

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2374

2001 SENATE FINANCE AND TAXATION

SB 2374

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2374

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date 2/5/01

Tape Number	Side A	Side B	Meter #
1		x	10.2-34
2/6/01 - 2		x	23.5-33.3
2/12/01 - 1	x		50.3-end
		x	0-2.6
2	x		4.1-18.6
Committee Clerk Signature <i>Lynelle M. Kraft</i>			

Minutes:

Senator Urlacher: Opened the hearing on SB 2374, relating to financial institutions tax and income tax credits for contributions to support institutions of higher education.

Senator Larry Robinson: Co-sponsored the bill, testified in support. This bill was introduced to level the playing field. It would open up the opportunity to make charitable contributions to the public institutions. We are not trying to take anything away from our private institutions.

Rich Brauhn: VP of Academic Affairs at Dickinson State University, testified in support. This encourages giving. It could lead to larger gifting in the future and the tax credit would provide an incentive for this to happen. In Southwest ND, this would be well received. We are very much in support.

Senator Christmann: Who all would fall into this category besides public universities?

John Kramer: The way the bill is intended, it would be institutions of higher education. That's how I interpret this. It could be also other kinds of public organizations concerned with higher education. I'm not sure what that would all encompass.

Jim Miller: ED of NDSU Foundation & Alumni Assoc., testified in support. My interpretation of this bill, is the supporting organization must be affiliated with an institution of higher learning. We have three foundations that would be affected by this bill: Development Foundation, Teammaker Organization, & Research Organization. They would qualify in the matter in which this bill is written. Roughly 22% of our total contributions from alumni have come from alumni living in the state. It's this type of incentive that will help us to better affect the quality of education of ND's public schools.

Morris Tschider: President of UND Foundation, testified in support. Provides letter which he received from the Acting Director of UND Foundation. Letter attached. What I'm really concerned about is motivating people giving money to a organization, set up tax exempt under federal law, to support an educational institution. This bill will motivate our 31 employees to develop another program that hasn't been there before. I suggest the bill be further amended to say that this deduction shall be an itemized deduction on the short form.

Senator Christmann: Through the appropriations, does the state have any say in how the money that the foundations raise is spent?

Morris Tschider: They are accountable. The state gives to the university what they can make a case for in showing that they need it. A 501-C2 has got to use the money for its' expressed purpose, has to file an income tax return, is accountable to the IRS.

Gordon Binek: VP of College Advancement at BSC, testified in support. Written testimony attached.

Donnita Wald: There's nothing that has been presented today that would assist us in determining what the fiscal impact would be. Gives statistics from 1999 on contributions to higher institutions. We anticipate those would go up with this bill.

Senator Christmann: This allows them to do it on the short form instead of just the long form. Does it allow anyone that credit that previously could not get it if they used the long form?

Donnita Wald: This credit is not on the short form, and would not with this bill. Mr. Tschider was proposing that it be amended to put on the short form.

Chancellor Isaak was planning to testify but got caught up in another hearing. Another signed, but did not testify, in support.

Senator Urlacher: Closed the hearing. Action delayed.

Discussion held 2/6/01. Meter number 23.5-33.3.

COMMITTEE ACTION: 2/6/01

Motion made by Senator Wardner for a DO PASS, Seconded by Senator Kroeplin. Vote was 4 yeas, 2 nays, 0 absent and not voting. Bill carrier was Senator Wardner.

Bill was rereferred back to the committee.

Discussion held 2/12/01 Meter number 50.3-end, Side A & 0-2.6, Side B.

Rick Clayburgh: State Tax Commissioner, appeared to explain that the fiscal note could be substantial. We have no way of knowing how the taxpayers will participate in this program.

Discussion held later. Meter number 4.1-18.6, Tape 2, Side A.

Donnita Wald: Appeared to clarify the fiscal note. It is undeterminable but it will be a decrease to the general fund. There will be a substantial impact.

Committee decided that the Recommendation Stands.

FISCAL NOTE
Requested by Legislative Council
03/15/2001

Bill/Resolution No.:

Amendment to: SB 2374

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.*

SB 2374 with House amendments expands the higher education institutions to which contributions can be made that qualify for financial institutions tax credits.

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 fiscal impact of SB 2374 with House amendments cannot be determined.

