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Deanna Ballin
Operator's Signature

10/22/03

Date

2003 SENATE FINANCE AND TAXATION
SB 2367

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Operator's Signature

10/22/03

Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2367

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date February ³~~2~~, 2003

Tape Number	Side A	Side B	Meter #
1	X		4568-end
1		X	0-105
Committee Clerk Signature <i>Mary Kay Lusk</i>			

Minutes:

Senator Urlacher opened the hearing on SB2367. All committee members are present. This bill relates to an income tax deduction for members of the armed forces or national guard or reserve units called to federal active duty.

Senator Heitkamp (mtr #4595) - Prime sponsor of SB2367. Presented the intent of the bill.

Shows support for activated guard and reserve units.

Representative Pam Gullickson (mtr #5265) - Supports SB2367. Believes in concept of the bill to send message of sacrifice active members make for country. This bill addresses the financial impact to these families.

John Dwyer, ND National Guard (mtr #5575) - Represents 4000 enlisted people and 500 officers.

Fully supports SB2367. Proposed amending to narrow the definition.

Senator Syverson (mtr #5938) - Question about bill addressing people activated in Colorado and will be further deployed to North Dakota.

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10/22/03

Date

Page 2
Senate Finance and Taxation Committee
Bill/Resolution Number SB2367
Hearing Date February 3, 2003

Mr. Dwyer (mtr #6019) - Indicated the intent he hoped the bill would retain.

Senator Urlacher (mtr #6135) - Suggested getting the amendment in form as soon as possible for the committee.

John Jacobson, member of Legislative Committee for NDUCC (mtr #6186) - We back this bill, it is a welcome piece of legislation.

Joe Becker, ND Tax Department (mtr #35) - Confirmed basis of current fiscal note, agreed that amendment would reduce fiscal impact.

Senator Urlacher (mtr #90) - Requested an amendment and closed hearing on SB2367.

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10/22/03

Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2367

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date February 4, 2003

Tape Number	Side A	Side B	Meter #
2		X	302-925

Committee Clerk Signature *Mary Kay Lundy*

Minutes:

Senator Urlacher opened the discussion on SB2367. All committees members are present. This bill relates to an income tax deduction for members of the armed forces or national guard or reserve units called to federal active duty.

Donnita Wald, State Tax Department (mtr #326) - Presented and clarified proposed amendment.

Senator Nichols (mtr #505) - Units called by the governor would qualify?

Ms. Wald (mtr #545) - No, only title 10 orders, which are Presidential Orders. This bill does not look at where they are located.

Senator Nichols - How does this change effect the fiscal note?

Ms. Wald - We do not have a new fiscal note, but will be substantially less.

Senator Nichols moves to add amendment as proposed to SB2367. 2nd by Senator Wardner

Voice roll call 6 yea, 0 nay, 0 absent.

Senator Urlacher - will not act on this bill at this time. Closed discussion.

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Donnita Wald
Operator's Signature

10/22/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2367

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date February 5, 2003

Tape Number	Side A	Side B	Meter #
2		X	2581.2830 2,581
Committee Clerk Signature <i>Mary Kay Lundy</i>			

Minutes:

Senator Urlacher opened the hearing on SB2367. All committee members are present. This bill relates to an income tax deduction for members of the armed forces of the United States or the national guard or reserve units call to federal active duty.

Senator Urlacher (mtr #2596) - The amendment was passed. The fiscal note would be brought down. Would need to move to Appropriations.

Senator Syverson (mtr #2643) - With the amendment added, restricts, but still helps the members.

Senator Nichols (mtr #2721) - Moves a Do Pass as Amended and Rerefer to Appropriations. 2nd by Senator Syverson. Roll call vote 6 yea, 0 nay, 0 absent. Carrier Senator Nichols.

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Deanna Hall
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10/22/03
Date

FISCAL NOTE
Requested by Legislative Council
02/10/2003

Amendment to: SB 2367

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			(\$13,000)			
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.*

Engrossed SB 2367 provides an income tax deduction for certain members of the armed forces called to active duty. If enacted, Eng. SB 2367 is expected to reduce state general fund revenues by an estimated \$13,000 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 the relationship between the amounts shown for expenditures and appropriations.*

Name:	Kathryn L. Strombeck	Agency:	Tax Dept.
Phone Number:	328-3402	Date Prepared:	02/11/2003

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10/22/03

Date

FISCAL NOTE
Requested by Legislative Council
01/28/2003

Bill/Resolution No.: SB 2367

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			(\$3,494,000)			
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.

SB 2367 provides an income tax deduction for certain members of the armed forces stationed out-of-state. If enacted, SB 2367 is expected to reduce state general fund revenues by an estimated \$3.494 million 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 the relationship between the amounts shown for expenditures and appropriations.

