from 2 | 001 return | (84) 24 | . • | , | • | | | |
| 25. Total payments. Add lines 23 | and 24 • If line 25 is • If line 25 is | | | | | | • | • | • |
| Refund 26. Overpayment - If line 25 i otherwise, go to line 31. If s | | | | ine 25 and ent | er result; | (94) 26 | | | e e verene. Pro •M |
| 27. Amount of line 26 that you w | | • | | | | | | | e de la companya de l |
| timated tax nount of line 26 that you wi | ish to contribute to the | Watchable | (SQ) 27 | . ! | | • | | | |
| 19. Amount of line 26 that you wi | ish to contribute to the | | (SP) 28 | • | | | | | |
| For ND Program Trust Fund | | | (SW) 29 | | • • | • | , | | · Park |
| O. Refund. Subtract lines 27 ti To direct deposit your | | If result | is less t | han \$5.00, | anter O | (SR) 30 | , | c. Type of acc | e Assaré! |
| refund, complete items a, b, and c. (See page 12.) | a. Routing number: | | | | | | | O Check | ing |
| řáx Due | b. Account number: | T. | | | | | | O Daving | - |
| 1. Tax due - If line 25 is LESS If result is less than \$5.0 | | ne 25 from | line 22 an | d enter result. | | (SZ) 31 | • | 1 | • |
| Amount that you wish to contr Wildlife Fund (but only if there | |) | (SU) 32 | • | , | • | | | |
| 3. Amount that you wish to contr Program Trust Fund (but only) | | | (SY) 33 | • | • | • | | | |
| 4. Balance due. Add lines 31, Pay to: North Dakota Stat | | | | | | . 34 | 1 | , • | • |
| 5. Interest on underpaid estimated | d tax from Form 400-U | r' | (SO) 35 | , | , | • | | | |
| declare under the penalties of North Dakots accompanying schedules and statements, has | . Century Code §12.1-11-02, v | vhich provides f | or a Class A | | | | | | |
| Your signature | Dat | e Yo | our daytime | phone number | OPR O | ١ | ax Depart | ment use only | |
| 's signature | | | ······································ | Date | | | | | (|
| signature of paid preparer | E | IN/SSN/PTIN | | Date | | | | | |
| Attach a copy of you Mail to: Office of Sta Dent, 127, Bismarck | ite Tax Commission | | | ard Ave., | 0 | | | | |
| ના પ્રોથમિક કે કે માટે કે તે જે | रिक्षांक्षांकः अधिक्षेत्रः स्वर्णकेषाः सङ्ग्रहेतः । ८० | อหากจากเรียญ์ผู้ | એકો કેલોકાન _ુ | industrial description of | The design | | | in a summer | wickspie of the |

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58TH LEGISLATIVE ASSEMBLY

House Bill 1196 - "Relating to Elimination of Optional Contributions on Income Tax Returns for Nongame Wildlife Fund and Trees for ND Program Trust Fund"

House Finance and Taxation Committee
January 20, 2003
Testimony Submitted by:
Larry Kotchman, State Forester

Purpose:

Chairman Belter, members of the House Finance and Taxation Committee, my purpose in testifying this morning is to explain the history and background associated with section 57-38-34.6 of the North Dakota Century Code, relating to "optional contributions on income tax returns for the Trees for North Dakota Trust Fund." House Bill 1196 will repeal this section for taxable years beginning after December 3!, 2002, eliminating the primary source of private donations for the trust fund. The donations are used exclusively for tree planting grants to establish living snow fences and family forests for the purpose of strengthening the tradition of annual tree planting and management throughout North Dakota.

Background:

The voluntary tax check-off originated with the Centennial Trees Program. In honor of the tree planting tradition started by the state's early pioneers, leaders of government, business and citizen groups selected planting 100 million trees as the focus for celebrating the 1989 state centennial. The program challenged every resident, community, organization and school to create a living legacy to serve as a lasting reminder for future generations to enjoy.

