

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
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ROLL NUMBER

DESCRIPTION

1105

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Operator's Signature

Yolanda Rickford

Date

10/2/03

2003 HOUSE FINANCE AND TAXATION

HB 1105

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Valista Rickford

Date

10/2/03

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1105

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 13, 2003

Tape Number	Side A	Side B	Meter #
1		X	29.6
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

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

MARCY DICKERSON, STATE SUPERVISOR OF ASSESSMENTS, STATE TAX

DEPARTMENT. Testified in support of the bill, stating this bill was just a housekeeping bill.

She stated it will make the administration a little more feasible. See written testimony.

REP. BELTER Asked whether this was a 911 tax.

MARCY DICKERSON Stated this was the gross receipts tax which is in lieu of property tax on telecommunications carrier equipment. It was enacted by the 1997 legislature and replaced the property tax.

REP. WINRICH Asked for comments regarding Section 2, where a user becomes eligible for a refund if they have paid in excess of \$800,000 to the telecommunications carrier, is there something that sets that limit?

Yolanda Rickford
Operator's Signature

10/2/03
Date

Page 2

House Finance and Taxation Committee

Bill/Resolution Number HB 1105

Hearing Date January 13, 2003

MARCY DICKERSON That limit was set for large users. Since they have paid a gross receipts tax on \$800,000, which is about a \$20,000 actual tax. It was in the original 1997 bill as a way from preventing large users from pay large amounts of taxes. So far, we have had only one customer who has applied for that refund. It was Gateway, because they did a great deal with Sykes Enterprises.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 1-14-03 Tape #2, Side A, Meter #10.1

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

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

11 YES 0 NO 3 ABSENT

REP. F. KLEIN Was given the floor assignment.

FISCAL NOTE
Requested by Legislative Council
01/02/2003

Bill/Resolution No.: HB 1105

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

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 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.

☒ If enacted, HB 1105 will have minimal or no fiscal impact. The change complies with the provisions of NDCC ch. 57-34.1, enacted by the 2001 Legislative Assembly.

3. State fiscal effect detail: For information shown under state fiscal effect in 1A, please:

A. Revenues: Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

B. Expenditures: Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	Kathryn L. Strombeck	Agency:	Tax Dept.
Phone Number:	328-3402	Date Prepared:	01/10/2003

Kathryn L. Strombeck
Operator's Signature

10/2/03
Date

Date: 1-14-03
Roll Call Vote #:

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1105

House FINANCE & TAXATION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Drovdal Seconded By Rep. F. Klein

Representatives	Yes	No	Representatives	Yes	No
BELTER, CHAIRMAN	✓				
DROVDAL, VICE-CHAIR	✓				
CLARK	A				
FROELICH	A				
GROSZ	✓				
HEADLAND	✓				
IVERSON	✓				
KELSH	✓				
KLEIN	✓				
NICHOLAS	A				
SCHMIDT	✓				
WEILER	✓				
WIKENHEISER	✓				
WINRICH	✓				

Total (Yes) 11 No 0

Absent 3

Floor Assignment Rep. F. Klein

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

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REPORT OF STANDING COMMITTEE (410)
January 14, 2003 3:38 p.m.

Module No: HR-06-0553
Carrier: F. Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1105: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **DO PASS** (11 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING). HB 1105 was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-06-0553

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10/2/03
Date

2003 SENATE FINANCE AND TAXATION

HB 1105

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Val Costa Rickford

Date

10/2/03

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1105

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date February 26, 2003

Tape Number	Side A	Side B	Meter #
1		X	665-1650

Committee Clerk Signature *Mary Kay Lickley*

Minutes:

Senator Urlacher opened the hearing on HB1105. All committee members are present. This bill relates to the definition of mobile telecommunications service refunds to retail customers and deposit of telecommunications carriers gross receipts tax revenues.

Marcy Dickerson, State Supervisor of Assessments, State Tax Department (mtr #725) -

Explained the intent of HB1105. Written testimony is attached.

Senator Wardner (mtr #1117) - The 8.4 million listed in the bill, what is it used for.

Ms. Dickerson (mtr #1131) - 8.4 million is distributed to political subdivisions. Gave further information on how that number is arrived at and what happens to any excess or shortfall.

Senator Wardner (mtr #1283) - Verified that political subdivisions include school districts, cities and counties.

Ms. Dickerson (mtr #1295) - Clarified the definition of political subdivisions and who gets part of this fund.

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Senate Finance and Taxation Committee

Bill/Resolution Number HB1105

Hearing Date February 26, 2003

Senator Wardner (mtr #1390) - Further questions on the disbursement of the fund.

Ms. Dickerson (mtr #1398) - Answered with further clarification on the disbursement of the fund.

Senator Tollefson (mtr #1429) - Is a housekeeping bill.

Ms. Dickerson (mtr #1439) - Agreed, is a housekeeping bill to clear up administrative issues.

Senator Nichols (mtr #1464) - No change in the amount of the fund over time?

Ms. Dickerson (mtr #1483) - Agreed with Senator Nichols.

Senator Urlacher (mtr #1552) - Closed the hearing on HB1105.

Senator Tollefson moved a Do Pass on HB1105. 2nd by Senator Seymour. Roll call vote 6 yea,

0 nay, 0 absent. Carrier is Senator Tollefson.

