

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
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ROLL NUMBER

DESCRIPTION

2/66

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10/17/03  
Date

2003 SENATE FINANCE AND TAXATION

SE 2166

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Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2166

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 13, 2003

Tape Number	Side A	Side B	Meter #
1	X		2,115
Committee Clerk Signature <i>Mary Kay Welling</i>			

Minutes:

Senator Urlacher-Opened the hearing on SB2166 relating to a sales and use tax exemption for youth camps; and to provide an effective date. All committee members are present.

Senator Wardner-Is one of the sponsors of this piece of legislation. This bill is specific to youth camps. There is a fiscal note attached, has a \$46,000 impact on the current biennium. Not a big amount but would be a big benefit to youth camps. Qualifying camps are mostly bible camps.

Jin Silrum, Executive Director of Camp of the Cross-(meter #2285)-We work with kids to help take them off the streets. This bill does not have a significant impact on the state budget, but realize it does have an impact. I am asking you to look at what does happen when a child goes to camp. One of the most significant things a child can do is attend camp on a regular basis. Camp of the Cross charges a fee to the child of less than 40% of the actual cost of sending that child to camp. The remaining 60% comes from gifts and donations from people interested in youth.

Senator Warden-How many youth per season?

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Senate Finance and Taxation Committee

Bill/Resolution Number SB2166

Hearing Date January 13, 2003

Mr. Silrum-We are a year-around camp, but last summer alone we worked with 1500 children.

Senator Wardner-How many youth camps are there located in ND?

Mr. Silrum-Approximately a dozen.

Senator Tollefson-Youth camp is church sponsored? Would that already qualify for tax exemption?

Mr. Silrum-Not sales tax exemption.

Senator Syverson-Do you have opportunities for kids that do not have the 40%?

Mr. Silrum-Our policy is that no child is turned away from an experience at camp due to the inability to pay. Does not include only people in a Lutheran congregation, we go out of our way to include all children.

Senator Urlacher-What does the 40% mean to a child?

Mr. Silrum-One week at camp is \$185.00.

Senator Urlacher-What is the mix of other youth camps?

Mr. Silrum-In ND the youth camps are primarily Lutheran, there are other camps including YMCA and Baptist camps.

Senator Nichols-What types of purchases fit the exemptions in this bill?

Mr. Silrum-We have an annual budget of \$400,000.00. Of that, we have there is about \$55,000 of purchases for taxable items, building materials, office supplies etc..

Senator Tollefson-Are there any youth camps sponsored by organizations that are not tax exempt.

Mr. Silrum-There are athletic camps and such, but this bill is specifically for youth bible camps.

Senator Urlacher-Where do the primary donations come from? Do you get donations from gambling?

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Senate Finance and Taxation Committee  
Bill/Resolution Number SB2166  
Hearing Date January 13, 2003

Mr. Silrum-Absolutely not, we do not accept donations that have come from gambling. Our donations come from private individuals that are interested in youth. We also get support from church congregations.

Senator O'Connell-Supports SB2166, it is good for our youth.

Jack McDonald, on behalf of the YMCAs of North Dakota-Encourage support of this bill.

Written testimony attached.

Senator Urlacher-Any testimony opposing SB2166? Hearing closed.

Senator Tollefson (meter #3000) Motion for Do-Pass and to rerefer to Appropriations. Second by Senator Syverson.

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**FISCAL NOTE**  
**Requested by Legislative Council**  
01/08/2003

Bill/Resolution No.: SB 2166

**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			(\$46,000)	(\$4,000)		
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, SB 2166 is expected to reduce state general fund revenues by \$46,000 and state aid distribution fund revenues by \$4,000 during the 2003-05 biennium.

**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 relationship between the amounts shown for expenditures and appropriations.*

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

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Date: 11/13/03  
Roll Call Vote #:

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2166

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

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

Action Taken NO PASS - and Resign to Appropriations

Motion Made By Sen. Tollefson Seconded By Sen. Seymour

Senators	Yes	No	Senators	Yes	No
Senator Urlacher - Chairman	/		Senator Nichols	/	
Senator Wardner - Vice Chairman	/		Senator Seymour	/	
Senator Syverson	/				
Senator Tollefson	/				

Total (Yes) 6 No 0

Absent \_\_\_\_\_

Floor Assignment Sen. Urlacher

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

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10/17/03  
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**REPORT OF STANDING COMMITTEE (410)**  
January 13, 2003 1:59 p.m.

Module No: SR-05-0501  
Carrier: Wardner  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**  
SB 2166: Finance and Taxation Committee (Sen. Uriacher, Chairman) recommends **DO PASS** and **BE REREFERRED** to the Appropriations Committee (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2166 was rereferred to the Appropriations Committee.

(2) DESK, (3) COMM

Page No. 1

SR-05-0501

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2003 SENATE APPROPRIATIONS

SB 2166

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10/17/03  
Date

# 2003 SENATE STANDING COMMITTEE MINUTES

## BILL/RESOLUTION NO. SB 2166

Senate Appropriations Committee

☐ Conference Committee

Hearing Date January 24 2003

Tape Number	Side A	Side B	Meter #
#1	x		4-1828
Committee Clerk Signature <i>Jan Hendrickson</i>			

Minutes:

Senator Holmberg, chairman opened the hearing on SB 2166 at 8:30 am with all members present.

