



1

-

<u>10-16-03</u> Date

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

00

 \cap

000

Operator's Signature

 $\gamma_{
ho}$

•,

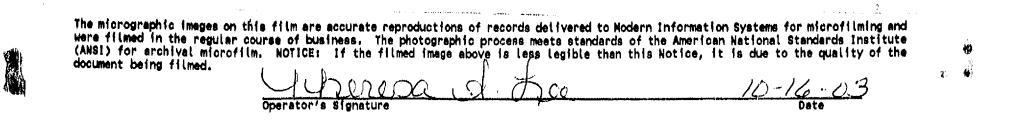
2003 SENATE FINANCE AND TAXATION

SB 2098

٩.

an an

ŧ



2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2098

Senate Finance and Taxation Committee

Conference Committee

Hearing Date January 13, 2003

Tape Number	Side A	Side B	Meter #
1		X	2,070
Committee Clerk Signatu	Muschard B	1. Junio an	

Minutes:Senator Urlacher opened the hearing on SB 2098. All committees members are present.

Joe Becker, Auditor III/Research Specialist for the Office of State Tax Commissioner-Written

testimony supporting SB2098 is attached. Tax Commissioner urges a "Do-Pass".

Senator Urlacher-This is a streamlining of procedure?

Mr. Becker-Yes it is, due to electronic filing.

Senator Tollefson-At what level do you ask for paper documentation?

Mr. Becker-We would require paper documentation at the time of an audit.

Senator Nichols-Under what circumstance would a resident pay tax in another state?

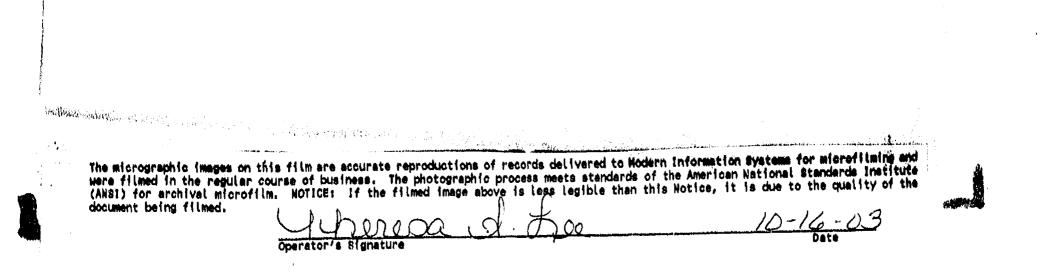
Mr. Becker-Most common example is when a ND resident owns rental property in another state

or if a resident works temporarily in another state.

Senator Urlacher-Do they have the option to file in each state?

Mr. Becker-Montana is an example. Montana has reciprocity, Montana would ignore the wages

and the wages would be taxed here.





Page 2 Senate Finance and Taxation Committee Bill/Resolution Number SB2098 Hearing Date January 13, 2003

Senator Urlacher-Evidently there no is further testimony.

Senator Tollefson motioned for a "Do-Pass". Second by Senator Syverson. Roll call vote

1

6 yea, 0 nay, 0 absent. Carrier is Senator Seymour.

All the second The micrographic images on this film are accurate reproductions of records delivered to Madern Information Systems for microfilming and user filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed. <u>10-16-03</u> Dete rereca \mathbb{C} 00 Operator's Signature

小

FISCAL NOTE Requested by Legislative Council 01/03/2003

Bill/Resolution No.: SB 2098

1111111

.,

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 Biennium	2005-200	7 Biennium
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			······································			
Appropriations						

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

2001	1-2003 Bienr	nium	200	3-2005 Bienr	nlum	200	5-2007 Bien	nium
Counties	Cities	School Districts	Counties	Cities	School Districts	Countles	Cities	School Districts

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

SB 2098 will have no fiscal impact.