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:	03/15/2001

FISCAL NOTE

Requested by Legislative Council

01/26/2001

Bill/Resolution No.: SB 2374

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.*

SB 2374 expands the higher education institutions to which contributions can be made that qualify for income tax credits.

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 fiscal impact of SB 2374 cannot be determined.

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:	02/02/2001

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

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2374

Senate Finance and Taxation Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Wardner Seconded By Kraeplin

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

Total (Yes) 4 No 2

Absent 0

Floor Assignment Wardner

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

REPORT OF STANDING COMMITTEE (410)
February 6, 2001 5:33 p.m.

Module No: SR-21-2544
Carrier: Wardner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2374: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2374 was placed on the Eleventh order on the calendar.

REPORT OF STANDING COMMITTEE (410)
February 12, 2001 4:34 p.m.

Module No: SR-25-3131
Carrier: Wardner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2374: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2374 was placed on the Eleventh order on the calendar.

2001 HOUSE FINANCE AND TAXATION

SB 2374

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2374

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date March 6, 2001

Tape Number	Side A	Side B	Meter #
1	X		3,043
Committee Clerk Signature <i>Janie Stein</i>			

Minutes:

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

SEN. LARRY ROBINSON, DIST. 24 Introduced the bill. Under current law, financial institutions in the state of North Dakota, can qualify for an income tax credit by making charitable contributions to the private institutions in the state. This statute has been in place for years and years and years. What we are trying to do with this bill, is to open that door ever so much more, to allow the same process to apply to the public institutions of higher education. We would be leveling the playing field. We are not trying to impact the private institutions in the state, but to allow our public institutions to work with financial institutions. Those financial institutions would then receive an income tax credit for making the charitable contribution. This bill comes to us when we are asking more and more of our higher education institutions to be aggressive, to be at marketplace, to access private support for any number of causes, including capital improvements, special needs, marketing and scholastic support for their respective

institutions. As a member of the Senate, I am well aware of the concern about the number of bills we have offering tax credits this session. We feel this is a fairness issue.

He submitted an amendment to the bill, stating, on the Senate side when this bill was drafted, due to an oversight on the part of one of the sponsors, our intent was to allow this tax credit just for financial institutions, and it is my understanding, the way the bill is written, this issue surfaced on the floor, the door is opened a bit wider than we intended. Reference in the code, does include the individual income tax. That is not where we are coming from, we intended only corporate income tax for financial institutions. That certainly impacted the fiscal side of things on the bill. The amendments focus the intent of the bill only on financial institutions and their ability to make contributions to public institutions of higher education in the state of North Dakota, in exchange for income tax credit.

REP. CARLSON As I look at your amendments, it takes out the whole section which deals with charitable contributions, elected by taxpayers, and only leaves in, basically, Section 1, and the effective date.

SEN. ROBINSON Yes, we wanted to make things as easy as possible for this committee, and we hoped to have a chance to see this thing through.

This was an unintentional oversight, in our discussion on the Senate floor, this issue surfaced. The bill was supported.

REP. WINRICH Is this the long form. or short form?

DONNITA WALD, LEGAL COUNCIL, TAX DEPARTMENT, Answered the question, stating this is a tax credit applicable to corporations and individuals on the long form only.

SEN. RICH WARDNER, DIST. 32, DICKINSON, Testified in support of the bill. It was not easy getting this bill out of the Senate Finance & Tax Committee and out of the Senate. I believe that this thing has impact for our universities and colleges. Now that we have it amended down, I believe the financial impact to the state general fund is, minimal. It fits with the higher ed round table, giving the universities more flexibility to go out and find funding. Through this, they can get money into their foundations, not only in scholarship programs, people will be able to give money to that. Right now, the higher ed system is one of the good things we have going in this state. I was one, at one time, that felt we needed to close some institutions. Now, I am at a hundred eighty degree turn on that because I see new people coming into the state and staying. We need the higher ed system in order to enhance our economic growth in the private sector. I believe this bill is a part of that.

REP. CARLSON How would you anticipate this money would be handled at the university level?

SEN. WARDNER I will give you my opinion, but there are people that work with it every day. Most of this money goes into a foundation trust and only the revenues that are generated from those are used to enhance scholarships or equipment and programs in the institutions. With the round table discussions, we are telling these universities, be creative, be like the private sector and hustle a little bit on your own.