SB 2166 is a re-referral from Finance and Tax committee. Fiscal note is included in their books, just a reminder that since this is not a budget request from an agency, there is no green sheet from the counsel.

Senator Wardner from District #37 (Dickinson). (#140). Wanted to testify in favor of SB 2166.

Jim Silvum approached Senator Wardner and wanted him to submit this bill. This bill is to eliminate a sales and use tax for youth camps. It has a small fiscal note of \$50,000, \$25,000 for each year. It is getting tougher and tougher each year to find sponsors for these youth camps.

Senator Holmberg stated that the committee will not prejudice any bill, but it may be a while before it is sent out of the committee, since all the bills have to be looked at first. This bill would not be passing out right now. It won't be going to any subcommittee to study, it is pretty straight

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10/17/03  
Date

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Senate Appropriations Committee  
Bill/Resolution Number SB 2166  
Hearing Date January 24, 2003

forward. Senator Wardner continued that he understood and he would do the same, the big picture has to be looked at.

Jim Silvum (#366) Director of the Camp of the Cross Ministries on Lake Sakawea near Garrison, who spoke in favor of SB 2166. He spoke in behalf of Camp of the Cross, but he knew that other 501 (c)(3) camps around the state were having the same problems as his camp. They depend heavily on donations from individuals who want to see kids be able to go to camp, because they know that kids going to camp is one of the best thing that can happen in the live of a child. Kids going to camp are far less likely to become involved in risk behavior, a behavior that makes them a drain on society instead of an asset to society. The Search Institute out of Minneapolis says that it is vital for kids to go to camp at least one week out of the year, mainly because they have a 50% chance of becoming an active and productive adult. The only thing that was better than camp, for a child, was having an active and involved parents. Their work is done on a shoestring. Fees that are charged at Camp of the Cross only cover about 39% of the actual cost of the child being at camp. The other 61% is raised from donations.

Questions:(#604)

Senator Schobinger:(#612) How does this work, do you file for a refund, at what point do they lift the exemption? Mr. Silvum asked Mr. Anderson from the Tax Department to answer the question, (#656). Gary Anderson, Director of Sales and Special Taxes with the Tax Department. Right now nonprofit organizations are responsible for paying sales tax on their purchases, there are a few exceptions to the law, that exempt partial items, for example: churches for Bibles and text books, however for the most part in North Dakota nonprofit organizations are responsible for all the tax on their purchases and there is no refund provision provided. Senator Schobinger

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Bill/Resolution Number SB 2166  
Hearing Date January 24, 2003

continued: He wanted to know how the new bill would work? Mr. Anderson: The way the new bill is written it would actually provide an exemption to youth camps that make purchases. The camps would be issued a certificate that would state they are exempt from sales tax, the camp would take a copy of that to the places they do business and the business would keep a copy so that purchases would be tax-exempt when the camp purchased items for the camp. Senator Mathern: He wanted to know what the difference would be between the gross receipts from camp fees and the purchases? What is the percentage for each? Clarification: How much do you buy and how much did you get from camp registration? Mr. Silvum responded that the camp budget is approximately \$400,000 per year, they calculated that last year they spent about \$55,000 on items that would be taxed. The rest of the budget is used for salaries for the 50 college age youth that is hired each summer to work as counselors. Senator Mathern wanted to know how much of the \$400,000 were registration fees? Mr. Silvum: Registration fees (summer only) was just over a \$100,000. Senator Bowman: Generally do you figure out your budget and then charge accordingly? How to do you determine fees for camp? Mr. Silvum responded that they do a process something like that but they also have to take into consideration what the market will bear, camp should be as inexpensive as possible. Even though other camps around the country in the same circle that Mr. Silvum, are charging \$300 for a week of camp, Camp of the Cross only charges \$185. Then the camp is left with the burden of finding other sources of funding, because there are not a lot of grants available to them, it means going to individuals and asking for money. There is also the policy that no child will be turned away because of their inability to pay. The money that would be saved from tax on purchases, would be used to send more kids to camp. Senator Kringstad: Would that \$25,000 be per year? Mr. Silvum: That would be for all of