- 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.
 - 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 Propared:	01/07/2003

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

00

 \mathbf{C}

0

ignature

n **Waxa**

<u>10-16-03</u> Date

Date:	1-13	10,3
Roll Call Vote #:		

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO.

ent Number	Conference Committee Amendment Number State Seconded By Same A	Serbrez.
Seconded By Surs, With	She guiss Am. Turreford Seconded By Surg. 1	serbrez.
Seconded By Surs, With	Mr. TUllefor Seconded By Sur. 1	serverer
UNESSING Seconded By Surg. Wit	Seconded By Surg. 1	sondran
Yes No Senators	rs Yes No Senators	Yes No
	*	
		
	ار بن بر بسیار میں بین ایک اور بر بین میں میں میں ایک اور میں میں ایک اور میں میں ایک میں میں اور اور اور میں م اور اور اور اور اور اور اور اور اور اور	
No	No <u>C</u>	
		ya Ma <u>nana ana any amin'ny amin'</u>
5		
	another marches	

15

į.

n na sana sana sana sa Na sana sana sana na sa

> The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. MOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

the ere Ω \mathcal{D} <u>10-16-03</u> Date Signature

THERE

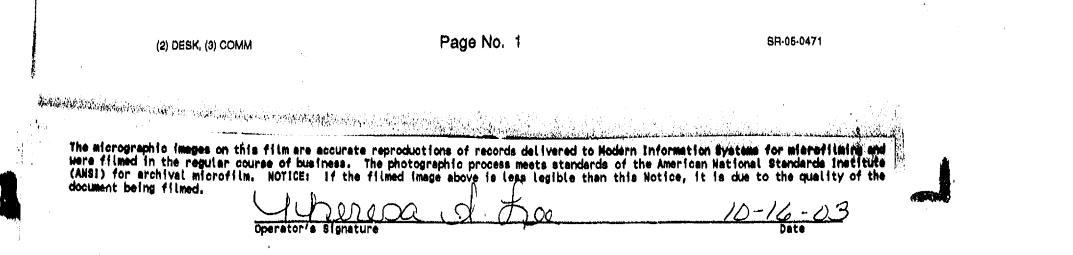
REPORT OF STANDING COMMITTEE (410) January 13, 2003 11:59 a.m.

Module No: SR-05-0471 Carrier: Seymour Insert LC: . Title: .

Ϋ́,

REPORT OF STANDING COMMITTEE

SB 2098: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2098 was placed on the Eleventh order on the calendar.



2003 HOUSE FINANCE AND TAXATION

SB 2098

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed. ¥ <u>10-16-03</u> Date inna , C) (0

•

Operator's Signature

18,30 - 16,33

• •

Ħ

40 b_{i}

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2098

House Finance and Taxation Committee

Conference Committee

Hearing Date February 26, 2003

Tape Number	Side A	Side B	Meter #
1	X		6.5
	~		
Committee Clerk Signatur	· Jan	ice Stein	
4 m		······································	

Minutes:

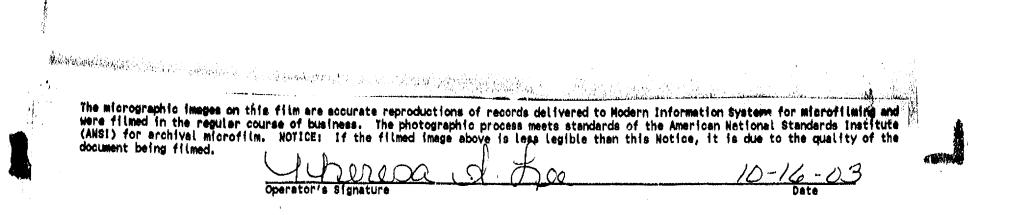
<u>REP. WESLEY BELTER, CHAIRMAN</u> Called the hearing to order.

JOSEPH BECKER, NORTH DAKOTA OFFICE OF THE STATE TAX

<u>COMMISSIONER</u> Explained the bill. See written testimony.

<u>REP. WEILER</u> Asked why we are giving a tax credit to someone who is paying taxes out of state.

JOSEPH BECKER It is a long standing statute. It is providing relief to our residents here in North Dakota, if they find themselves in a situation where they have to pay tax to another state on income that they have to report to us as well. A resident has to report all of their income to us, regardless of its source. If they have property in another state, and derive income, and that state has an income tax, that state has a right to tax that, because the property is located in their state. That places our resident to having to pay tax twice on the same income. So it is the policy to



WIRHNER !!

