

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2252

2001 SENATE FINANCE AND TAXATION

SB 2252

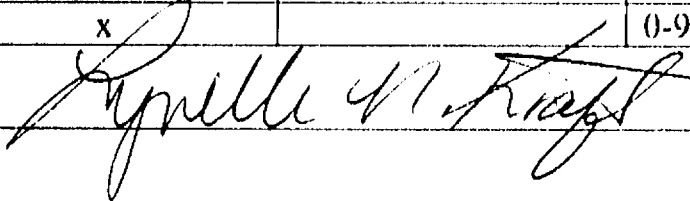
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2252

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date 1/29/01

Tape Number	Side A	Side B	Meter #
1	x		0-29.2
1/31/01 - 2	x		52.9-end
		x	0-12.3
2/6/01 - 2		x	51-end
3	x		0-9.3
Committee Clerk Signature 			

Minutes:

Senator Urlacher: Opened the hearing on SB 2252, relating to income tax deductions or credits for adoption expenses.

Senator Aaron Krauter: Co-sponsored bill, testified in support. This bill will be a break for people wanting to adopt. The number of abortions in ND is going up. Meter number .3-3.

Christopher Dodson: Executive Director of ND Catholic Conference, testifies in support. It's important that we create a culture of life for every child and make that comfortable and convenient as possible. Abortion rates are at a 10-year high. We need to create that system in which it's easier to make adoption as open to as many couples as possible.

Senator Urlacher: What is the cost of an adoption?

Christopher Dodson: I don't exactly know. I know it's been rising.

Senator Christmann and Christopher Dodson discuss adoption costs, if this bill would affect womens' decisions, and foster care. Meter number 4.8-6.7.

Christy Zentz: On behalf of her family, testified in support. Explained that the cost of adopting an older child is more than an infant. Also, adopting a special needs child also incurs more cost. Any assistance that would help parents financially, would help place older kids in adoptive homes.

Barb Tengesdal: On her behalf having just adopted a child, testified in support. There are a number of costs that parents incur along the way and anything you could do to get these children to get these children adopted would be helpful.

Senator Urlacher: Can you identify where the costs come in at?

Barb Tengesdal: Explains the cost. Meter number 11.5-13.4.

Senator Christmann: Was the first \$500 you paid in ND, was to an agency or the state?

Barb Tengesdal: The agency.

Senator Tim Mathern: Co-sponsored the bill, registered his support.

Delores Freisz: Dept. of Human Services, neutral. Explained the number of adoptions in the state. Meter number 15.5-18.5.

Donnita Wald: ND Tax Dept., neutral. Appeared to explain the deductions on long and short forms and fiscal note. Clarifies questions for Senator Stenehjem and Senator Christmann. Meter number 19-29.

Senator Urlacher: Closed the hearing. Action delayed.

Discussion held 1/31/01. Meter number 52.9-end, Side A, 0-12.3, Side B.

Senator Christmann explains why he wants amendment.

Donnita Wald: Appeared to explain tax forms.

Page 3

Senate Finance and Taxation Committee

Bill/Resolution Number 2252

Hearing Date ~~1/29/01~~

2-31-01

Senator Christmann to get amendment.

Discussion held 2/6/01 Meter number 51-end, Tape 2, Side B & 0-9.3, Tape 3, Side A.

Amendment introduced & discussed.

AMENDMENT ACTION:

Motion made by Senator Christmann, Seconded by Senator Wardner, to move
admendment numbered 10580.0101. Voice Vote taken. 3 yeas, 2 nays, 1 absent and not voting.

Amendement adopted.

COMMITTEE ACTION: 2/6/01

Motion made by Senator Wardner for a DO PASS AS AMENDED, Seconded by Senator Christmann. Vote was 5 yea, 1 nay, 0 absent and not voting. Bill carrier was Senator Nichols.

FISCAL NOTE
 Requested by Legislative Council
 02/23/2001

Bill/Resolution No.:

Amendment to: Reengrossed
 SB 2252

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			(\$25,000)			
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.*

SB 2252 Third Engrossment expands the tax deduction for adoption available on the long form to \$1750 and provides a carryforward provision for any unused amount. The bill also allows an adjustment to federal tax liability of up to \$1750, on the short form, for expenses associated with adoption allowed by IRC Section 23. This short form adjustment is available for expenses associated with all adoptions for Form Year 2001, and for expenses associated with special needs adoptions beginning with Form Year 2002.

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.*

SB 2252 Third Engrossment is expected to reduce revenues by \$25,000 during the 01-03 biennium.

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 Department
Phone Number:	328-3402	Date Prepared:	02/23/2001

FISCAL NOTE
 Requested by Legislative Council
 02/09/2001

Bill/Resolution No.:

Amendment to: SB 2252

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			(\$35,000)			
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.*

SB 2252 First Engrossment provides income tax deductions and credits for certain adoption expenses.

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 provisions of Section 2 of SB 2252 First Engrossment are available for all adoptions for tax year 2001 (fiscal year 2002). We estimate the fiscal impact of the short form adjustment to "federal tax liability", for one year, is -\$35,000. Beginning with tax year 2002, the federal credit will be available for special needs children only. According to information from Human Services, parents adopting a special needs child are not faced with significant unreimbursed adoption expenses, so the fiscal impact for the second year of the biennium is expected to be less than \$5000.

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 Department
Phone Number:	328-3402	Date Prepared:	02/15/2001

FISCAL NOTE
Requested by Legislative Council
02/01/2001

REVISION

Bill/Resolution No.: SB 2252

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			(\$70,000)			
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.*

SB 2252 increases the long-form deduction for adoption expenses to \$2500 and creates an adjustment to 'federal tax liability' for short form purposes for the federal tax credit for adoption expenses to a maximum of \$2500.

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.*

If enacted, SB 2252 is expected to decrease state general fund revenues by \$70,000 for the 01-03 biennium. (NOTE: This revision to the original fiscal note was recommended by Human Services based on their revised estimate of qualifying adoptions.)