The 1995 Legislature abolished the Centennial Trees Commission as a unit of state government and placed the responsibility for administering the Centennial Trees Program with the North Dakota Forest Service. A seven-member Centennial Trees Advisory Committee was appointed by the Governor to work with the State Forester to promote tree planting. We complied with the Legislature's intent to finance the Centennial Trees Program through donations from the private sector. Funding was provided by the Centennial Trees Program Trust Fund, a special fund generated from voluntary contributions from individual tax returns and private donations.

The Centennial Trees Program and its goal of planting 100 million trees sunset on June 30, 2001. The Centennial Trees Advisory Committee, chaired by Lt. Governor Rosemarie Myrdal, recommended the State Forester introduce legislation during the 57th Legislative Assembly to continue the tax check-off for the development of new private and public tree planting partnerships. The 2001 legislation renamed the trust fund "Trees for North Dakota."

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Trees for North Dakota:

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"Trees for North Dakota" is an effective and creative granting mechanism for funding tree planting projects. The trust fund does not receive any state general funds and is supported by private grants and donations. The Legislature is responsible for appropriating spending authority for the trust funds to the State Forester.

The Community "Family Forest" Grant Program was created to honor each family in the state. Since 1996, 97 communities have received 186 Community "Family Forest" grants totaling \$175,729.65 from the trust fund. Following the blizzards of 1996-97, a "Living Snow Fence" grant component was added to protect interstate, state, county, tribal and township roads from blowing and drifting snow. The trust fund has contributed \$196,063.54 in private donations toward the establishment of 56 projects in 23 counties protecting nearly thirty miles of problem areas. Expenditures from the trust fund have totaled \$530,624.15 since July 1, 1995. None of the trust funds or grant funds have been expended on personnel or any indirect costs incurred by the North Dakota Forest Service in administering the program. The trust fund's balance as of December 31, 2002, is \$138,379.45.

The history of the Trees for North Dakota Program demonstrates that a successful state-wide tree planting effort requires strong partnerships and an adequate source of private donations for financial incentives. Public interest and private donations for tree planting remain strong, as evidenced by the 2,219 taxpayers who contributed \$17,022 in 2001. The program has helped North Dakotans raised annual tree planting accomplishments to over 6 million trees.

Tree planting is a part of North Dakota's past, its present and its future. "Trees for North Dakota" fulfills a strategic conservation need by protecting vital soil, water, air and wildlife resources. Maintaining the voluntary income tax check off for trees benefits all North Dakotans and enhances the quality of life in communities and on family farms and keeps our roads safe for winter travel.

We respectfully urge your continued support for the Trees for North Dakota Trust Fund and ask that the voluntary tax check-off for trees not be repealed.

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Larry Kotchman. 4B 1196

Please Support "TREES FOR NORTH DAKOTA" Enhance our Health, Safety and Economy

Tree planting is part of North Dakota's past, its present and its future. Planting the right trees in the right places can enhance the Health, Safety and the Economy of North Dakota.

HEALTH: "Trees Improve the Environment"

Water Quality – Trees planted in streamside areas, known as "riparian buffers," stabilize stream banks, prevent sedimentation and reduce downstream flooding. Riparian buffers function as filters to improve water quality and stabilize stream flow. Sedimentation of streams and water bodies has been labeled as the major source of non-point water pollution in the United States. This soil loss can be reduced by planting riparian buffers.

SAFETY: "Trees Protect North Dakota"

Living Snow Fences – Managing blowing snow is an annual problem in North Dakota. We are continually reminded that we cannot control the weather. Fortunately, tree planters can help make North Dakota roads safer during the winter by properly designing and planting living snow fences. A statewide Living Snow Fence Initiative establishes living snow fences to make North Dakota a safer place to live and reduce snow removal costs.