GORDEN BINEK, VICE PRESIDENT OF COLLEGE ADVANCEMENT AT BISMARCK STATE COLLEGE, Testified in support of the bill. See attached written testimony.

Answered Rep. Carlson's question posed to Sen. Wardner, in almost all cases, the money would go directly to a foundation such as ours, whose sole purpose is to advance and support Bismarck State College. Those funds are then distributed, either endowed and the income interest earnings from those are used to create scholarships and perpetuity or in some cases, fund scholarships and grants directly.

MORRIS TSCHIDER, PRESIDENT OF THE FOUNDATION, UNIVERSITY OF NORTH DAKOTA, Testified in support of the bill. See written memo-summary.

REP. LLOYD Asked about leveling the playing field, if I had five thousand and gave it to the University of Mary, I would get a twenty five hundred dollar credit, that is the impression I am getting, but I don't think that is what you mean.

MORRIS TSCHIDER That is correct, but as an individual, you can only go to two hundred and fifty. We look at three classes of people who really qualify for the credit. There are financial institutions, that class, would still be good prospects for our institutions of higher education and our foundation, but the one that wouldn't qualify for anything, would be our corporations, our tax paying corporations in North Dakota. The University of Mary got it, under the existing law. We cut the market, so to speak, for the rest of the higher education institutions, we have limited them down to financial institutions. There are probably three to four times as many regular corporations in the state of North Dakota that would be good prospects, but we can't get anything from them, because the amendment would knock them off. They don't get the credit. Individuals, is not a big item, two hundred fifty dollars is not significant. As far as dollars are concerned, if we get five thousand and it costs twenty five hundred in taxes, we are twenty five hundred dollars ahead, as a state, and the institution is five thousand ahead.

REP. CARLSON You are not in favor of the amendment?

MORRIS TSCHIDER Not in favor of the amendment that would preclude qualification by our regular corporations in the program. We talk about leveling the playing field, we are not leveling the playing field, we are giving our institutions of higher ed, a little piece of the pie, but the rest of it is all out there just like it was before.

REP. CARLSON Do you realize how we do the math at the state level though?

MORRIS TSCHIDER I will have to contest that I really don't.

REP. CARLSON Very simply, if we lose twenty five hundred in tax revenue, we would have to lower the funding for higher education by twenty five hundred dollars, because we only have so much money in the pot.

KEVIN THOMPSON, DICKINSON STATE UNIVERSITY Testified in support of the bill, I worked with Sen. Robinson to have this bill introduced. I have been working with donors, specifically. This would greatly affect giving to the Dickinson State University Foundation, plus the other foundations across the state of North Dakota. The one thing I want to clarify and support is that the foundations work very close with the institutions. We are not out there doing our own missions. We work to recruit top kids, to retain those students into our institutions. With the price of higher education increasing, and the number of students decreasing, there is more and more competition to recruit the students, not only from within the state of North Dakota, but outside the state of North Dakota. We need to look at a broad picture here.

DONNITA WALD Returned to answer questions. At this time, there have been three thousand five hundred and seven dollars in credits claimed on the long form. A total of thirteen thousand three hundred and twenty five dollars has been claimed by financial institutions. That was by

eight taxpayers. The financial institution credit is applied only against the state portion of the financial institution's tax. That tax is a seven percent tax of which $5/7$'s of it goes to counties and $2/7$'s goes to the state general fund. The credit right now would only be on the state's portion. The bill as it was introduced and passed by the Senate, would have been a substantial fiscal impact. As far as the amendments, it would be less impact, but it could still be substantial.

REP. CARLSON What do you mean by substantial?

DONNITA WALD When the bill was originally introduced, testimony that was presented by NDSU and UND, we calculated for individuals, their two hundred and fifty dollar tax credit, their testimony indicated at NDSU, they had nine thousand one hundred forty contributors, at two hundred and fifty dollars a credit, it would be 2.2 million dollars. The UND foundation, the information that was provided, they indicated there would be eighteen thousand contributors, that would be 4.5 million, if they all did the long form.

REP. CARLSON What would we be looking at for the financial institutions?

DONNITA WALD No data has been given to us regarding the financial institution's contributions.

REP. CARLSON If we amended the bill, we wouldn't have a concrete number to work with, would we?

DONNITA WALD No you wouldn't.

REP. WINRICH You gave a number of credits used by individuals, and then one for financial institutions, was there one for corporations?