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 Department
Phone Number:	328-3402	Date Prepared:	02/12/2001

FISCAL NOTE

Requested by Legislative Council

01/22/2001

Bill/Resolution No.: SB 2252

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			(\$105,000)			
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.*

SB 2252 increases the long-form deduction for adoption expenses to \$2500 and creates an adjustment to 'federal tax liability' for short form purposes for the federal tax credit for adoption expenses to a maximum of \$2500.

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.*

If enacted, SB 2252 is expected to decrease state general fund revenues by \$105,000 for the 01-03 biennium.

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 Department
Phone Number:	328-3402	Date Prepared:	01/26/2001

PROPOSED AMENDMENTS TO SENATE BILL NO. 2252

Page 1, line 7, after "~~one~~" insert "up to", after "dollars" insert "of expenses incurred by the taxpayer which are not reimbursed by any federal, state, or political subdivision source,", and after "each" insert "special needs"

Page 1, line 8, overstrike "twenty-one" and insert immediately thereafter "eighteen" and after the period insert "For purposes of this paragraph, a "special needs child" is a child who has any of the special needs described in section 50-09-02.2."

Page 1, line 10, after "adopted" insert "special needs"

Renumber accordingly

Date: 2/6/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2252

Senate Finance and Taxation Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number 10580.0101

Action Taken Move Amendment (voice vote)

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) 3 No 2

Absent 1

Floor Assignment _____

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

Date: 2/6/01
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2252

Senate Finance and Taxation Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass As Amended

Motion Made By Wardner Seconded By Christmann

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

Total (Yes) 5 No 1

Absent 0

Floor Assignment Nichols

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

REPORT OF STANDING COMMITTEE

SB 2252: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2252 was placed on the Sixth order on the calendar.

Page 1, line 7, after "~~one~~" insert "up to", after "dollars" insert "of expenses incurred by the taxpayer which are not reimbursed by any federal, state, or political subdivision source," and after "each" insert "special needs"

Page 1, line 8, overstrike "twenty-one" and insert immediately thereafter "eighteen" and after the period insert "For purposes of this paragraph, a "special needs child" is a child who has any of the special needs described in section 50-09-02.2."

Page 1, line 10, after "adopted" insert "special needs"

Renumber accordingly

2001 SENATE APPROPRIATIONS

SB 2252

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2252

Senate Appropriations Committee

☐ Conference Committee

Hearing Date February 19, 2001

Tape Number	Side A	Side B	Meter #
Tape #1	x		0,0-6,8
Committee Clerk Signature <i>Therese Putsch</i>			

Minutes:

Senator Nething opened the hearing on SB2252.

Senator Krauter, District 35, Regent spoke in support of the bill, and distributed copies (copy attached) of a proposed amendment.

Senator Nething: You're asking us by your proposed amendment to change the substance of the bill? Appropriations Committee deals only with the appropriation.

Senator Krauter: Has been done, but this does deal with appropriations -- taken it to zero.

Senator Heitkamp: After what we did -- no credit?

Senator Krauter: Would be for children ages 5-18; in reality there would be no expense there. human services would have provided all the medical, related expenses at that time would not be applied to credit.

Senator Nething: This on 6th floor?

Senator Krauter: The Committee adopted amendments; passed on the Senate Floor.

Page 2
Senate Appropriations Committee
Bill/Resolution Number SB2252
Hearing Date February 19, 2001

Senator Nething: Did you take this amendment there?

Senator Krauter: After the Committee had worked on it; it was not a unanimous pass.

Senator Tallackson: Was there floor discussion?

Senator Krauter: Lots of discussion --- recorded roll call vote.

Senator Krauter: Asking not to change; but to further amend.

Senator Nething: We will discuss it when taking Committee action.

Julie Hoffman, Administrator of Adoption Services for the North Dakota Department of Human Services, provided neutral testimony (a copy of written testimony is attached).

No additional testimony. Hearing on SB2252 closed.

February 20, 2001 Full Committee (Tape #1, Side B, Meter No. 0.0-6.4)

Senator Nething reopened the hearing on SB2252.

Discussion. Senator Heitkamp moved adoption of proposed amendment 10580.0201 - originally submitted by Senator Krauter during testimony on SB2252. Senator Robinson seconded. Roll Call Vote: 9 yes; 5 no; 0 absent and not voting.

Discussion. Senator Thane moved a DO PASS; seconded by Senator Holmberg. Roll Call Vote: 9 yes; 5 no; 0 absent and not voting.

Floor assignment will go to the original committee carrier: Senator Nichols.

February 9, 2001

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2252

Page 1, line 10, remove the overstrike over "~~twenty-one~~" and remove "eighteen"

Page 1, line 11, after the second "child" insert "under the age of twenty-one years"

Page 1, line 12, after "50-09-02.2" insert ", except for the age restrictions of that section"

Page 3, replace lines 5 through 7 with:

- "k. Subtract a credit in an amount up to two thousand five hundred dollars for qualified adoption expenses computed under Internal Revenue Code section 23 or as the credit would be computed for a child under twenty-one years of age whose adoption would otherwise qualify under Internal Revenue Code section 23 except for the age limitations of that section."

Renumber accordingly

Date: 2-20-01

Roll Call Vote #: 1

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

Senate Appropriations Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number 10580.0201

Action Taken Adopt - Senate Amendment

Motion Made By [Signature] Seconded By [Signature]

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman		✓			
Ken Solberg, Vice-Chairman		✓			
Randy A. Schobinger		✓			
Elroy N. Lindaas	✓				
Harvey Tallackson	✓				
Larry J. Robinson	✓				
Steven W. Tomac	✓				
Joel C. Heitkamp	✓				
Tony Grindberg		✓			
Russell T. Thane		✓			
Ed Kringstad		✓			
Ray Holmberg		✓			
Bill Bowman		✓			
John M. Andrist		✓			

Total Yes 9 No 5

Absent 0

Floor Assignment _____

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

Date: 2-26-01

Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2252

Senate Appropriations Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do pass

Motion Made By Sen. Thane Seconded By Sen. Holmberg

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman	✓				
Ken Solberg, Vice-Chairman	✓				
Randy A. Schobinger	✓				
Elroy N. Lindaas		✓			
Harvey Tallackson		✓			
Larry J. Robinson		✓			
Steven W. Tomac		✓			
Joel C. Heitkamp		✓			
Tony Grindberg	✓				
Russell T. Thane	✓				
Ed Kringstad	✓				
Ray Holmberg	✓				
Bill Bowman	✓				
John M. Andrist	✓				

Total Yes 9 No 5

Absent 0

Floor Assignment Senators Nichols

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

REPORT OF STANDING COMMITTEE (410)
February 20, 2001 9:40 a.m.

