

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1046

2005 HOUSE FINANCE AND TAXATION

HB 1046

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1046**

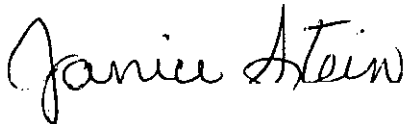
House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **January 17, 2005**

Tape Number	Side A	Side B	Meter #
1	x		0.3

Committee Clerk Signature



Minutes:

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

**REP. FRANK WALD, DIST. 37, DICKINSON** Introduced the bill. Explained the reason which the bill was drafted. He stated he was the chairman of the interior log and fiscal review committee. When the audit was done for the State Treasurer's Office, there were several hundred discrepancies, and it was advised by Jim Smith, of the Legislative Council, and the Attorney General's Office, to have this legislation introduced. We wanted to make certain the State Treasurer would have the authority to go back and make those adjustments., such as subtracting money for those political subdivisions, who over paid, or pay them additional funds if they were shorted. Rep. Wald read comments from Jim Smith of the Legislative Council. In 1987, the Attorney General at the time, said, the State Treasurer could not make corrections in payments to subdivisions. There was a conditional letter from the Attorney General in June, of 2004, which stated she could go ahead and make the adjustments. The reason this bill was

introduced, is to make it absolutely, unmistakeably clear that the State Treasurer has the authority to make those adjustments. He further suggested that the committee add the emergency clause.

**REP. BELTER** In these errors that were made, there is no fiscal note on this?

**REP. WALD** It is my understanding is that there would be no change in the amount of dollars, those that over paid would have to refund it, and those that were underpaid would receive their correct amount. Some political subdivisions were completely missed. I believe the Glen Ullin School District was missed.

**REP. WEILER** The State Treasurer is currently doing this already?

**REP. WALD** I am sure she is.

**REP. HEADLAND** Can you give us an idea of how many erroneous distributions there were?

**REP. WALD** The information we were given by the State Auditor's Office were, several pages of several hundred.

**REP. WEILER** Why so many mistakes, is that common?

**REP. WALD** I don't want to get political, because that is history. When we received the audit, we were quite shocked. I told the media then, it was sloppy bookkeeping.

**KELLY SCHMIDT, STATE TREASURER** testified in support of the bill. She stated she and her deputy have been working diligently trying to get their hands on the current distribution issues, and trying to gather information, so that they could supply the most accurate and up-to-date information available. There has not been a current audit done since the new administration has taken over because of a lack of time. The numbers we are relying on, are the numbers given to us from the previous administration.

**REP. IVERSON** What will be done with those districts that did get overpayment

**KELLY SCHMIDT** That is the plan that has been put in place. The overpayments are being recouped, and the underpayments are being made up.

**LAWRENCE HOPKINS, DEPUTY STATE TREASURER** Testified in support of the bill.  
See attached written testimony.

**REP. HEADLAND** These erroneous mistakes were found in the last interium, how are we to know that these mistakes were not made in the past?

**LAWRENCE HOPKINS** I do not have an answer for that.

**REP. BELTER TO REP. WALD** Asked whether these mistakes were picked up in previous audits?

**REP. WALD** I am not sure how far back they went, whether it was a two year period, or a couple of bienniums. A call to Gorden Smith in the Auditor's Office will tell you how far back they went.

**REP. KELSH to LAWRENCE HOPKINS** On your written testimony, it says twelve cities or combined balances of \$7559 and the average balance is less than \$400. When I do the math it actually amounts to about \$600.

**LAWRENCE HOPKINS** Stated he would check that. I think the largest single balance is \$1,000.

**KELLY SCHMIDT** Interjected stating, that what they are finding is, some of the dollars come from the oil and gas funds or the state aid funds, or the highway distribution fund, they may be moving those dollars from fund to fund to offset for the specific political subdivisions, so in some cases, they may not add up on the balance sheet, but when it is all said and done, it evens itself out.

**REP. SCHMIDT** Noted that Benson County is the only county which there is still money owed, is Benson County set up on a payment schedule?

**KELLY SCHMIDT** All of the subdivisions have been set up with a repayment schdule, that was implemented back in August. We are trying to make this as gentle as we possible can.

With no further testimony, the hearing was closed.

