

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1064

2001 HOUSE FINANCE AND TAXATION

HB 1064

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1064

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 22, 2001

Tape Number	Side A	Side B	Meter #
1	X		2,044
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

**REP. AL CARLSON, CHAIRMAN**, Opened the hearing.

**KEVIN SCHATZ, OFFICE OF THE STATE TAX COMMISSIONER**, Testified in support of the bill. See attached written testimony.

**REP. CARLSON** It always raises a little concern for me, when we talk about eliminating any administrative rule, evidently, you would just do it by notification from your department?

**KEVIN SCHATZ** The administrative rule has a list of the year and the tax rate for that year, sometimes that list isn't updated for a couple of years, that is really not a timely notification. So we have issued that notification to them by the letter we have to have out and we also add it in our news letters, and we publish it on our home page. The operators and purchasers know that is where they can find that information. I don't think there are too many referring to the rule thing.

**DAN ROUSE, LEGAL COUNCIL FOR THE TAX COMMISSIONER** Stated he wrote this piece of legislation. It is along the same line of the tax commissioner's philosophy, to provide a

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House Finance and Taxation Committee

Bill/Resolution Number HB 1064

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little bit better customer service. Essentially, we are making it more readily understandable, particularly by the new producers. And, at the same time, to recognize in section 1 of the bill, under subsection 2c, the fact that, in addition to our web page, we have a listing of all of these producers. As soon as we get that published, we send it out, so they are getting timely information which they can use at that point.

With no further testimony, the hearing was closed.

#### **COMMITTEE ACTION**

**REP. SCHMIDT** Made a motion for a **DO PASS**.

**REP. RENNER** Second the motion. **MOTION CARRIED.**

13    Yes        0    No        2    Absent

**REP. HERBEL** Was given the floor assignment.

## FISCAL NOTE

Requested by Legislative Council

01/11/2001

Bill/Resolution No.: HB 1064

Amendment to:

**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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 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.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

HB 1064 will have no fiscal impact.

**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.*

**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:	01/12/2001

Date: 1-22-01  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1064

House FINANCE & TAXATION

Committee

☐ Subcommittee on \_\_\_\_\_

or

☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken

Do Pass

Motion Made By

Rep. Schmidt

Seconded By

Rep. Renner

Representatives	Yes	No	Representatives	Yes	No
CARLSON, AL, CHAIRMAN	<input checked="" type="checkbox"/>		NICHOLAS, EUGENE	<input checked="" type="checkbox"/>	
DROVDAL, DAVID, V-CHAIR	<input checked="" type="checkbox"/>		RENNER, DENNIS	<input checked="" type="checkbox"/>	
BRANDENBURG, MICHAEL	<input checked="" type="checkbox"/>		RENNERFELDT, EARL	<input checked="" type="checkbox"/>	
CLARK, BYRON	<input checked="" type="checkbox"/>		SCHMIDT, ARLO	<input checked="" type="checkbox"/>	
GROSZ, MICHAEL	<input checked="" type="checkbox"/>		WIKENHEISER, RAY	<input checked="" type="checkbox"/>	
HERBEL, GIL	<input checked="" type="checkbox"/>		WINRICH, LONNY	<input checked="" type="checkbox"/>	
KELSH, SCOT	<input checked="" type="checkbox"/>				
KROEBER, JOE	<input checked="" type="checkbox"/>				
LLOYD, EDWARD	<input checked="" type="checkbox"/>				

Total (Yes)

13

No

0

Absent

2

Floor Assignment

Rep. Herbel

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

**REPORT OF STANDING COMMITTEE (410)**  
**January 22, 2001 12:44 p.m.**

**Module No: HR-10-1373**  
**Carrier: Herbel**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1064: Finance and Taxation Committee (Rep. Carlson, Chairman) recommends DO PASS (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1064 was placed on the Eleventh order on the calendar.**

2001 SENATE FINANCE AND TAXATION

HB 1064



2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1064

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date 3/7/01

Tape Number	Side A	Side B	Meter #
1	x		14-19.3
Committee Clerk Signature <i>Lynelle H. Bryant</i>			

Minutes:

Senator Urlacher: Opened the hearing on HB 1064, relating to publication of the gas base rate adjustment, tax payment, computation of tax on incorrect returns, time for claim of credits or refunds, and date limitations under the oil and gas gross production tax and oil extraction tax.