Module No: SR-31-3953
Carrier: Nichols
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2252, as engrossed: Appropriations Committee (Sen. Nething, Chairman)
recommends DO PASS (9 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed SB 2252 was placed on the Eleventh order on the calendar.

2001 HOUSE FINANCE AND TAXATION

SB 2252

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2252

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date March 13, 2001

Tape Number	Side A	Side B	Meter #
1	x		2,428
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

REP. AL CARLSON, CHAIRMAN Opened the hearing and read the fiscal note.

SEN. AARON KRAUTER, DIST. 35 Introduced the bill as the prime sponsor. See written testimony.

STACEY PELIGER, NORTH DAKOTA RIGHT TO LIFE, Testified in support of the bill.

Gave an instance where a family resided out of state for forty days during the adoption.

CHRISTOPHER DODSON, NORTH DAKOTA CATHOLIC CONFERENCE Testified in support of the bill. He stated that checking with the Catholic Family Services, their cost is eight thousand dollars for an adoption, and they are at the bottom end. If you have to hire an attorney, it will be an additional cost.

REP. HERBEL Asked what the ratio is between adoption in the United States versus European adoptions?

CHRISTOPHER DODSON Stated he didn't know.

REP. LLOYD Why is the age of 21 in this bill, it seems to me, we certainly agree with infants, but it seems like 16 or 18 would be more realistic instead of 21.

CHRISTOPHER DODSON Stated he didn't have an answer for that.

REP. LLOYD Asked about internet adoptions, lately we have seen some problems on television, have you had experience with that, and how does this relate?

CHRISTOPHER DODSON Didn't have the answer. He stated there is a resolution to study this. They get calls all the time, they don't know what the answer is. It is hard to define what the law is.

JOSEPH BECKER, STATE TAX OFFICE, Testified in a neutral position. Answered some of the questions, relating to the number of people using the long form, no one has used it. In answer to Rep. Lloyd's question, regarding the age of 21, that statute has been on the books since the early 70's, that 21 has been there from the start.

REP. LLOYD Asked whether anybody has been adopted after the age of 16 or 18?

JOSEPH BECKER Deferred the question to the Human Services people.

REP. CARLSON Is there a federal deduction for adoption today?

JOSEPH BECKER Section 2 of the bill, which is going to look at the short form, makes a reference to the Internal Revenue Code, that is a reference to the federal income tax credit that is allowed for adoptions.

REP. CARLSON Asked Mr. Becker to explain how it works.

JOSEPH BECKER If we look at the short form calculation now, you start with the federal income tax liability before you subtract any federal credits from that number, then you multiply by the fourteen percent. Section 2 of the bill will say for purposes of determining the amount of

that federal income tax liability, the starting point on the short form, we will allow or recognize up to seventeen hundred and fifty dollars of any federal credit you are allowed to claim, to reduce our starting point. In terms of state tax dollars, that would translate to two hundred and forty five dollar state credit. Fourteen percent of the seventeen fifty is really the effect on our short form.

REP. DROVDAL Looking at this long term schedule, how do they get the deduction off of there?

JOSEPH BECKER Line 23 for other deductions on Schedule 2. We have a whole list of items that can go in there, one of them would include this particular adoption.

Also pointed out that the decoupling bills were on the move in the Senate. Section 2 of this bill, which deals with the short form, will become ineffective if either of those bills passes. This bill is based on federal income tax liability and we are changing that. If you wanted to conserve this, you would need to tack on an amendment to provide some language that would kick in if either of those other bills passes. We would be happy to do that for you.

REP. DROVDAL I see this as a credit up to seventeen hundred dollars for adoption, but looking at the credits, they also give one thousand dollar credit for adoption, a thousand dollar credit for mentally retarded and a seven hundred and fifty for someone who is blind or disabled, and a seven hundred and fifty credit for the adoption of someone who is mentally retarded, is that three different scales, if you met all of these areas, would they get twenty seven hundred dollars in credits?

JOSEPH BECKER This is one of a number of them, all operating independently. Yes, there are a series of these.

REP. CARLSON You could qualify for all of them?

JOSEPH BECKER I haven't looked at it for awhile, I think there is one for the year of adoption, and I think the seven hundred and fifty dollar one is a continuing one under certain circumstances. Stated he would check on that.

JULIE HOFFMAN, ADMINISTRATION OF ADOPTION SERVICES, DEPARTMENT

OF HUMAN SERVICES, Testified in a neutral position. See written testimony.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 3-14-01, TAPE #2, SIDE B, METER #2900

REP. DROVDAL Gave an explanation of research he had done on the bill.

DONNITA WALD, ATTORNEY FOR THE STATE TAX DEPARTMENT, Appeared

before the committee to answer questions the committee members had. She gave an account of how the Senate had amended the bill and why. She also stated that if one of the decoupling bills passed, they may have to amend the bill to work with that. She said two more sections would have to be added to the bill.

REP. GROSZ Made a motion for a **DO NOT PASS**

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

7 YES 6 NO 2 ABSENT

REP. GROSZ Was given the floor assignment.

Date: 3-14-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2252

House FINANCE & TAXATION Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken

Do Not Pass

Motion Made By

Rep. Grosz

Seconded By

Rep. Nibel

Representatives	Yes	No	Representatives	Yes	No
CARLSON, AL, CHAIRMAN	✓		NICHOLAS, EUGENE	A	
DROVDAL, DAVID, V-CHAIR	✓		RENNER, DENNIS		✓
BRANDENBURG, MICHAEL	✓		RENNERFELDT, EARL	✓	
CLARK, BYRON	✓		SCHMIDT, ARLO	A	
GROSZ, MICHAEL	✓		WIKENHEISER, RAY		✓
HERBEL, GIL	✓		WINRICH, LONNY		✓
KELSH, SCOT		✓			
KROEBER, JOE		✓			
LLOYD, EDWARD		✓			

Total (Yes)

7

No

6

Absent

2

Floor Assignment

Rep. Grosz

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

REPORT OF STANDING COMMITTEE (410)
March 15, 2001 8:54 a.m.