DONNITA WALD We aren't able to pull that off of the return without doing some programming.

REP. WINRICH With the financial institutions that currently give, you said there were credits of thirteen thousand, three hundred and twenty five, and that is for two private institutions in the state, the University of Mary and Jamestown?

DONNITA WALD That would be University of Mary and Jamestown.

REP. WINRICH Two institutions generated thirteen thousand in tax credits, or about six thousand dollars each. If there are ten campuses in the NDSU system, sixty thousand?

DONNITA WALD The contributions that were made is forty million. The tax credit is limited to five sevenths of the tax base, or twenty five hundred dollars. But there was a total of forty thousand dollars in contributions.

Donnita went on to give a brief history regarding the credits for financial institutions.

REP. CARLSON Related to code 57-38-01.7, which talks about a taxpayer, is that any taxpayer, individual, corporation, partnership?

DONNITA WALD That taxpayer is an individual, estate trust and corporations, partnerships don't pay income tax.

REP. CARLSON Would we have to look at a different section of law to reference that?

DONNITA WALD We are kinda looking at that. It would have to split the corporations out from the individuals. If you look at page 3, all of the language is out, we would have to pull out a section for corporations.

REP. KROEBER We are not changing anything as far as private institutions are concerned with this amendment, everything is still the same for them?

DONNITA WALD That is correct.

REP. SCHMIDT This would not affect credit unions?

Page 8
House Finance and Taxation Committee
Bill/Resolution Number SB 2374
Hearing Date March 6, 2001

DONNITA WALD No it would not, credit unions don't pay tax.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 3-12-01, TAPE #2, SIDE A, METER #4011

Committee members reviewed the amendments Sen. Robinson had submitted, which took out Sec. 2 of the bill. With that, all institutions can receive money from financial institutions.

REP. WINRICH Made a motion to adopt the amendments #10405.0101

REP. CLARK Second the motion. **MOTION CARRIED BY VOICE VOTE.**

Committee members discussed the fiscal note on the bill, which was approximately sixty thousand dollars.

REP. CLARK Made a motion for a **DO NOT PASS AS AMENDED**

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

8 YES 5 NO 2 ABSENT

REP. DROVDAL Was given the floor assignment.

Date: 3-12-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2374

House FINANCE & TAXATION Committee

☐ Subcommittee on _____

or

☐ Conference Committee

Legislative Council Amendment Number 10405. 0101

Action Taken Do Not Pass as amended

Motion Made By Rep. Clark Seconded By Rep. Drovdal

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		✓
GROSZ, MICHAEL	✓		WIKENHEISER, RAY	✓	
HERBEL, GIL		✓	WINRICH, LONNY		✓
KELSH, SCOT		✓			
KROEBER, JOE		✓			
LLOYD, EDWARD	A				

Total (Yes) 8 No 5

Absent 2

Floor Assignment Rep. Drovdal

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

REPORT OF STANDING COMMITTEE

SB 2374: Finance and Taxation Committee (Rep. Carlson, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (8 YEAS, 5 NAYS, 2 ABSENT AND NOT VOTING). SB 2374 was placed on the Sixth order on the calendar.

Page 1, line 1, remove "and section"

Page 1, line 2, remove "57-38-01.7" and remove "tax and income"

Page 2, remove lines 20 through 30

Page 3, remove lines 1 through 31

Page 4, remove lines 1 through 9

Renumber accordingly

2001 TESTIMONY

SB 2374

**Presentation to the North Dakota Senate Finance and Taxation Committee
By Gordon Binek, Vice President of College Advancement, Bismarck State College
February 5, 2001**

Chairman Urlacher and Members of the Committee:

My name is Gordon Binek, I am Vice President of College Advancement at Bismarck State College. My duties at Bismarck State College include directing the operations of Bismarck State College Foundation and related fund raising activities. Our fund raising provides resources for scholarships, grants and other expenditures which support Bismarck State College. I appreciate this opportunity to speak to you in support of SB 2374.

SB 2374 amends a section of the North Dakota Century Code which for the past 25 years has offered supporters of nonprofit private education institutions a tax credit for contributions to support education. The credit is allowable to taxpayers who file using the long North Dakota State Tax Form. The maximum credit allowed by this section is \$2,500. However, it is my understanding that very few long tax forms are filed in North Dakota.