ECONOMY: "Trees are a Vital Part of Economic Development"

Quality of Life – Providing a quality environment is essential to attract and keep people in North Dakota. Trees make significant contributions to the quality of life, and play an important role in the economic well-being of North Dakota communities. More than half of North Dakota's residents live in cities and towns. They come in daily contact with shady city parks, tree-lined streets and yards landscaped with trees and shrubs. Parks, green spaces and trees affect our everyday moods, activities and emotional health.

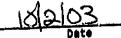
Donations to the "Trees for North Dakota" trust fund help emphasize the role that tree

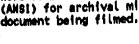
planting plays in meeting social, economic and environmental needs of both rural and urban residents. To contribute, consult your tax preparer or enter a voluntary contribution on the 2002 North Dakota Individual Income Tax Return. On the ND-1, look for Line 29 on the Overpayment Return and Line 33 on the Tax Due Return. On the ND-2, use Line 19 on the Overpayment Return and Line 23 on the Tax Due Return.



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North Dakota Forest Service Trees For North Dakota Program Trust Fund Community "Family Forest" Accomplishments

Since 1996

Across North Dakota, 97 communities have received 186 "Family Forest" grants. Volunteer groups have planted 52,276 trees.

The North Dakota Forest Service provided \$175,792.65 in grant funds for these projects.

| Amidon | Harvey (2) | Pembina |
|---------------------------|------------------|-------------------|
| Argusville | Hatton | Pettibone (2) |
| Amegard | Hazen (4) | Piaza |
| Arvilla (5) | Hettinger | Portland |
| Beach (3) | Jamestown | Powers Lake |
| Berthold | Kensal | Regent |
| Beulah (2) | Lakota (2) | Riverdale (2) |
| Bismarck (2) | Lankin | Rolla (3) |
| Bottineau (4) | LaMoure (2) | Ross |
| Burlington (2) | Leeds | Sanborn |
| Calvin | Lincoln | Sawyer |
| Cando (2) | Linton | Sherwood |
| Cannon Ball | Lisbon (4) | Standing Rock (4) |
| Cavalier | Maddock (2) | Stanley |
| Center | Mandan (2) | Surrey |
| Cooperstown | Mandaree | Towner (3) |
| Crosby | Mapleton | Turtle Lake (2) |
| Des Lacs (5) | Medora | Underwood (3) |
| Devils Lake (3) | Menoken | Valley City |
| Drayton (3) | Milton (2) | Velva (4) |
| Edinburg | Minot (4) | Wahpeton (2) |
| Enderlin (3) | Minot AFB (5) | Walhalla (2) |
| Esmond (2) | Minto | Washburn |
| Fessenden | Mohall (3) | Watford City (5) |
| Fort Totten Historic Site | Mott (2) | West Fargo |
| Fort Yates | Napolean | Wheatland |
| Garrison (3) | Neche (3) | Whitman Reservoir |
| Glenburn | New England | Williston (4) |
| Goodrich (2) | New Rockford (2) | Willow City |
| Grafton (4) | New Town | Wilton (3) |
| Grandin | Northwood (2) | Wing |
| Granville (6) | Pekin (4) | Wishek |

Prepared by: Larry Kotchman, State Forester, January 18, 2003

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North Dakota Forest Service Trees For North Dakota Program Trust Fund "Living Snow Fence" Accomplishments

Since 1998

Across North Dakota, 23 counties have initiated 56 projects.

Landowners have planted 104.8 miles of trees to protect 26.1 miles of roads.

The North Dakota Forest Service provided \$196,063.54 in grant funds for these projects.

Counties

- 1. Adams
- 2. Barnes
- 3. Benson
- 4. Bottineau
- 5. Burleigh
- 6. Cass
- 7. Divide
- 8. Dunn
- 9. Eddy
- 10. Emmons
- 11. Foster
- 12. Kidder
- 13. Mercer
- 14. McIntosh
- 15. McLean
- 16. Mountrail
- 17. Oliver
- 18. Pembina
- 19. Ramsey
- 20. Sioux
- 21. Stutsman
- 22. Walsh
- 23. Wells

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