Page 2 House Finance and Taxation Committee Bill/Resolution Number SB 2098 Hearing Date February 26, 2003

give them relief in that situation. It is proportional though, it is not a dollar for dollar offset,

because other states may have a higher tax rate.

<u>REP. GROSZ</u> What do you see as being the manner of the written proof?

JOSEPH BECKER It will most likely be the same, to copy the other state's return. We are looking that, we will essentially, not going to prove the credit immediately, the returns will go through the system, it will be left to an afterthefact audit, if necessary. Whether we require something else, may depend on the situation.

With no further testimony, the hearing was closed.

COMMITTEE ACTION

<u>REP. KLEIN</u> Made a motion for a **DO PASS**.

<u>REP. WIKENHEISER</u> Second the motion. MOTION CARRIED.

12 YES 0 NO 2 ABSENT

<u>REP. HEADLAND</u> Was given the floor assignment.

The micrographic images on this film are accurate reproductions of records delivered to Nodern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed. MANDARA A. A. A. D. -16-03 Operator's Signature

			.	te: 2-26-0
			Dat Roll Call Vote #:	
2003 HOUSE STA	NDING CO	OMMITT	ee roll call vot n no. 58 2098	'ES
House FINANCE & TAXATIO				Committee
Check here for Conference C	ommittee			
Legislative Council Amendment N	Number			
-	n _	. <u> </u>	Parc	
Action Taken	10		P 955	
Motion Made By	-1 - 1	Secon	ded By R. O. 1	Nikon ha
Motion Made By Rep- K Representatives	Ci N Yes	Secon	ded By Ref. 1 Representatives	Yes No
Representatives BELTER, CHAIRMAN	Yes V			
Representatives BELTER, CHAIRMAN DROVDAL, VICE-CHAIR	Yes V			
Representatives BELTER, CHAIRMAN DROVDAL, VICE-CHAIR CLARK	Yes V A A			
Representatives BELTER, CHAIRMAN DROVDAL, VICE-CHAIR	V A			
Representatives BELTER, CHAIRMAN DROVDAL, VICE-CHAIR CLARK FROELICH GROSZ HEADLAND	1 1 1 1 1 1 1 1 1 1 1 1 1			
Representatives BELTER, CHAIRMAN DROVDAL, VICE-CHAIR CLARK FROELICH GROSZ HEADLAND IVERSON	2242222			
Representatives BELTER, CHAIRMAN DROVDAL, VICE-CHAIR CLARK FROELICH GROSZ HEADLAND IVERSON KELSH	1 1 1 1 1 1 1 1 1 1 1 1 1			
Representatives BELTER, CHAIRMAN DROVDAL, VICE-CHAIR CLARK FROELICH GROSZ HEADLAND IVERSON KELSH KLEIN	2242222			
Representatives BELTER, CHAIRMAN DROVDAL, VICE-CHAIR CLARK FROELICH GROSZ HEADLAND IVERSON KELSH	2242222			
Representatives BELTER, CHAIRMAN DROVDAL, VICE-CHAIR CLARK FROELICH GROSZ HEADLAND IVERSON KELSH KLEIN NICHOLAS SCHMIDT WEILER	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			
Representatives BELTER, CHAIRMAN DROVDAL, VICE-CHAIR CLARK FROELICH GROSZ HEADLAND IVERSON KELSH KLEIN NICHOLAS SCHMIDT WEILER WIKENHEISER	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			
Representatives BELTER, CHAIRMAN DROVDAL, VICE-CHAIR CLARK FROELICH GROSZ HEADLAND IVERSON KELSH KLEIN NICHOLAS SCHMIDT WEILER	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			

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

1 and a second state of the second s The micrographic images on this film are accurate reproductions of records delivered to Modern information Systems for microfilming and usere filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed. · 5. and in the 10-16-03 Date Mereza A. Ace