Module No: HR-45-5661
Carrier: Grosz
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2252, as reengrossed: Finance and Taxation Committee (Rep. Carlson, Chairman)
recommends DO NOT PASS (7 YEAS, 6 NAYS, 2 ABSENT AND NOT VOTING).
Reengrossed SB 2252 was placed on the Fourteenth order on the calendar.

2001 TESTIMONY

SB 2252



CLAYBURGH
COMMISSIONER

STATE OF NORTH DAKOTA

OFFICE OF STATE TAX COMMISSIONER

STATE CAPITOL, 600 E. BOULEVARD AVE., DEPT. 127, BISMARCK, NORTH DAKOTA 58505-0599

701-328-2770

FAX 701-328-3700

Hearing/Speech Impaired 800-366-6888 (TTY Relay North Dakota)

<http://www.state.nd.us/taxdpt>

MEMORANDUM

To: Chairman Urlacher and Members of the Senate Finance and Taxation Committee

From: Donnita A. Wald, Special Assistant Attorney General *DW*

Date: January 30, 2001

Re: Senate Bill 2252 - Adoption Tax Credit

During Monday's hearing on Senate Bill 2252, questions regarding the calculation of the adoption tax credit on Form 37 (long form) and Form 37-S were raised. Attached to this memorandum are "dummy" copies of federal and state income tax returns illustrating the use of the credit. I believe these should answer any questions that were raised.

In addition, it was asked what the tax effect of the credit would be on each form. On the long form, the adoption deduction translates to an average tax savings of approximately \$60.00. As a general rule, a taxpayer would have to have a series of long form deductions and credits -- not just the expanded adoption deduction -- to overcome the lower short form rates and find it beneficial to file a long form.

The provisions that adjust the federal tax liability on the short form (Section 2 of the bill) would, on the average, provide \$350.00 to each taxpayer making a qualified adoption.

I hope this answers the Committee's questions. If you have any further questions or comments, please do not hesitate to contact me at 328-2777 or e-mail at dwald@state.nd.us.

For the year Jan. 1–Dec. 31, 2000, or other tax year beginning

2000, ending

20

OMB No. 1545-0074

Label

(See instructions on page 19.)

Use the IRS label.

Otherwise, please print or type.

Presidential Election Campaign (See page 19.)

Your first name and initial

Last name

Your social security number

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see page 19

Apt. no.

City, town or post office, state, and ZIP code. If you have a foreign address, see page 19.

Important!

You must enter your SSN(s) above.

You Spouse

Note. Checking "Yes" will not change your tax or reduce your refund.
Do you, or your spouse if filing a joint return, want \$3 to go to this fund?☐ Yes ☐ No ☐ Yes ☐ No

Filing Status

- 1 ☐ Single
- 2 ☒ Married filing joint return (even if only one had income)
- 3 ☐ Married filing separate return. Enter spouse's social security no. above and full name here. ▶
- 4 ☐ Head of household (with qualifying person). (See page 19.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
- 5 ☐ Qualifying widow(er) with dependent child (year spouse died ▶). (See page 19.)

Check only one box.

Exemptions

6a ☒ Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6ab ☒ Spouse

c Dependents:

(1) First name

Last name

(2) Dependent's social security number

(3) Dependent's relationship to you

(4) ☒ If qualifying child for child tax credit (see page 20)Child 1 } assumed under 17 yrs old.
Child 2 }

No. of boxes checked on 6a and 6b

No. of your children on 6c who:

- lived with you
- did not live with you due to divorce or separation (see page 20)

Dependents on 6c not entered above

Add numbers entered on lines above ▶

d Total number of exemptions claimed

Income

Attach Forms W-2 and W-2G here. Also attach Form(s) 1099-R if tax was withheld.

If you did not get a W-2, see page 21.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

- 7 Wages, salaries, tips, etc. Attach Form(s) W-2
- 8a Taxable interest. Attach Schedule B if required
- b Tax-exempt interest. Do not include on line 8a
- 9 Ordinary dividends. Attach Schedule B if required
- 10 Taxable refunds, credits, or offsets of state and local income taxes (see page 22)
- 11 Alimony received
- 12 Business income or (loss). Attach Schedule C or C-EZ
- 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐
- 14 Other gains or (losses). Attach Form 4797
- 15a Total IRA distributions
- 16a Total pensions and annuities
- 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E
- 18 Farm income or (loss). Attach Schedule F
- 19 Unemployment compensation
- 20a Social security benefits
- 21 Other income. List type and amount (see page 25)
- 22 Add the amounts in the far right column for lines 7 through 21. This is your total income ▶

7

8a

9

10

11

12

13

14

15b

16b

17

18

19

20b

21

22

Adjusted Gross Income

- 23 IRA deduction (see page 27)
- 24 Student loan interest deduction (see page 27)
- 25 Medical savings account deduction. Attach Form 8853
- 26 Moving expenses. Attach Form 3903
- 27 One-half of self-employment tax. Attach Schedule SE
- 28 Self-employed health insurance deduction (see page 29)
- 29 Self-employed SEP, SIMPLE, and qualified plans
- 30 Penalty on early withdrawal of savings
- 31a Alimony paid b Recipient's SSN ▶
- 32 Add lines 23 through 31a
- 33 Subtract line 32 from line 22. This is your adjusted gross income ▶

23

24

25

26

27

28

29

30

31a

32

33

Tax and Credits

Standard Deduction for Most People

Single: \$4,400

Head of household: \$6,450

Married filing jointly or Qualifying widow(er): \$7,350

Married filing separately: \$3,675

34 Amount from line 33 (adjusted gross income)

35a Check if ☐ You were 65 or older, ☐ Blind; ☐ Spouse was 65 or older, ☐ Blind. Add the number of boxes checked above and enter the total here. ▶ 35ab If you are married filing separately and your spouse itemizes deductions, or you were a dual-status alien, see page 31 and check here. ▶ 35b ☐36 Enter your itemized deductions from Schedule A, line 28, or standard deduction shown on the left. But see page 31 to find your standard deduction if you checked any box on line 35a or 35b or if someone can claim you as a dependent.

