

Healthy North Dakota Plan - Technical Concerns of Tax Department Staff:

- The bill is missing language tying it to the general administrative authority of the tax commissioner, which covers assessments, refunds, penalty and interest, etc.
- Employers are defined as those filing federal Form 941 (federal income and FICA tax withholding). Bill does not include employers filing alternative forms, Form 943, 944, 941-M and Schedule H
- Employees with social security wages less than 100% of the poverty line amount are not assessed. This does not address those that have non-wage income exceeding the poverty line. Additionally, it does not adequately address households of varying sizes and multiple wage earners within one household. This does not appear to reconcile with individuals with zero social security wages who are assessed ten percent of adjusted gross income.
- Employees with multiple employers (or also self-employed) may be over assessed
- Additional information must be included defining the sliding scale to be used to assess employees with dependents
- Unclear use of the appropriate “year”: tax year, calendar year, fiscal year
- The universe of employees and employers expected to be assessed is broader than those currently required to file state income tax returns
- The tax base for this tax is not an amount that is currently “known” and reported on Individual Income Tax Forms ND-1, Corporation Income tax Forms 40, or withholding tax forms
- There are no provisions addressing the part year resident (new resident to the state or existing resident leaving the state). Income tax law does address these issues, but it is not clear how the assessment of this tax would be affected. (Eligibility requirements in Section 4 do not overlap the assessment year adequately)
- A dependent who is “financially dependent upon the parent” needs further definition
- Section 11 of the bill would become effective beginning with tax year 2009. This may mean that the first assessments are after the close of tax year 2009. Alternatively, the assessments may begin in 2009 and be based on 2008 Social Security wages, etc. (The plan itself becomes effective on January 1, 2010)
- The Board is authorized to calculate the assessments based on its anticipated revenue needs. The Board may not have access to adequate social security wage base information upon which to calculate assessments (and the tax department may not have this information either)