Name:	Kathryn L. Strombeck	Agency:	Tax Dept.
Phone Number:	328-3402	Date Prepared:	02/01/2003

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10/22/03
Date

30776.0101
Title.0200

Adopted by the Finance and Taxation
Committee
February 4, 2003

903
2-6-3

PROPOSED AMENDMENTS TO SENATE BILL NO. 2367

Page 1, line 3, remove "armed forces of the United States or the"

Page 1, line 4, remove "national guard or", replace "units" with "components of the armed forces of the United States when", and replace "duty" with "service"

Page 1, line 9, replace "while under federal orders for active duty" with "when called or ordered to title 10 United States Code federal service"

Page 1, line 10, remove "armed forces of the United States or the", remove "of a", and replace "unit" with "member"

Page 1, line 11, remove "during times when the taxpayer's"

Page 1, remove line 12

Page 1, line 13, remove "federal orders for active duty outside the state"

Page 1, line 16, after "duty" insert "and may not claim a reduction on income already excluded from federal taxation due to service in a combat or hazardous duty zone. This subdivision does not apply to federal service while attending annual training, basic military training, professional military education, or active guard and reserve tours for which the member has volunteered"

Page 1, line 20, replace "while under federal orders for active duty" with "when called or ordered to title 10 United States Code federal service"

Page 1, line 21, remove "armed forces of the United States or the", remove "of a", and replace "unit" with "member"

Page 1, line 22, replace "during times when the taxpayer's" with ". This subdivision does not apply to federal service while attending annual training, basic military training, professional military education, or active guard and reserve tours for which the member has volunteered."

Page 1, remove lines 23 and 24

Renumber accordingly

Date:
Roll Call Vote #:

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2367

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do pass as amended & Report to Appropriations

Motion Made By Sen. Urlacher Seconded By Sen. Syverson

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 Sen. Urlacher

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

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Operator's Signature

10/22/03
Date

REPORT OF STANDING COMMITTEE (410)
February 7, 2003 8:42 a.m.

Module No: SR-24-1939
Carrier: Nichols
Insert LC: 30776.0101 Title: .0200

REPORT OF STANDING COMMITTEE

SB 2367: Finance and Taxation Committee (Sen. Uriacher, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2367 was placed on the Sixth order on the calendar.

Page 1, line 3, remove "armed forces of the United States or the"

Page 1, line 4, remove "national guard or", replace "units" with "components of the armed forces of the United States when", and replace "duty" with "service"

Page 1, line 9, replace "while under federal orders for active duty" with "when called or ordered to title 10 United States Code federal service"

Page 1, line 10, remove "armed forces of the United States or the", remove "of a", and replace "unit" with "member"

Page 1, line 11, remove "during times when the taxpayer's"

Page 1, remove line 12

Page 1, line 13, remove "federal orders for active duty outside the state"

Page 1, line 16, after "duty" insert "and may not claim a reduction on income already excluded from federal taxation due to service in a combat or hazardous duty zone. This subdivision does not apply to federal service while attending annual training, basic military training, professional military education, or active guard and reserve tours for which the member has volunteered"

Page 1, line 20, replace "while under federal orders for active duty" with "when called or ordered to title 10 United States Code federal service"

Page 1, line 21, remove "armed forces of the United States or the", remove "of a", and replace "unit" with "member"

Page 1, line 22, replace "during times when the taxpayer's" with ". This subdivision does not apply to federal service while attending annual training, basic military training, professional military education, or active guard and reserve tours for which the member has volunteered."

Page 1, remove lines 23 and 24

Renumber accordingly

2003 HOUSE FINANCE AND TAXATION

SB 2367

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2367

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date March 5, 2003

Tape Number	Side A	Side B	Meter #
1	X		0.3
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

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

SEN. JOEL HEITKAMP, DIST. 26 Introduced the bill. He stated Dist. 26 is the home of a lot of people involved in the 142nd, a lot of those folks got called up in the service, to do what we are all hoping might not have to be done, but, they may be headed to Iraq. We were thinking, what can we do back home here to help. It is a hardship on the family. This bill will allow for an income tax deduction for that time period for those individuals are not in the war zone, where the federal rules would then kick in. There is a time period, where they are right now, in Ft. Carson, where they are experiencing that financial loss, yet, they are not to the level where they are getting the benefit of being in a war zone. Section 1 of the bill is the long form, Section 2, is the short form. This bill says to those servicemen, while they are away defending us, their taxes will get picked up by the people in North Dakota.

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10/22/03

Date

Page 2

House Finance and Taxation Committee

Bill/Resolution Number SB 2367

Hearing Date March 5, 2003

REP. WEILER What kind of income do they get, when they are on one of the bases in North Dakota, and, is their income increased when they go into a war zone?

SEN. HEITKAMP I don't think this bill helps anyone on the bases in North Dakota. I think this bill just goes to those members of the guard and the reserve. The income which they receive when they are called into active duty, is tiered according to rank. The vast majority of individuals take a pay cut.