**COMMITTEE ACTION** 1-17-05 Tape #2, Side A, Meter 20

**REP. GRANDE** Made a motion to put the Emergency Clause on the Bill

**REP. WEILER** Second the motion. Motion carried.

**REP. GRANDE** Made a motion for a **do pass as amended.**

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

**13 Yes      1 No   0 Absent**

**REP. GRANDE** Was given the floor assignment.

1-17-05  
11 Vote #: 1

**BILL/RESOLUTION NO. HB 1046**

Committee



### Action Taken

Rep. Grande

Rep. Brandenburg

**Yes      No**

后

1

Rep. Grande

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

**REPORT OF STANDING COMMITTEE (410)**  
January 18, 2005 1:47 p.m.

**Module No: HR-11-0642**  
**Carrier: Grande**  
**Insert LC: 50099.0101 Title: .0200**

**REPORT OF STANDING COMMITTEE**

**HB 1046, as amended, Finance and Taxation Committee (Rep. Belter, Chairman)**  
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends  
**DO PASS** (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1046, as amended,  
was placed on the Sixth order on the calendar.

Page 1, line 2, after "treasurer" insert "; and to declare an emergency"

Page 1, after line 7, insert:

**"SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

2005 SENATE FINANCE AND TAXATION

HB 1046

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1046**

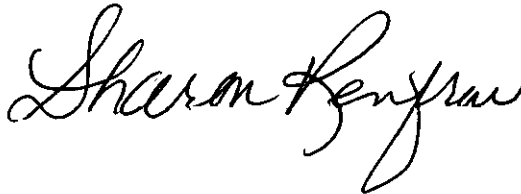
Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date **March 7, 2005**

Tape Number	Side A	Side B	Meter #
#1		X	22.2 - 26.3

Committee Clerk Signature



Minutes:

**CHAIRMAN URLACHER** CALLED THE COMMITTEE TO ORDER AND OPENED THE HEARING ON HB 1046.

**REP. WALD:** appeared as prime sponsor stating this came about last summer at one of the audit and fiscal review. In our interim committee meetings we had the audit on the State Treasurers Office and as all of you know, there were numerous errors to the distribution of funds to the Cities, Counties, School Districts, etc., and some were overpaid some were underpaid so the Treasurers Office went about making some of those corrections, either subtracting payments in the future or asking for refunds and so it was suggested by Legislative Council just so that the previous treasurer and the current treasurer were on solid ground to make those adjustments. Refunds or additional monies that we introduce this bill so that both women are on solid ground. This was suggested to me as Chairman of the LAFR Committee that this be introduced so that's it in code. The attorney general agreed with that arrangement and highly suggested that we go

Page 2

Senate Finance and Taxation Committee

Bill/Resolution Number HB 1046

Hearing Date March 7, 2005

ahead and proceed and that's really the reason for the bill. And since there are ongoing distributions or subtractions, it was asked that the emergency clause be put on so that it becomes effective as soon as it is signed by the governor assuming your committee will pass the bill.

**SEN. EVERY:** well Rep. Wald, maybe you'd be in favor of just eliminating the Treasurers Office altogether.

**ANSWER:** I don't think that's part of the discussion in 1046.

**SEN. EVERY:** okay, thank you.

**NO FURTHER TESTIMONY,** closed the hearing.

**SEN. COOK:** made a **MOTION FOR DO PASS**, second by Sen. Tollefson

**ROLL CALL VOTE:** 6-0-0

Sen. Wardner will carry the bill.

Date: 3-7-05  
Roll Call Vote #: 1

**2005 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. HB 1046**

Senate

**Finance and Taxation**

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

*Do Pass*

Motion Made By

*Cook*

Seconded By

*Tollefson*

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Bercier	✓	
Sen. Wardner	✓		Sen. Every	✓	
Sen. Cook	✓				
Sen. Tollefson	✓				

Total (Yes)

*6*

No

*0*

Absent

*0*

Floor Assignment

*Wardner*

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

**REPORT OF STANDING COMMITTEE (410)**  
**March 7, 2005 11:51 a.m.**

**Module No: SR-41-4260**  
**Carrier: Wardner**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1046, as engrossed: Finance and Taxation Committee (Sen. Urlacher, Chairman)**  
**recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).**  
**Engrossed HB 1046 was placed on the Fourteenth order on the calendar.**

2005 TESTIMONY

HB 1046

House Bill 1046  
January 17, 2005  
Finance and Taxation Committee

Lawrence Hopkins  
Deputy State Treasurer

A repayment schedule designed to reduce the hardship on cities, counties and school districts that were overpaid and are now required to make restitution, was implemented in August of 2004. The recovery and repayment of the tax distribution errors will be deducted from or paid in addition to future tax distribution payments. This method was reviewed by the Office of Attorney General, which issued a positive opinion dated June 17, 2004.