Kevin Schatz: State Tax Dept., testified in support. Written testimony attached.

Senator Wardner: What you're really doing is cleaning up language and making things clear?

Kevin Schatz: That's correct.

Senator Urlacher: Closed the hearing.

COMMITTEE ACTION:

Motion made by Senator Christmann for a DO PASS, Seconded by Senator Wardner.

Vote was 6 yeas, 0 nays, 0 absent and not voting. Bill carrier was Senator Wardner.

Date: 3/17/01  
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1064

Senate Finance and Taxation Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO PASS

Motion Made By Christmann Seconded By Wardner

Senators	Yes	No	Senators	Yes	No
Senator Urlacher-Chairman	✓				
Senator Wardner-Vice Chairman	✓				
Senator Christmann	✓				
Senator Stenehjem	✓				
Senator Kroeplin	✓				
Senator Nichols	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Wardner

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

**REPORT OF STANDING COMMITTEE (410)**  
**March 7, 2001 11:50 a.m.**

**Module No: SR-39-4999**  
**Carrier: Wardner**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1064: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1064 was placed on the Fourteenth order on the calendar.**

2001 TESTIMONY

HB 1064

TESTIMONY BEFORE THE HOUSE  
FINANCE AND TAXATION COMMITTEE  
HB1064  
KEVIN SCHATZ  
JANUARY 22, 2001

Chairman Carlson, members of the Committee, my name is Kevin Schatz, I am here on behalf of the Office of State Tax Commissioner to testify with respect to HB1064.

§ 57-51-02.2.

The Tax Commissioner proposes to amend § 57-51-02.2. In subsection 1 the Commissioner proposes to remove the references to the dates July 1, 1991 and 1992 because they are no longer necessary for the application of the statute. Removal of the dates makes this section less confusing, it clarifies that the base tax rate is four cents and that the base rate is adjusted each fiscal year by the applicable price index provided in this section.

In subsection 2, paragraph (a) the Commissioner also proposes to remove the reference to the date May 15, 1992 because paragraph (c) includes the requirement that a written notice be mailed on or before June 1. In addition, past experience has shown that in some years the gas fuels price index, required to determine the base rate adjustment, is not available until the third week of May.

In subsection 2, paragraph (c), the Commissioner proposes to remove the requirement that the annual adjustment be published as a North Dakota Administrative Code rule. The rules process is not conducted on an annual basis so the adjustments are not published on a timely basis. The Commissioner currently sends the required June 1 written notice to all gas producers and purchasers of record, includes a notice of the adjustment in any newsletters or in any information provided to new operators, and publishes the rate adjustment on the Tax Department's home page. The Commissioner feels that the current procedures provide adequate and timely notification of the rate adjustment and the rules process is not necessary in this case.

§ 57-51-05

The Tax Commissioner proposes to amend § 57-51-05, subsection 2 to clarify that all oil produced and sold, both that sold at the time of production and that sold from inventory, is subject to gross production tax . In the administration of the gross production tax, returns are filed at the time oil or gas is sold and proceeds are distributed thus making funds available for payment of the tax. Inventory volumes are not sold at the time of production and tax is not reported and paid until those volumes are sold.

§ 57-51-09 and § 57-51-19

The Commissioner proposes to amend § 57-51-09, subsection 2 and § 57-51-19 to remove references to periods for assessing additional tax found due and claims for credits or refunds. Prior to January 1, 1991, the period for assessing or filing a claim was six years. A step method was provided by previous legislation to reduce the period to three years after December 31, 1994. Because the effective period has expired and the references are no longer necessary we propose it be removed from these sections.

§ 57-51.1-01 and § 57-51.1-03

The Commissioner proposes to amend § 57-51.1-01, subsections 3 and 10, and § 57-51.1-03, subsection 3 to remove references to the date of a reentry and recompletion of a horizontal well, to the date of a qualification period for a stripper well property, and to the dates for drilling and completing a new vertical or horizontal well. Any activity subject to these sections will occur after the dates stated, therefore the dates are no longer necessary and we propose they be removed from these sections.

TESTIMONY BEFORE THE SENATE  
FINANCE AND TAXATION COMMITTEE

HB1064

KEVIN SCHATZ

MARCH 7, 2001

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