REP. IVERSON Answered, stating it is tiered to rank, he stated he was a payroll clerk in the Army, but when they go into combat, they do get a bump in pay.

JOHN DWYER, VOLUNTEER CHAIR WITH THE NORTH DAKOTA NATIONAL

GUARD ASSOCIATION Testified in support of the bill. Referred to the last question regarding pay. Referred to the last page of the bill, the subdivision does not apply to federal service while attending annual training, basic military training, professional military education, or active guard and reserve tours for which the member has volunteered. What this bill is designed to do, because there is a federal law which provides the deductions for income when you are in combat, this bill allows for those troops activated under Title 10, to have a tax deduction. Gave an example of troops who have been activated for a longer time period than 30 days.

JOHN JACOBSON, NORTH DAKOTA VETERANS LEGISLATIVE COORDINATING COUNCIL Testified in support of the bill.

JIM COATS, COORDINATING COUNCIL, MANDAN Testified in support of the bill. He stated the hazardous duty pay for him in WWII and Korea, was \$150 per month. Related to the \$13,000 fiscal impact, which will afford a lot of peace of mind to the people of this state.

Page 3

House Finance and Taxation Committee

Bill/Resolution Number SB 2367

Hearing Date March 5, 2003

REP. WINRICH asked a question of Joe Becker, State Tax Department.

As I understand it, when somebody is actually in combat, or under hazardous duty conditions, that pay is already exempted from federal income tax, so it wouldn't be computed on the state income tax, what this will do, is give an exemption from the state income tax for military pay, which is taxed federally, but when they are activated under federal orders?

JOSEPH BECKER, STATE TAX DEPARTMENT Stated that was correct.

COMMITTEE ACTION

REP. NICHOLAS Made a motion for a DO PASS.

REP. IVERSON Second the motion. MOTION CARRIED

13 YES 0 NO 1 ABSENT

REP. IVERSON Was given the floor assignment.

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10/22/03
Date

Date: **3-5-03**
Roll Call Vote #: **7**

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. **SB 2367**

House FINANCE & TAXATION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Nicholas Seconded By Rep. Iverson

Representatives	Yes	No	Representatives	Yes	No
BELTER, CHAIRMAN	<input checked="" type="checkbox"/>				
DROVDAL, VICE-CHAIR	<input checked="" type="checkbox"/>				
CLARK	<input checked="" type="checkbox"/>				
FROELICH	<input checked="" type="checkbox"/>				
GROSZ	<input checked="" type="checkbox"/>				
HEADLAND	<input checked="" type="checkbox"/>				
IVERSON	<input checked="" type="checkbox"/>				
KELSH	<input checked="" type="checkbox"/>				
KLEIN	<input checked="" type="checkbox"/>				
NICHOLAS	<input checked="" type="checkbox"/>				
SCHMIDT	<input checked="" type="checkbox"/>				
WEILER	<input checked="" type="checkbox"/>				
WIKENHEISER	<input checked="" type="checkbox"/>				
WINRICH	<input checked="" type="checkbox"/>				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep. Iverson

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

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Deanna Wallin 10/22/03
Operator's Signature Date

REPORT OF STANDING COMMITTEE (410)
March 5, 2003 11:51 a.m.

Module No: HR-39-3938
Carrier: Iverson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
SB 2367, as engrossed: Finance and Taxation Committee (Rep. Belter, Chairman)
recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed SB 2367 was placed on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-39-3938

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2003 TESTIMONY

SB 2367

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10/22/03

Date

PROPOSED AMENDMENTS TO SENATE BILL NO. 2367

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new subdivision to subsection 1 of section 57-38-01.2 and a new subdivision to subsection 2 of section 57-38-30.3 of the North Dakota Century Code, relating to an income tax deduction for members of the reserve components of the Armed forces of the United States when called to federal active service; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new subdivision to subsection 1 of section 57-38-01.2 of the North Dakota Century Code is created and enacted as follows:

Reduced by the amount received by the taxpayer as payment for services performed when called or ordered to Title 10 United States Code federal service as a member of the national guard or reserve member of the armed forces of the United States. An individual claiming under this subsection may not also claim a deduction on income already excluded from federal taxation due to service in a combat or hazardous duty zone. This subdivision does not apply to federal service while attending annual training, basic military training, professional military education, or active guard and reserve tours for which the member has volunteered.

SECTION 2. A new subdivision to subsection 2 of section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

Reduced by the amount received by the taxpayer as payment for services performed when called or ordered to Title 10 United States Code federal service as a member of the national guard or reserve member of the armed forces of the United States. This subdivision does not apply to federal service while attending annual training, basic military training, professional military education, or active guard and reserve tours for which the member has volunteered.

SECTION 3. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2002.

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