Over 400 cities were affected by the adjustments. Only 13 remain unresolved as of December 31, 2004. Twelve cities owe a combined balance of \$7,559.49. The average balance to be recovered per city is less than \$400. Bismarck is the only city that is due money, and they are owed \$65,307.61. Per the current repayment schedule all city balances will be corrected by April 2006.

Thirty-one school districts were affected, 9 remain. Five school districts owe a combined balance of \$96,899.42. Four school districts are due a combined total of \$105,882.60. Per the current repayment schedule all school district balances will be corrected by May 2008.

All 53 counties were affected. Only Benson County remains and they owe \$23,667.94. This balance is scheduled to be collected by April of 2005.

(Brackets indicate overpayment)

25% and under collected in one quarter, 26-50% two quarters, 51% and up collected in 1 year

City	TOTAL	PLAN	DIVISION	%
Stanton	(1,816.15)	25% each 7/04, 10/04, 1/05, 4/05	(454.04)	(0.63)
Prairie Rose	(1,594.20)	12.5% ea qtr through 4/06	(199.28)	(2.58)
Grenora	(999.68)	25% each 7/04, 10/04, 1/05, 4/05	(249.92)	(0.56)
Forbes	(691.57)	12.5% ea qtr through 4/06	(86.45)	(1.25)
Wing	(680.87)	25% each 7/04, 10/04, 1/05, 4/05	(170.22)	(0.60)
Nome	(584.30)	25% each 7/04, 10/04, 1/05, 4/05	(146.08)	(0.98)
Sarles	(350.83)	12.5% ea qtr through 4/06	(43.85)	(1.70)
Berlin	(248.35)	25% each 7/04, 10/04, 1/05, 4/05	(62.09)	(0.71)
Bergen	(195.49)	12.5% ea qtr through 4/06	(24.44)	(1.82)
Ruso	(189.26)	12.5% ea qtr through 4/06	(23.66)	(3.40)
Hannah	(121.84)	25% each 7/04, 10/04, 1/05, 4/05	(30.46)	(0.65)
Kief	(86.95)	25% each 7/04, 10/04, 1/05, 4/05	(21.74)	(0.68)
Bismarck	87,076.81	12.5% ea qtr through 4/06	10,884.60	

**(Brackets indicate overpayment)**

*20% and under collected in one quarter, 21-50% two quarters, 51% and up collected in 1 year, over 75% in 2 years*

	NET TOTAL	PLAN	DIVISION	%
Center/Stanton PSD	(81,578.85)	12.5% ea qtr through 5/06	(10,197.36)	(0.72)
Dodge PSD	(40,499.38)	6.25% ea qtr through 5/08	(2,531.21)	(4.88)
Washburn PSD	(13,907.90)	Half in 8/04 & 11/04	(6,953.95)	(0.30)
Golden Valley PSD	(10,223.95)	25%ea 8/04, 11/04, 2/05, 5/05	(2,555.99)	(0.63)
Whiteshield PSD	(9,892.38)	25%ea 8/04, 11/04, 2/05, 5/05	(2,473.10)	(0.63)
North Shore PSD	(690.00)	25%ea 8/04, 11/04, 2/05, 5/05	(172.50)	(0.58)
New Salem PSD	29,809.79	12.5% ea qtr through 5/06	3,726.22	
Hazen PSD	30,852.53	12.5% ea qtr through 5/06	3,856.57	
Underwood PSD	36,321.09	12.5% ea qtr through 5/06	4,540.14	
Mandan PSD	53,032.07	6.25% ea qtr through 5/08	3,314.50	

**Included with Center PSD**

Stanton PSD 1,107.74

(Brackets indicate overpayment)

25% and under collected in one quarter, 26-50% two quarters, 51% and up collected in 1 year

County	NET TOTAL	PLAN	DIVISION	QTR PAID 5/04	%
BENSON	(47,335.87)	25% each 7/04, 10/04, 1/05, 4/05	(11,833.97)	88,938.92	(0.53)