37 Subtract line 36 from line 34.

38 If line 34 is \$96,700 or less, multiply \$2,800 by the total number of exemptions claimed on line 6d. If line 34 is over \$96,700, see the worksheet on page 32 for the amount to enter.

39 Taxable income. Subtract line 38 from line 37. If line 38 is more than line 37, enter -0-

40 Tax (see page 32). Check if any tax is from: a ☐ Form(s) 8814 b ☐ Form 4972

41 Alternative minimum tax. Attach Form 6251.

42 Add lines 40 and 41. ▶

43 Foreign tax credit. Attach Form 1116 if required.

44 Credit for child and dependent care expenses. Attach Form 2441.

45 Credit for the elderly or the disabled. Attach Schedule R.

46 Education credits. Attach Form 8863.

47 Child tax credit (see page 36). *(4500 x 2)*

48 Adoption credit. Attach Form 8839.

49 Other. Check if from: a ☐ Form 3800 b ☐ Form 8396 c ☐ Form 8801 d ☐ Form (specify)

50 Add lines 43 through 49. These are your total credits.

51 Subtract line 50 from line 42. If line 50 is more than line 42, enter -0- ▶

Other Taxes

52 Self-employment tax. Attach Schedule SE.

53 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137.

54 Tax on IRAs, other retirement plans, and MSAs. Attach Form 5329 if required.

55 Advance earned income credit payment from Form(s) W-2.

56 Household employment taxes. Attach Schedule H.

57 Add lines 51 through 56. This is your total tax. ▶

Payments

If you have a qualifying child, attach Schedule EIC.

58 Federal income tax withheld from Forms W-2 and 1099.

59 2000 estimated tax payments and amount applied from 1999 return.

60a Earned income credit (EIC).

b Nontaxable earned income amount and type ▶

61 Excess social security and RRTA tax withheld (see page 50).

62 Additional child tax credit. Attach Form 8812.

63 Amount paid with request for extension to file (see page 50).

64 Other payments. Check if from: a ☐ Form 2439 b ☐ Form 4136.

65 Add lines 58, 59, 60a, and 61 through 64. These are your total payments. ▶

Refund

66 If line 65 is more than line 57, subtract line 57 from line 65. This is the amount you overpaid.

67a Amount of line 66 you want refunded to you. ▶

b Routing number

c Type ☐ Checking ☐ Savings

d Account number

68 Amount of line 66 you want applied to your 2001 estimated tax. ▶

Amount You Owe

69 If line 57 is more than line 65, subtract line 65 from line 57. This is the amount you owe.

For details on how to pay, see page 51. ▶

70 Estimated tax penalty. Also include on line 69.

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature

Date

Your occupation

Daytime phone number

Spouse's signature. If a joint return, both must sign.

Date

Spouse's occupation

May the IRS discuss this return with the preparer shown below (see page 52)? ☐ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature

Date

Check if self-employed ☐

Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code

EIN

Phone no.

37-S Short form Individual income tax return**2000**

For 2000 CALENDAR YEAR, or other tax year beginning _____, 2000, and ending _____, 20____

Label here If you do not have a label, print or type information.	Your first name and initial _____ Last name _____		Your social security number _____	
	If joint return, spouse's first name and initial _____ Last name _____		Spouse's social security number _____	
	Mailing address _____		You must enter your SSN(s) above. See instructions on page 5.	
	City, town or post office, state and ZIP code _____		Were you required to pay estimated federal income tax for 2000? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Filing status: 1. <input type="checkbox"/> Single 2. <input checked="" type="checkbox"/> Married filing joint 3. <input type="checkbox"/> Married filing separate 4. <input type="checkbox"/> Head of household 5. <input type="checkbox"/> Qualifying widow(er) (Enter spouse's name here) _____				
Filing category: 1. <input type="checkbox"/> Resident 2. <input type="checkbox"/> Nonresident (If a part-year resident in 2000, see instructions on page 3.)				
School district code: _____ - _____ Income source code: _____ (See instructions on page 6)				
Check only if applicable: (See instructions on page 6) Amended <input type="checkbox"/> Extension <input type="checkbox"/> Composite return (CP) <input type="checkbox"/>				

A. Federal adjusted gross income from line 33, Form 1040 or line 19, Form 1040A or line 4, Form 1040EZ or line I, TeleFile Tax Record (SX)	75,000 00	A	Form 37-S
B. Federal taxable income from line 39, Form 1040 or line 25, Form 1040A or line 6, Form 1040EZ or line K, TeleFile Tax Record (SS)	53,800 00	B	
1. Federal income tax liability: See instructions on page 6 for the amount to enter on this line (SV)	9,371 - 2,500	1	6,871 00
2. North Dakota income tax: Multiply line 1 by 14% (.14); OR, if you are a nonresident filer or you are a resident filer with an allowable adjustment, complete the Adjustment Schedule (Form 37-S) and enter the tax from line 13 of that schedule on this line (See instructions on page 7) (SB)		2	
3. Credits: (See instructions) Schedule 4 > (SD) _____ Schedule FC > (S2) _____ Renaissance zone credits > (S3) _____ (Enter total credits in box to the right) (SE)		3	
4. Net tax liability (Subtract line 3 from line 2) If less than zero, enter -0- (SE)		4	
5. North Dakota income tax withheld (Attach supporting W-2s and 1099s) (SF)		5	
6. 2000 estimated tax paid plus overpayment, if any, applied from 1999 return (S&)		6	
7. Total payments (Add lines 5 and 6) (SG)		7	
8. Overpayment (If line 7 is greater than line 4, subtract line 4 from line 7. If line 4 is greater than line 7, go to line 14.) If result is less than \$5.00, enter -0- (SG)		8	
9. Amount of line 8 you wish to apply to your 2001 estimated tax (SQ)		9	
10. Amount of line 8 you wish to contribute to Nongame Wildlife Fund (SP)		10	
11. Amount of line 8 you wish to contribute to Centennial Tree Trust Fund (SW)		11	
12. Refund (Line 8 less lines 9, 10 and 11) If result is less than \$5.00, enter -0- (SR)		12	
13. For direct deposit of your refund, complete lines 13a, 13b and 13c (See instructions on page 7)			
a. Routing number > _____ b. Type of account > <input type="checkbox"/> Checking <input type="checkbox"/> Savings			
c. Account number > _____			
14. Tax due (If line 4 is greater than line 7, subtract line 7 from line 4) If result is less than \$5.00, enter -0- (SZ)		14	
15. Voluntary contribution to Nongame Wildlife Fund (Not allowed if line 14 is -0-) (SU)		15	
16. Voluntary contribution to Centennial Tree Trust Fund (Not allowed if line 14 is -0-) (SY)		16	
17. Balance due (Add lines 14, 15, 16 and, if applicable, 18) Pay to: State Tax Commissioner (SO)		17	
18. Interest on underpaid estimated tax, if any, from line 17, Form 400-UT (SO)		18	