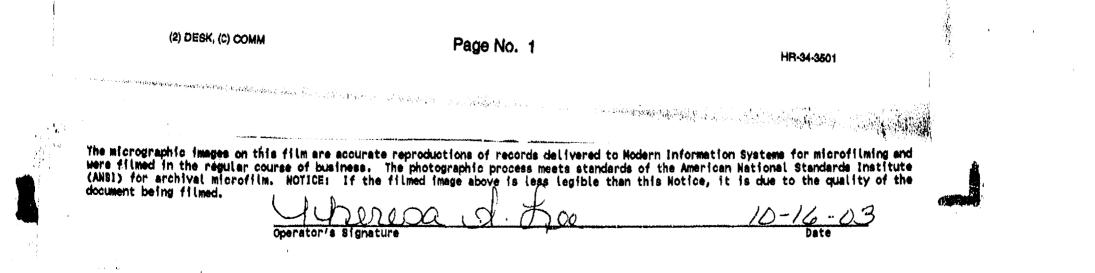
4

.

REPORT OF STANDING COMMITTEE (410) February 26, 2003 11:51 a.m.

Module No: HR-34-3501 Carrier: Headland Insert LC: . Title: .

REPORT OF STANDING COMMITTEE SB 2098: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2098 was placed on the Fourteenth order on the calendar.



調査の書合い

1

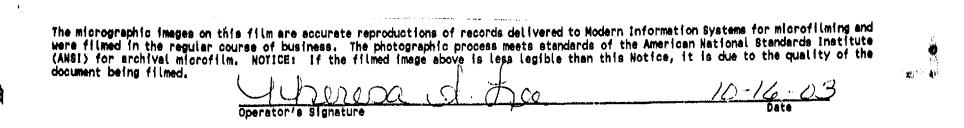
Ŵ

y inter

1112.4

2003 TESTIMONY

SB 2098



ł

Testimony before the Senate Finance and Taxation Committee Senate Bill 2098

January 13, 2003

Prepared by Joseph Becker, Auditor III/Research Specialist North Dakota Office of State Tax Commissioner Phone: 328-3451 E-mail: jjbecker@state.nd.us

5° 5' 4'

Good morning, Chairman Urlacher, Members of the Committee:

For the record, my name is Joseph Becker, and I'm here on behalf of the North Dakota Office of State Tax Commissioner (Tax Department).

Senate Bill 2098 is an individual income tax bill that relates to the credit allowed to a North Dakota resident who pays income tax to another state. To support the claimed credit, the current law requires a taxpayer to provide written proof of the tax paid to the other state. This bill will remove this requirement and replace it with discretionary authority to request written proof if needed.

Reason for bill

Current law requires the written proof of the tax paid to the other state to be furnished up-front, i.e., at the time the tax return is filed. Long-standing administrative policy requires taxpayers to attach a copy of the other state's tax return to satisfy the requirement. However, the requirement is problematic for electronic filing purposes because it requires a paper document to be filed even though the tax return itself is submitted electronically. This undermines the efficiency and paperless goals of the electronic process, and creates an awkward and unnecessary step for the taxpayer. The changes proposed in this bill will streamline the electronic filing process for taxpayers, tax professionals, and the Department.

Bill's provisions

I the will a the test warmen to the open

SECTION 1 of the bill amends the two provisions in the Code that require written proof of the tax paid to another state. In both provisions the language requiring written proof is removed,

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

TRANSION

Signature

Page 2

and new language is added giving the tax commissioner the discretion to request written proof if needed. (For the amendments to the first provision, see page 1, lines 16 and 17, and lines 21 through 24. For the amendments to the second provision, see page 3, line 4 and lines 9 through 11.)

SECTION 2 of the bill (*page 3*, *lines 12 through 16*) amends the section of the Code that governs the individual income tax system implemented on Form ND-1. This is the system and form that, in 2001, replaced what was formerly known as the short-form system on Form 37-S. This amendment simply clarifies that the authority to request written proof of the tax paid to another state also applies to taxpayers who choose to use Form ND-1.

SECTION 3 of the bill (page 3, lines 17 and 18) provides that the changes in this bill apply to 2003 and subsequent tax years.

The changes made by the bill will not have any fiscal effect. The Tax Commissioner urges a DO PASS on Senate Bill 2098. If the committee has any questions, Mr. Chairman, I would be happy to respond to them at this time.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

<u>10-16-03</u> Date C gnature