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10/2/03
Date

Date: 2-26-03
Roll Call Vote #: \

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 148105

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken 2005

Motion Made By Sen. Tolleson Seconded By Sen. Samuel

[illegible]

Total (Yes) 6 No 0

Absent _____

Floor Assignment Don Tolleson

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

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Date _____

REPORT OF STANDING COMMITTEE (410)
February 26, 2003 1:45 p.m.

Module No: SR-34-3524
Carrier: Tollefson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1105: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1105 was placed on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-34-3524

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2003 TESTIMONY

HB 1105

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10/2/03
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FINANCE AND TAXATION COMMITTEE
January 13, 2003

Testimony of Marcy Dickerson, State Supervisor of Assessments

HOUSE BILL NO. 1105

Mr. Chairman, Members of the Committee, for the record my name is Marcy Dickerson and I am employed by the State Tax Commissioner as State Supervisor of Assessments. My testimony concerns House Bill No. 1105.

SECTION 1.

Subdivision d of subsection 6 of section 57-34-01 has been added to comply with section 57-34.1-03, enacted by the 2001 Legislature. Mobile telecommunications service has always been included in the service described in subdivisions b and c, which provides that telecommunications service must be billed to a North Dakota station and originate or terminate in North Dakota to be taxable. Chapter 57-34.1 and this amendment state that all mobile telecommunications service that is deemed to be provided by the customer's home service provider under chapter 57-34.1 is subject to the telecommunications gross receipts tax. This amendment, along with similar legislation enacted by other states, prevents duplicate taxation of mobile telecommunications service.

SECTION 2.

This amendment requires that the tax commissioner verify that a telecommunications carrier has paid the gross receipts tax before any refund is issued to a retail customer of that carrier who has paid more than \$20,000 in gross receipts tax to the carrier for that year. The filing deadline for a claim for refund is changed from July 1 to December 31. The tax is payable without interest from January 1 to March 1. An approved refund claim filed by December 31

Yalosta Rickford
Operator's Signature

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Date

HB 1105
Testimony of Marcy Dickerson
January 13, 2003
Page 2

can be paid after the telecommunications carrier makes payment. The amendment provides that refunds shall be made from the state general fund, rather than the telecommunications carriers tax fund, to coordinate with amendments to section 57-34-05, which I will discuss more fully in Section 4.

SECTION 3.

Section 57-34-04.3 provides that a telecommunications carrier may file a claim for credit or refund of an overpayment of the telecommunications gross receipts tax. However, there has been no appropriation for that purpose so refunds could not be made. This amendment provides an appropriation to carry out existing refund provisions.

SECTION 4.

The amendments to section 57-34-05 are the result of difficulty in complying with existing language. Existing law provides that once deposits in the telecommunications carriers tax fund reach \$8.4 million, all additional revenue must be deposited in the state general fund. However, refunds authorized by section 57-34-03(2) are appropriated from the telecommunications carriers tax fund. In order to have funds available for making authorized refunds, it was necessary to deposit revenue over \$8.4 million into the telecommunications carriers tax fund instead of the general fund. These amendments, and the amendments in Section 2 of the bill, provide for authorized refunds to be made from the state general fund. Therefore, there will be no need to deposit more than \$8.4 million in the telecommunications carriers tax fund. The first day of March is designated as the date on which it will be determined if the required \$8.4 million is available in the telecommunications carriers tax fund or if an appropriation from the state general fund is needed to reach that amount.

Yolanda Rickford
Operator's Signature

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HB 1105
Testimony of Marcy Dickerson
January 13, 2003
Page 3

SECTION 5.

Section 5 provides that the tax commissioner may waive, for good cause shown, all or any part of penalty imposed for failure to file the required report or other requested information. This applies only to penalty for failure to file; it does not apply to penalty or interest for late payment of the tax. Similar language is found in other tax statutes.

This concludes my prepared testimony. I will be happy to try to answer any questions you may have.

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SENATE FINANCE AND TAXATION COMMITTEE
February 26, 2003

Testimony of Marcy Dickerson, State Supervisor of Assessments

HOUSE BILL NO. 1105

Mr. Chairman, Members of the Committee, for the record my name is Marcy Dickerson and I am employed by the State Tax Commissioner as State Supervisor of Assessments. My testimony concerns House Bill No. 1105. This bill relates to administration of the telecommunications gross receipts tax.

SECTION 1.

Subdivision d of subsection 6 of section 57-34-01 has been added to comply with section 57-34.1-03, enacted by the 2001 Legislature. Mobile telecommunications service has always been included in the service described in subdivisions b and c, which provides that telecommunications service must be billed to a North Dakota station and originate or terminate in North Dakota to be taxable. Chapter 57-34.1 and this amendment state that all mobile telecommunications service that is deemed to be provided by the customer's home service provider under chapter 57-34.1 is subject to the telecommunications gross receipts tax. This amendment, along with similar legislation enacted by other states, prevents duplicate taxation of mobile telecommunications service.

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HB 1105
Testimony of Marcy Dickerson
February 26, 2003
Page 2

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HB 1105
Testimony of Marcy Dickerson
February 26, 2003
Page 3

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