Attach a complete copy of your 2000 federal income tax return

I declare under the penalties of North Dakota Century Code § 12.1-11-02, which provides for a Class A misdemeanor for making a false statement in a governmental matter, that this return, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return. For Privacy Act Information, see inside front cover of instruction booklet.

Your signature _____	Date _____	Your daytime phone no. > (PH) _____	<input type="checkbox"/> OPR	For Tax Department use only _____
Spouse's signature (if joint return) _____	Date _____	Area code () _____		
Paid preparer's signature _____	Date _____			

Mail to: Office of State Tax Commissioner, State Capitol,
600 East Boulevard Avenue, Bismarck, ND 58505-0550

*Note - not dollar for dollar
offset against state
tax.*

*\$ 2,500 federal credit
for adoption exp.
x .14
= 350
\$ 350 state tax
credit*

For 2000 CALENDAR YEAR, or other tax year beginning _____, 2000, and ending _____, 20__

▼ IMPORTANT ▼

Label Sticker label where	Your first name and initial		Last name		Your social security number	
	If joint return, spouse's first name and initial		Last name		Spouse's social security number	
	Mailing address					You must enter your SSN(s) above. See instructions on page 5.
	City, town or post office, state and Zip Code					
Filing status: 1. <input type="checkbox"/> Single 2. <input checked="" type="checkbox"/> Married filing joint 3. <input type="checkbox"/> Married filing separate 4. <input type="checkbox"/> Head of household 5. <input type="checkbox"/> Qualifying widow(er) <small>(Enter spouse's name here)</small>						
Filing category: 1. <input type="checkbox"/> Resident 2. <input type="checkbox"/> Nonresident <i>(If a part-year resident in 2000, see instructions on page 3.)</i>						
School district code: _____ Income source code: _____ <i>(See instructions on page 6)</i>						
Were you required to pay estimated federal income tax for 2000? Yes <input type="checkbox"/> No <input type="checkbox"/>						
Check only if applicable: <i>(See instructions on page 6)</i> Amended <input type="checkbox"/> Extension <input type="checkbox"/>						

Tax computation schedule

1. North Dakota taxable income from line 32, Schedule 2 (resident) or line 29, Schedule 3 (nonresident)	(A)	1	45,129	00
2. North Dakota income tax: Use Tax Rate Table below to calculate tax		2	3,600	66
3. Credit for income tax paid to another state from line 7, Schedule 4 (<i>Attach Schedule 4</i>)	(D)	3		
4. Credit for contributions to nonprofit private colleges in North Dakota	(?)	4		
5. Credit for contributions to nonprofit private high schools in North Dakota	(-)	5		
6. Long-term care insurance credit	(1L)	6		
7. Other credits (<i>Identify</i>)	(1T)	7		
8. North Dakota venture capital corporation investment credit	(1K)	8		
9. North Dakota Small Business Investment Company investment credit	(1B)	9		
10. Nonprofit development corporation investment credit	(1F)	10		
11. Qualified business seed capital investment credit	(1M)	11		
12. Net tax liability (Line 2 less lines 3 through 11). If less than zero, enter -0-	(E)	12		
North Dakota income tax withheld (<i>Attach supporting W-2s and 1099s</i>)	(F)	13		
2000 estimated tax paid plus overpayment, if any, applied from 1999 return	(&)	14		
15. Total payments (<i>Add lines 13 and 14</i>)		15		
16. Overpayment (<i>If line 15 is greater than line 12, subtract line 12 from line 15. If line 12 is greater than line 15, go to line 21.</i>) If less than \$5, enter -0-	(G)	16		
17. Amount of line 16 you wish to apply to your 2001 estimated tax	(1Q)	17		
18. Amount of line 16 you wish to contribute to Nongame Wildlife Fund	(1P)	18		
19. Amount of line 16 you wish to contribute to Centennial Tree Trust Fund	(1D)	19		
20. Refund (<i>Line 16 less lines 17, 18, and 19</i>) If less than \$5, enter -0-	(1R)	20		
21. Tax due (<i>If line 12 is greater than line 15, subtract line 15 from line 12</i>) If less than \$5, enter -0-	(Z)	21		
22. Voluntary contribution to Nongame Wildlife Fund (<i>Not allowed if line 21 is -0-</i>)	(1U)	22		
23. Voluntary contribution to Centennial Tree Trust Fund (<i>Not allowed if line 21 is -0-</i>)	(1E)	23		
24. Balance due (<i>Line 21 plus lines 22, 23 and, if applicable, 25</i>) Pay to: State Tax Commissioner		24		
25. Interest on underpaid estimated tax, if any, from line 17, Form 400-UT	(1C)	25		

- Attach a complete copy of your 2000 federal income tax return
- Mail to: Office of State Tax Commissioner, State Capitol, 600 East Boulevard Avenue, Bismarck, ND 58505-0550

I declare under the penalties of North Dakota Century Code § 12.1-11-02, which provides for a Class A misdemeanor for making a false statement in a governmental matter, that this return, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return. For Privacy Act information, see inside front cover of instruction booklet.

