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10/17/03

2003 SENATE FINANCE AND TAXATION

SB 2159

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10/17/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2159

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 15, 2003

Tape Number	Side A	Side B	Meter #
1	X		#1100
Committee Clerk Signature <i>[Signature]</i>			

Minutes:

Senator Urlacher opened the hearing on SB2159. All committees members were present.

Gary Anderson, Director of Sales & Special Taxes with the Office of State Tax Commissioner.

This bill removes or amends information that is no longer applicable in several of the tax chapters. Written testimony is attached that explains the changes in each section. Recommends a Do Pass.

Senator Nichols - With regard to the centrally electronically filed, does this just address tobacco?

Mr. Anderson - This particular section deals just with tobacco tax laws. This brings the lien provisions up to date to be compatible with other provisions.

Senator Syverson - Definitions - farm winery premises. Is that encompassing enough to include very small business, such as someone making wine for neighbors. Would we run into someone saying that I don't live on a farm, so this provision doesn't apply to me.

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Senate Finance and Taxation Committee

Bill/Resolution Number SB2159

Hearing Date January 15, 2003

Mr. Anderson - The problem that we found with the bill, it puts restrictions on farm wineries when they have to provide products they have purchased. When starting a winery, it takes several years to develop the orchard and many wineries need to buy product in the beginning.

Which takes them out of the ability to apply for a license in the state.

Senator Urlacher - Any other testimony for SB2159? Any opposition to SB2159?

Hearing closed.

Senator Tollefson - As far as I could tell this is a strictly housekeeping issue, I move to Do Pass.

Second by Senator Seymour. Roll call vote 6 yea, 0 nay, 0 absent. Carrier is Senator Seymour.

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10/17/03
Date

FISCAL NOTE
Requested by Legislative Council
01/03/2003

Bill/Resolution No.: SB 2159

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.

SB 2159 makes technical changes only; there is no fiscal impact.

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

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

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

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

Name:	Kathryn L. Strombeck	Agency:	Tax Dept.
Phone Number:	328-3402	Date Prepared:	01/13/2003

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Date:
Roll Call Vote #:

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

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Sen. Tollefson Seconded By Sen. Seymour

Senators	Yes	No	Senators	Yes	No
Senator Urlacher - Chairman	<input checked="" type="checkbox"/>		Senator Nichols	<input checked="" type="checkbox"/>	
Senator Wardner - Vice Chairman	<input checked="" type="checkbox"/>		Senator Seymour	<input checked="" type="checkbox"/>	
Senator Syverson	<input checked="" type="checkbox"/>				
Senator Tollefson	<input checked="" type="checkbox"/>				

Total (Yes) 6 No 0

Absent _____

Floor Assignment Senator Seymour

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

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10/17/03
Date

REPORT OF STANDING COMMITTEE (410)
January 15, 2003 12:07 p.m.

Module No: SR-07-0576
Carrier: Seymour
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
SB 2159: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO
PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2159 was placed on the
Eleventh order on the calendar.

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Operator's Signature

10/17/03
Date

2003 HOUSE FINANCE AND TAXATION

SB 2159

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Deanna Halliwell
Operator's Signature

10/17/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2159

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date March 3, 2003

Tape Number	Side A	Side B	Meter #
1	x		28.5 Recorder did not work
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

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

GARY ANDERSON, DIRECTOR OF THE SALES & SPECIAL TAXES DIVISION

WITH THE OFFICE OF STATE TAX COMMISSIONER Testified in support of the bill.

See attached written testimony. This is a bill to clean up the language.

With no further testimony, the hearing was closed.

COMMITTEE ACTION

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

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

14 YES 0 NO 0 ABSENT

REP. WINRICH Was given the floor assignment.

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Deanne Hall
Operator's Signature

10/17/03
Date

Date: **3-3-03**
Roll Call Vote #: **1**

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. **SB 2159**

House FINANCE & TAXATION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Clark Seconded By Rep. Klein

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

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Winrich

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

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Deanne Hall
Operator's Signature

6/17/03
Date

REPORT OF STANDING COMMITTEE (410)
March 3, 2003 1:12 p.m.