For the past 25 years, college and university members of the North Dakota University System have been excluded from this incentive to support these fine education institutions. The passage of SB2374 does not penalize or decrease support of the private institutions; rather, it levels the playing field for all institutions in North Dakota. It affords all institutions the same opportunity for support. SB2374 provides incentives and encouragement for the support of all higher education in North Dakota.

From August 1991 to July 1996 I worked as a development officer raising funds for the University of Mary. At the University of Mary I used the tax credit as an incentive for support as well as increased levels of support. For those individuals and corporations who were able to utilize the credit, it clearly was an incentive to make or to increase their contributions.

Foundations, such as Bismarck State College Foundation, play an important role in the support and advancement of the colleges and universities making up the North Dakota University System. Through the earnings of endowed assets and through direct contributions, we provide millions of dollars annually in the form of scholarships and grants to those institutions. We also help fund vital programs and projects. SB2374 endorses the generosity of our contributors. It encourages support that will be duplicated many times in the form of continuing support for North Dakota education.

Mr. Chairman and Members of the Senate Finance and Taxation Committee I strongly urge you to pass Senate Bill 2374.

UND FOUNDATION MEMO

TO: Morris Tschider, President
UND Foundation

FROM: Dave Miedema
Acting Executive Vice President

DATE: February 5, 2001

RE: SENATE BILL 2374

Thanks so much for your phone call yesterday and for your willingness to represent the University of North Dakota Foundation at the committee hearing scheduled for this morning at 10 a.m.

I did visit with President Kupchella on Friday, who brought Bill #2374 to my attention. Apparently, Phil Harmeson, Senior Associate to the President, monitors all House and Senate bills that may have an impact on higher education in North Dakota. President Kupchella indicated he would be writing a letter to be submitted to the committee which will include the endorsement of the University of North Dakota Foundation to approve the bill.

Here is some of the information you requested:

- The Alumni Association of the University of North Dakota employs 33 full-time staff members plus a number of part-time employees, most of whom are students. We are a self-supporting organization with an annual budget of just less than \$3 million. The Foundation was incorporated in 1978 with assets of less than \$1 million; and as of June 30, 2000, our assets exceeded \$134 million.
- In the last ten years alone, the UND Foundation has allocated to the University of North Dakota \$39.7 million to benefit its programs, students and faculty. Virtually every college and department benefits as a result of our alumni and friend support. Since its inception, the Foundation has allocated nearly \$60 million to strengthen the University of North Dakota in fulfilling its historic missions of teaching, research, and service.
- We fully recognize that as the University of North Dakota continues to serve as a major component of the Foundation for building the future of our state, region, and beyond, private support from a variety of sources, including alumni and friends, will become increasingly critical.
- We enthusiastically support the passage of Senate Bill #2374 which will provide to financial institutions, corporations, and individuals within North Dakota a valuable tax credit and incentive to support our public institutions of higher learning within the state.

- With passage of this bill, we would immediately implement a marketing plan to educate our UND graduates who live within North Dakota (18,337 of approximately 60,000, or nearly one-third of our total graduates) on how this tax credit would allow them to "leverage" a larger contribution to the UND Foundation. For example, if an individual was considering a \$250 contribution, he or she could now actually provide a \$500 contribution with the same net "cost" to them, but a double benefit to our organization. This becomes a win/win situation that would have, in my opinion, a dramatic positive impact on the level of contributions from our North Dakota alumni and friends.
- Passage of this bill would also open doors for increased support from corporations and financial institutions across the state. Many of the small and medium sized business owners in North Dakota have ties to UND and would be ideal prospects to approach for financial support. Of course, many of the executives of financial institutions within North Dakota are graduates or friends of UND and they, too, would benefit us and their institutions by taking advantage of the benefits offered in this bill.

Morris, thank you again for representing our organization and for the wonderful job we know you will do in testifying before the committee. If you have any questions or need additional information, don't hesitate to give me a call before the meeting.

Dave Miedema

Dave Miedema

DLM/llh

Note: North Dakota law provides that, except for the credit for prior year minimum tax, no federal income tax credits are allowed in determining the amount of the federal income tax liability for purposes of Form 37-S.