Your signature	Date	Your daytime phone no. ➤ (PH)	Paid preparer's signature	Date
Spouse's signature (if joint return)	Date	Area code ()	<input type="checkbox"/> OPR	For Tax Department use only

If amount on line 1 is:		Your tax is:		Tax Rate Table	
Over	But not over				
0	\$ 3,000			2.67%	of the amount on line 1
3,000	5,000	\$ 80.10	plus 4.00%		of the amount over \$ 3,000
5,000	8,000	160.10	plus 5.33%		of the amount over 5,000
8,000	15,000	320.00	plus 6.67%		of the amount over 8,000
15,000	25,000	786.90	plus 8.00%		of the amount over 15,000
25,000	35,000	1,586.90	plus 9.33%		of the amount over 25,000
35,000	50,000	2,519.90	plus 10.67%		of the amount over 35,000
50,000		4,120.40	plus 12.00%		of the amount over 50,000

☐ OPR

For Tax Department use only

37

2000 Schedule 22000 Form 37
(Long Form)

Computation of taxable income for resident filer using Form 37 (Long Form)

A. Federal adjusted gross income from line 33, Form 1040 or line 19, Form 1040A or line 4, Form 1040EZ, or line I, TeleFile Tax Record		(H)	A	75,000	00
B. Federal taxable income from line 39, Form 1040, or line 25, Form 1040A, or line 6, Form 1040EZ, or line K, TeleFile Tax Record		(I)	1	53,800	00
North Dakota additions					
2. Interest from state and local government obligations (except North Dakota)	(J)		2		
3. State and local income taxes from line 5, Schedule A, Form 1040 [However, see instructions if line A above exceeds \$128,950 (\$64,475, if married filing separate)]	(L)		3		
4. Other (See instructions) (Attach supporting statement)			4		
5. Total additions (Add lines 2 through 4)	(M)		5	0	
6. Balance (Add lines 1 and 5)			6	53,800	00
North Dakota subtractions					
7. Interest from U.S. obligations	(N)		7		
8. Military pay exclusion	(O)		8		
9. Additional military pay exclusion	(2F)		9		
10. Military retirement pay exclusion	(#)		10		
11. Income from a federal civil service pension, a North Dakota city firefighter or police officer pension, or the North Dakota highway patrol pension fund	(Q)		11		
12. Interest income from sale of land to a qualifying beginning farmer	(2H)		12		
Rental income from leasing of land to a qualifying beginning farmer	(2I)		13		
Gain from sale of land to a qualifying beginning farmer	(2J)		14		
15. Interest income from North Dakota financial institutions	(2K)		15		
16. Interest income from sale of a business to a qualifying beginning businessman	(2L)		16		
17. Rental income from leasing a business to a qualifying beginning businessman	(2M)		17		
18. Gain from sale of a business to a qualifying beginning businessman	(2N)		18		
19. North Dakota domestic dividend exclusion	(P)		19		
20. Exclusion for investment in North Dakota venture capital corporation	(2A)		20		
21. Medical expenses not allowed due to 7.5% of adjusted gross income limitation (Enter smaller of line 1 or line 3, Schedule A, Form 1040)	(R)		21		
22. Additional exemption amount: If your Filing status (at top of Form 37) is Married filing joint or Head of household or Qualifying widow(er), enter \$300		300	22	00	
23. Other (See instructions) (Attach supporting statement)	(T)	2,500	23	00	
24. Total deductions (Add lines 7 through 23)	(U)		24	2,800	00
25. Balance (Subtract line 24 from line 6)			25	51,000	00
26. Federal income tax—See instructions for amount to enter on this line	(V)	5,871	26	00	
27. Adjusted gross income from line A at top of page	(W)	75,000	27	00	
28. If an entry was made on lines 7 through 19, or line 23, see the instructions for the amount to enter on this line. Otherwise, enter amount from line 26 on line 31, and go to line 32	(X)	0	28		
29. Subtract line 28 from line 27		75,000	29	00	
30. North Dakota income ratio (Divide line 29 by line 27 and round to nearest two decimal places. If line 29 equals line 27, enter 1.00)		1.00	30		
31. Federal income tax deduction (Multiply line 26 by line 30)	(Y)	5,871	31	00	
32. North Dakota taxable income (Subtract line 31 from line 25) Enter here and on line 1, Tax Computation Schedule, Form 37		45,129	32	00	

Senate Committee on Finance and Taxation

Information on Senate Bill No. 2252

January 31, 2001

Chairman Urlacher and members of the Senate Finance and Taxation Committee; my name is Julie Hoffman, Administrator of Adoption Services for the ND Department of Human Services. I have been asked to provide information in reference to SB 2252, a bill that provides for increases in the income tax credit for adoption. I am sorry that I was not able to be in attendance at the hearing this past Monday.

In Fiscal Year 1999, there were 346 children adopted in North Dakota. Of this number, 190 were non-agency adoptions (step parent or relative adoptions that did not require child placing agency involvement) and the rest (156) were agency adoptions. Of the agency adoptions – 72 were adoptions of infants, 20 were adoptions of foreign born children, 3 were relative adoptions and 59 were adoptions of children with special needs. Of these agency adoptions, it is likely that those who adopt infants and foreign-born children would be the most likely to access the adoption tax credits available to them.

In explanation: the costs to families who adopt children with special needs are minimal and most often are reimbursed by the state through adoption subsidies. Most of the costs for the adoption of these children are funded through federal, state and county dollars and are provided through contract with private licensed child placing agencies. Children with special needs are those children who are being adopted out of the foster care system and who 1) are over the age of 5 years, 2) are of minority race, 3) are part of a sibling group being placed together for adoption or 4) have a physical, mental or emotional disability. Many of the children who qualify as children with special needs for the purposes of adoption meet more than one of these criteria. Our special needs adoption program (AASK – Adults Adopting Special Kids) is currently working with over one

hundred such children for whom we are seeking to provide a permanent adoptive home.

Families who adopt infants through the child placing agencies, through an identified adoption or who adopt foreign born children will likely make use of tax credits due to the costs associated with those adoptions. These families will have costs related to the fees of the child placing agencies (and perhaps more than one agency if they are adopting a child from another state), legal fees, and travel fees associated with the placement.