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the 501 (c) (3) youth camps in the state. Senator Kringstad continued. He wanted to know how long camp was, when etc. Mr. Silvum responded that it goes from the end of May to August, but the Camp of the Cross is open all year round. In the summer we work with over 1500 kids and throughout the rest of year, we work with around a 1000 kids. Senator Kilzer: Are the music camps, and the Y camps included in this bill? Mr. Silvum responded that the Y-camps would be included, but he didn't know about the music camp. He didn't know if they had the 501-(c)(3) status or not. The bill outlines that only those camps with the status of 501 (c) (3) would be eligible for this exemption. Senator Kilzer continued that if all of the camps that have this status in the state would come under this bill, then the fiscal note is quite low. Mr. Silvum responded that there are only about a dozen camps in the state that would qualify. Mr. Gary Anderson replied that there are about 15 camps in the state have this status, it is very hard to find some of the directors of these camps, since they only run in the summer and the study was done in the winter. The Tax Department felt pretty comfortable with the \$50,000 for the biennium. Some of the camps across the state are not organized, they don't have the 501(c)(3) status and would not be eligible for this, nor would the camps that are more labor intensified (for instance those 2 week camps at colleges, etc) and they would not be eligible. Senator Christmann: Are the gross receipts from camp fees, is that little things that the camp might sell at a shop or something? Is there a tax to get into the camp? Mr. Anderson responded that there are only about 15 camps across the state, some of them operate a shop (actually it is usually a corner where a child can buy a T-shirt with the camps name on it, etc.) and what the tax department does is give them the option of getting a sales tax permit or we tax them when they buy the material to sell. They don't usually have a big store, not something that will compete with main street, mostly just articles

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Senate Appropriations Committee  
Bill/Resolution Number SB 2166  
Hearing Date January 24, 2003

that the camper needs, forgets, or items that they purchase to show they attended the camp. The answer to the questions is that the gross receipts are very minimal.

Jack McDonald (\$1695) appeared on behalf of the YMCA's camps of North Dakota. They also conduct camps during the summer and find themselves in the same boat as the Camp of the Cross. Written testimony is attached (Exhibit #1)

With no other testimony, the hearing was closed on SB 2166 by Senator Holmberg. (#1813).

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# 2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2166 vote

Senate Appropriations Committee

☐ Conference Committee

Hearing Date *Click here to type Hearing Date*

Tape Number	Side A	Side B	Meter #
1	X		4677-end
		X	0-281
Committee Clerk Signature <i>Sandra Davison</i>			

Minutes: Chairman Holmberg opened the hearing to SB 2166.A bill relating to a sales and use tax exemption for youth camps. (Meter 4777) Senator Mathern: do we know if there is a sales tax paid on the part of the seed payor? If a family pays a fee do they pay sales tax on that? (Meter 4848) Roxanne Woeste: That is not taxed, it is a service. (Meter 4857) Senator Kilzer: The fiscal note is negative. Is the fiscal note inaccurate? (Meter 4976) Chairman Holm berg: Get a hold of Katherine Stromberg. Discussion included all the youth camps throughout the state and with moneys being tight, this is a hard decision. A motion of DO PASS by Senator Andrist, seconded by Senator Grindberg. It Passed by a 12 yeas, 1 nays, 1 absent.

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2166 vote

Senate Appropriations Committee

☐ Conference Committee

Hearing Date 2-05-03

Tape Number	Side A	Side B	Meter #
1		x	1673-1850
Committee Clerk Signature <i>Sandra Davison</i>			

Minutes: Chairman opened the hearing to SB 2166 for voting. (Meter 1683) Roxanne Woeste from OMB explained she talked to Katherine Stroback from Tax department and reviewed the fiscal note and in her opinion the fiscal note is correct. (Meter 1726) Senator Andrist made a motion of DO NOT PASS, seconded by Senator Grindberg. A roll call vote was taken, 12 yeas, 1 nay and 1 absent. The bill failed to pass. Senator Andrist to carry the bill on the Senate floor.

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2166

Date: 2-5-03  
Roll Call Vote #: 1

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

Senate Appropriations Committee

☐ Check here for Conference Committee

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

Action Taken Do Not Pass

Motion Made By Mathern Andrist Seconded By Grindberg

Senators	Yes	No	Senators	Yes	No
Senator Holmberg, Chairman	✓				
Senator Bowman, Vice Chair	✓				
Senator Grindberg, Vice Chair	✓				
Senator Andrist	✓				
Senator Christmann	✓				
Senator Kilzer	✓				
Senator Krauter	✓				
Senator Kringstad	✓				
Senator Lindaas	✓				
Senator Mathern					
Senator Robinson	✓				
Senator Schobinger	✓				
Senator Tallackson	✓				
Senator Thane		✓			

Total (Yes) 12 No 1

Absent 1

Floor Assignment Andrist

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10/17/03  
Date

REPORT OF STANDING COMMITTEE (410)  
February 5, 2003 11:07 a.m.

Module No: SR-22-1693  
Carrier: Andrist  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**SB 2166: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO NOT PASS (12 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). SB 2166 was placed on the Eleventh order on the calendar.**

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2003 TESTIMONY

SB 2166

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JANUARY 13, 2003

SENATE FINANCE & TAXATION COMMITTEE  
SB 2166

SENATOR URLACHER AND COMMITTEE MEMBERS:

My name is Jack McDonald. I am appearing today on behalf of the YMCAs of North Dakota. We strongly support SB 2166.

Costs are constantly going up for the nonprofit corporations that run the various youth camps around North Dakota. No one really disputes the value of those camps, but their continuation is threatened by rising expenses. This bill will give the camps some help by giving them the same sales tax exemption for their fees and purchases now available to the state. We respectfully urge a DO PASS on SB 2166.

If you have any questions, I'd be glad to try and answer them. Thank you for your time and consideration.

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*01/17/03*  
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