Line 2

Tax calculation

If you are a resident of North Dakota and you do not have any allowable adjustments on Form 37-S, multiply your federal income tax liability on line 1 by 14% (.14) and enter the result on line 2. If you have an allowable adjustment on Form 37-S, you must complete the Adjustment Schedule (Form 37-S) to calculate your tax. See the Adjustment Schedule (Form 37-S) for a description of the allowable adjustments.

If you are a nonresident of North Dakota, you must complete the Adjustment Schedule (Form 37-S) to calculate your tax. Enter the amount from the Adjustment Schedule (Form 37-S), line 13, on Form 37-S, line 2.

The Adjustment Schedule (Form 37-S) is included in this booklet.

If you are required to use the Adjustment Schedule (Form 37-S), you must attach it to your return.

Line 3

Income tax credits

Following income tax credits are allowed on Form 37-S:

- **Credit for income tax paid to another state**
If you are filing as a resident of North Dakota, you may be eligible for a credit for income tax that you paid to another state. See Schedule 4 in this booklet for details.
- **Family member care credit**
If you paid for the cost of care of a family member to prevent the placement of the family member in a long-term care facility, you may be eligible for a credit. Obtain Schedule FC for details.
- **Renaissance zone tax credits**
Credits are available for certain investments in a North Dakota Renaissance Zone. Obtain Schedule RZ for details.

Line 9

Application of overpayment to next year's estimated tax

If you have an overpayment on line 8, you may elect to apply part or all of your overpayment to your 2001 estimated tax. If you make this election, you may not change the election or amount you applied after you file your return.

Sample check for direct deposit (line 13, Form 37-S)

Mr. and Mrs. Taxpayer 9999 Main Ave. Anytown, ND 99999		9999 15-0000/0000
Pay to Order of _____		\$ _____ Dollars
Your Bank Anytown, ND USA 99999		
Memo _____		
① : 123456789	: 12345678912345678	• 9999
Routing number (Line 13a)	Account number (Line 13c)	Do not include the check number as part of the account number.

Lines 10 and 11

Voluntary contribution of overpayment

If you have an overpayment on line 8, you may make a voluntary contribution of part or all of your overpayment to the Nongame Wildlife Fund or the Centennial Tree Trust Fund (or both) by entering on the applicable line the amount you wish to contribute. If contributing, you must contribute at least \$1.00. A contribution will reduce the amount of your refund.

Line 13

Direct deposit of refund

If you want us to deposit your refund directly into your bank account, complete lines 13a, 13b, and 13c. You may want to check with your bank to see if it will accept direct deposit and to obtain the correct routing and account numbers.

Routing number (line 13a)

Enter the 9-digit routing number. The first two digits must be within the range of 01 through 12 or 21 through 32. See the sample check on this page for where to locate the routing number on your check.

Account number (line 13c)

Enter the account number. It may have up to 17 digits (both letters and numbers). If there are less than 17 digits, enter the number starting with the first box on the left. Include hyphens, but omit spaces and special symbols, and leave unused boxes blank. See the sample check on this page for where to locate the account number on your check.

Please note:

- Do not use the numbers shown on a deposit slip for the routing or account numbers.
- If the routing or account number is incorrect, or if your bank will not accept the direct deposit, your refund will be sent to you in the form of a paper check.

- You will not receive a separate notification of when the deposit is made by our office—contact your bank to find out if your refund has been deposited.

Lines 15 and 16

Voluntary contribution

If you have a tax due on line 14, you may make a voluntary contribution to the Nongame Wildlife Fund or the Centennial Tree Trust Fund (or both) by entering on the applicable line the amount you wish to contribute. If contributing, you must contribute at least \$1.00. A contribution will increase your balance due.

Line 17

Balance due

The balance due (including the amount, if any, from line 18) must be paid in full with your return. Make your check or money order payable to "State Tax Commissioner." A late payment is subject to penalty and interest charges—see Penalty and Interest on page 4.

Line 18

Interest on underpayment of estimated tax

If you were required to pay estimated North Dakota income tax, but you did not pay enough or you paid it late, interest is charged on the underpayment or late payment. To determine if you owe interest, obtain and complete Form 400-UT. An amount on this line will reduce your overpayment or increase your balance due. If lines 8 and 14 are zero, and the amount on this line is at least \$5.00, enclose your check or money order for this amount with your return.