I hope this provides clarification for the questions posed by the committee. If I can be of further assistance you may contact me at 328-4865 or sohofj@state.nd.us.

SB 2252
House Finance and Tax Committee
Chairman Carlson
March 13, 2001

Mr. Chairman and members of the House Finance and Tax Committee for the record my name is Aaron Krauter, State Senator from District 35.

Adoption is a very special process to many people in North Dakota. Especially to those parents who at times have not been able to conceive children through the natural childbirth way. Adoption is also special to a new born child or a four years old child to come into a loving family that will nurture and care for them through their younger years.

Adoptions come under two basic categories: non-agency adoptions and agency adoptions. The non-agency adoptions are usually between relatives or step parents and do not require involvement of a child placing agency. The agency adoptions usually receive assistance from an adoption agency like Catholic Family Services, Lutheran Social Services or the AASK program. Of these adoptions some are infants, some are foreign born children and some are special needs. The special needs children adoption costs are reimbursed through federal, state and county dollars. So those that are adopting infants and foreign-born children have the high non-reimbursable cost.

This gets us to reason for SB 2252. In 1985, the \$1,000 child adoption credit was enacted on the long form. Since then the cost of adoption have increased dramatically. Adoption costs were around \$1,000 to \$2,000 and the credit seemed appropriate for 1985 standards. Today, those cost are now in excess of \$8,000 for infants and up to \$20,000 for foreign country and other state infant adoptions.

SB 2252 raises the deduction from \$1000 to \$1750 on the long form and also add\$ the \$1750 to the short form. We have heard many times how many residents of North Dakota use the short form and this would give them the new \$1750 credit.

Thank you Chairman Carlson and committee members and I will respond to any questions.

Senate Appropriations Committee
Information on Senate Bill No. 2252
February 19, 2001

Chairman Nething and members of the Senate Appropriations Committee; my name is Julie Hoffman, Administrator of Adoption Services for the ND Department of Human Services. I am providing information in reference to SB 2252; a bill that provides for increases in the income tax credit for adoption. The Department is neutral in its stance regarding this bill.

In Fiscal Year 1999, there were 346 children adopted in North Dakota. Of this number, 190 were non-agency adoptions (step parent or relative adoptions that did not require child placing agency involvement) and the rest (156) were agency adoptions. Of the agency adoptions – 72 were adoptions of infants, 20 were adoptions of foreign born children, 3 were relative adoptions and 59 were adoptions of children with special needs. **Of these agency adoptions, it is likely that those who adopt infants and foreign-born children would be the most likely to access the adoption tax credits available to them.** Thus the amendments to SB 2252 seem to eliminate the provision of tax credits to those families who are most likely to use them.

In explanation: the costs to families who adopt children with special needs are minimal and most often are reimbursed by the state through adoption subsidies. Most of the costs for the adoption of these children are funded through federal, state and county dollars and are provided through contract with private licensed child placing agencies. Children with special needs are those children who are being adopted out of the foster care system and who 1) are over the age of 5 years, 2) are of minority race, 3) are part of a sibling group being placed together for adoption or 4) have a physical, mental or emotional disability. Many of the children who qualify as children with special needs for the purposes of adoption meet more than one of these criteria.

Families who adopt infants through the child placing agencies, through an identified adoption or who adopt foreign born children will likely make use of tax credits due to the costs associated with those adoptions. These families will have costs related to the fees of the child placing agencies (and perhaps more than one agency if they are adopting a child from another state), legal fees, and travel fees associated with the placement. The in state adoption of an infant can cost a family in excess of \$8,000, with adoptions of infants from foreign countries and other states going as high as \$15,000 to \$20,000.

Thank you for your time. I would be happy to answer any questions you might have. If I can be of further assistance you may contact me at 328-48-5 or sohofj@state.nd.us.

House Committee on Finance and Taxation

Senate Bill No. 2252

March 13, 2001

Chairman Carlson and members of the House Finance and Taxation Committee; my name is Julie Hoffman, Administrator of Adoption Services for the ND Department of Human Services. I have been asked to provide information in reference to SB 2252, a bill that provides for an increase in the income tax credit for adoption.

There have been a number of amendments to this bill, but as it currently stands, an adoption tax credit of \$1750. would be available to all families in the tax year in which they legally finalize their adoption. It also allows them to carry forward for five years any unused portion of the tax credit.

In Fiscal Year 1999, there were 346 children adopted in North Dakota. Of this number, 190 were non-agency adoptions (step parent or relative adoptions that did not require child placing agency involvement) and the rest (156) were agency adoptions. Of the agency adoptions – 72 were adoptions of infants, 20 were adoptions of foreign born children, 3 were relative adoptions and 59 were adoptions of children with special needs. Of these agency adoptions, it is likely that those who adopt infants and foreign-born children would be the most likely to access the adoption tax credits available to them.

In explanation: the costs to families who adopt children with special needs are minimal and most often are reimbursed by the state through adoption subsidies. Most of the costs for the adoption of these children are funded through federal, state and county dollars and are provided through contract with private licensed child placing agencies. Children with special needs are those children who are being adopted out of the foster care system and who 1) are over the age of 5 years, 2) are of minority race, 3) are part of a sibling group being placed together for adoption or 4) have a physical, mental or emotional disability. Many of the

children who qualify as children with special needs for the purposes of adoption meet more than one of these criteria. Our special needs adoption program (AASK – Adults Adopting Special Kids) is currently working with over one hundred such children for whom we are seeking to provide a permanent adoptive home.

Families who adopt infants through the child placing agencies, through an identified adoption or who adopt foreign born children will likely make use of tax credits due to the costs associated with those adoptions. These families will have costs related to the fees of the child placing agencies (and perhaps more than one agency if they are adopting a child from another state), legal fees, and travel fees associated with the placement. The in state adoption of an infant can cost a family in excess of \$8,000, with adoptions of infants from foreign countries and other states costing as much as \$15,000 to \$20,000.

I would be happy to answer any questions the committee has at this time. If I can be of further assistance you may contact me at 328-48-5 or sohofj@state.nd.us.