Module No: HR-37-3738
Carrier: Winrich
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
SB 2159: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO
PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2159 was placed on
the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-37-3738

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Deanne G. Bell
Operator's Signature

10/17/03
Date

2003 TESTIMONY

SB 2159

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Deanna Halliwell
Operator's Signature

10/17/03
Date

**Testimony before the Senate Finance and Taxation Committee
Senate Bill 2159**

January 15, 2002

Prepared by Gary L. Anderson

Director of Sales & Special Taxes

North Dakota Office of State Tax Commissioner

Mr. Chairman and members of the Finance & Taxation Committee, my name is Gary Anderson. I am the Director of the Sales & Special Taxes Division with the Office of State Tax Commissioner.

Purpose of bill

Senate Bill 2159 removes or amends information that is that is no longer applicable in several of the tax chapters.

Bill's provisions

Section 1 of the Bill amends the subsection 2 of section 5-01-17 of the North Dakota Century Code, which identifies the administrative responsibilities for alcoholic beverages, specifically farm wineries. During the 2001 legislative session, the administrative duties relating to wholesale alcoholic beverages were transferred from the state treasurer to the state tax commissioner effective July 1, 2001. Section 1 of the bill updates the administrative responsibilities for label registration for farm wineries with the state tax commissioner.

Section 2 of the Bill provides for the elimination of an obsolete reference in the Financial Institutions Taxation chapter. Subdivision "h" referred to by 57-35.3-02(2)(a) relates to the Myron G. Nelson Fund, which was repealed in 1999.

Section 3 of the Bill amends the existing lien provisions in 57-36-09.5 of the Tobacco Products Tax Law to provide for centrally and electronically filed liens through the central indexing system.

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Operator's Signature

10/17/03
Date

Section 4 of the Bill relates to the repeal of redundant language in 57-38-30.3 of the Income Tax law. Subsection 3 was added in the last minute passage of House Bill 1399 during the 2001 Legislative Session. But subsection 2, referred to in subsection 3, already has language that addresses adjustments where the income is not North Dakota or where the taxpayer was a nonresident at the time. In addition, subsection 3 could be construed to possibly deny capital gains deduction, which was not the legislative intent of this original legislation.

Section 5 of the Bill removes obsolete language from 57-39.2-04 of the Sales Tax law. 57-39.2-04 references the assignment of a use tax account number to a contractor pursuant to section 43-07-04. Subsection 43-07-04, which provides the licensing requirements for a contractor no longer references a requirement that a use tax account numbers be assigned to contractors.

Section 6 of the Bill amends the definition of an all-terrain vehicle in 57-40.3-01 of the Motor Vehicle Excise Tax law. This amendment insures consistency with the definition of all-terrain vehicle provided by Chapter 39-29, which provides the registration requirements for an all-terrain vehicle subject to the motor vehicle excise tax.

Section 7 of the Bill amends the language in 57-51-02.2 of Oil and Gas Gross Production Tax chapter for purposes of clarification.

Section 8 of the Bill removes obsolete language in 57-51-06 of the Oil and Gas Gross Production Tax chapter. The words "under oath" are being deleted, as forms prescribed by the commissioner no longer require notarization.

Closing

It is the Department's opinion that there is no fiscal effect for the changes provided by Senate Bill 2159. The Tax Commissioner recommends a do pass on Senate Bill 2159. If the Committee has any question, I would be glad to respond.

**Testimony before the House Finance and Taxation Committee
Senate Bill 2159**

March 3, 2003

Prepared by Gary L. Anderson
Director of Sales & Special Taxes
North Dakota Office of State Tax Commissioner

Mr. Chairman and members of the Finance & Taxation Committee, my name is Gary Anderson. I am the Director of the Sales & Special Taxes Division with the Office of State Tax Commissioner.

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Section 2 of the Bill provides for the elimination of an obsolete reference in the Financial Institutions Taxation chapter. Subdivision "h" referred to by 57-35.3-02(2)(a) relates to the Myron G. Nelson Fund, which was repealed in 1999.

Section 3 of the Bill amends the existing lien provisions in 57-36-09.5 of the Tobacco Products Tax Law to provide for centrally and electronically filed liens though the central indexing system. The other tax types have previously been updated in prior sessions to provide for centrally and electronically filed liens.

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