Long form individual income tax return

2000

▼ IMPORTANT ▼

Do not attach label You do not need 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 _____		
	Filing status: 1. <input type="checkbox"/> Single 2. <input type="checkbox"/> Married filing joint 3. <input type="checkbox"/> Married filing separate (Enter spouse's name here) _____		Were you required to pay estimated federal income tax for 2000? Yes <input type="checkbox"/> No <input type="checkbox"/>
	4. <input type="checkbox"/> Head of household 5. <input type="checkbox"/> Qualifying widow(er)		Check only if applicable: (See instructions on page 6)
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)	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	
2. North Dakota income tax: Use Tax Rate Table below to calculate tax		2	
3. Credit for income tax paid to another state from line 7, Schedule 4 (Attach Schedule 4)	(D)	3	
4. Credit for contributions to nonprofit private colleges in North Dakota	(7)	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 (Identify)	(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	
13. North Dakota income tax withheld (Attach supporting W-2s and 1099s)	(F)	13	
14. 2000 estimated tax paid plus overpayment, if any, applied from 1999 return	(&)	14	
15. Total payments (Add lines 13 and 14)		15	
16. Overpayment (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.) 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 (Line 16 less lines 17, 18, and 19) If less than \$5, enter -0-	(1R)	20	
21. Tax due (If line 12 is greater than line 15, subtract line 15 from line 12) If less than \$5, enter -0-	(Z)	21	
22. Voluntary contribution to Nongame Wildlife Fund (Not allowed if line 21 is -0-)	(1U)	22	
23. Voluntary contribution to Centennial Tree Trust Fund (Not allowed if line 21 is -0-)	(1E)	23	
24. Balance due (Line 21 plus lines 22, 23 and, if applicable, 25) 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

Amount on line 1		Your tax		Tax Rate Table	
Over	But not over				% of the amount on line 1
\$0	\$5,000	\$0.00	plus	0.0%	of the amount over \$0
5,000	8,000	160.10	plus	3.3%	of the amount over \$5,000
8,000	15,000	320.00	plus	6.6%	of the amount over \$8,000
15,000	25,000	786.90	plus	10.0%	of the amount over \$15,000
25,000	35,000	1,586.90	plus	9.3%	of the amount over \$25,000
35,000	50,000	2,319.90	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

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2000

▼ IMPORTANT ▼

Label Affix label here ➤ If you do not have a label, print or type your 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 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) <i>(Enter spouse's name here)</i> _____		Check only if applicable: (See instructions on page 6)
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>		Amended <input type="checkbox"/> Extension <input type="checkbox"/>
School district code: _____ - _____ Income source code: _____ <i>(See instructions on page 6)</i>		Composite return (CR) <input type="checkbox"/>

[illegible]

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			

UND FOUNDATION MEMO -SUMMARY

TO: Morris A. Tschider, President
UND Foundation

FROM: Dave Miedema
Acting Executive Vice President

DATE: February 5, 2001

RE: SENATE BILL 2374

- The Alumni Association of the University of North Dakota employs 33 full-time staff members plus a number of part-time employees, most of whom are students. We are a self-supporting organization with an annual budget of just less than \$3 million. The Foundation was incorporated in 1978 with assets of less than \$1 million; and as of June 30, 2000, our assets exceed \$134 million.
- In the last ten years alone, the UND Foundation has allocated to the University of North Dakota \$39.7 million to benefit its programs, students and faculty. Virtually every college department benefits as a result of our alumni and friend support. Since its inception, the Foundation has allocated nearly \$60 million to strengthen the University of North Dakota in fulfilling its historic missions of teaching, research and service.
- We fully recognize that as the University of North Dakota continues to serve as a major component of the foundation for building the future of our state, region, and beyond, private support from a variety of sources, including alumni and friends, will become increasingly critical.
- We enthusiastically support the passage of Senate Bill 2374 which will provide to financial institutions, corporations and individuals within North Dakota a valuable tax credit and incentive to support our public institutions of higher learning within the state.
- With passage of this bill, we would immediately implement a marketing plan to educate our UND graduates who live within North Dakota (18,337 of approximately 60,000, or nearly one-third of our total graduates) on how this tax credit would allow them to "leverage" a larger contribution to the UND Foundation. Passage of this bill would also open doors for increased support from corporations and financial institutions across the state. Many of the small and medium sized business owners in North Dakota have ties to UND and would be ideal prospects to approach for financial support.