

2009 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1140

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB1140

House Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Hearing Date: 01/15/09

Recorder Job Number: 7081

Committee Clerk Signature

Lou Engelson

Minutes:

Chairman Grande: Okay, we are going to take up 1140. And the clerk will read the title.

The title was read by the clerk.

Lawrence Hopkins offered testimony in support of HB1140. See attachment #1. The reason this is important to our office is as we rewrote our tax distribution system we want the, as it calculates the amounts, we want to be able to create what the increase was. Taking that step and putting it in the general fund first just complicates it.

Chairman Grande: Representative Wolf.

Rep. Wolf: Thank you Chairman Grande. As I was looking at your bill last night and I am not an English expert.

Lawrence Hopkins: I have an amendment to this bill also. (See attachment #2) That was our fault. We did have the proper words in when we gave it to Legislative Council but we didn't underline them so they didn't put them in.

Rep. Wolf: Okay.

Lawrence Hopkins: So here's the amendment to correct that sentence. That amendment is on page 1, line 13 after the first word "fund" is where you would insert "must be credited". Due to our mistake that sentence currently says "Interest earnings of the permanent oil tax trust

fund to the general fund.” It should read “Interest earnings of the permanent oil tax trust fund must be credited to the general fund.”

Chairman Grande: So just kind of for clarification, currently you have to do what?

Lawrence Hopkins: When the revenue is collected, we get it from the tax department, it all has to be put in the general fund.

Chairman Grande: And then?

Lawrence Hopkins: What happened I believe was when the oil tax money started coming in and they set the \$71,000,000 cap and then the difference was to be transferred to the permanent oil tax trust fund. But now as the dollar amounts have increased significantly, now we're putting hundreds of millions of dollars into the permanent oil tax trust fund. We do that monthly. We don't wait until the end of the biennium to make that transfer. It happens automatically. And so it just creates an extra step. It's just that we have to put it into the general fund and we can immediately move it to the permanent oil tax trust fund once the cap has been met. So it makes our entry longer and creates extra work. It would just be more efficient if we put it right into the permanent oil tax trust fund.

Chairman Grande: The first \$71,000,000 is supposed to go to the general fund.

Lawrence Hopkins: To the general fund.

Chairman Grande: That's after you're going directly to. Is that what you're telling me?

Lawrence Hopkins: That is correct. I don't know if there's another bill out there that raises that limit to \$100,000,000 but that would have to be changed.

Chairman Grande: We'll have that discussion at that time. Any other questions from the committee? Thank you. Is there anybody else who wishes to speak in favor of 1140? Anyone who wishes to speak against 1140? We'll close the hearing on 1140.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB1140

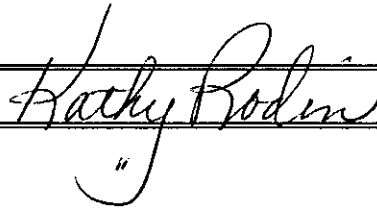
House Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Hearing Date: 01/15/2009

Recorder Job Number: 7084

Committee Clerk Signature



Minutes:

Chairman Grande: We will continue with HB1140 **as amended**. Do I have motion?

Rep. Wolf: Made a motion to pass HB1140 as amended.

Rep. Meier: Seconded the motion.

Chairman Grande: Is there any discussion?

Rep. Froseth: Rather than the interest going into the general fund, I would like to see the interest stay in the permanent oil and gas trust fund.

Rep. Boehning: I agree with Rep. Froseth. Why are we putting the interest in the general fund? Let's keep it in the permanent oil trust fund and let it build. I think there is quite a few trust funds where the interest is going into the general fund. Why don't we just keep it into the trust fund itself?

Chairman Grande: I don't think this actually takes away that option to that interest. Isn't the general fund the pass-through from extraction tax general fund they are pulling into the trust fund? Now the 71 million going to go to the general fund, but the revenue **exceeding** that must be deposited by the state treasurer **into** the permanent oil trust fund. So instead of being that pass through its actually going to be better **now** because it will stay out of the general fund, going right to the permanent oil trust fund. So this solves what you are asking for.

Rep. Froseth: But what I'm saying is that the interest on the trust fund should stay in the trust fund instead of being transferred back to the general fund. That is what I would prefer.

Chairman Grande: Oh. But that is a whole separate issue than this.

Rep. Boehning: We did add new language into this that the interest earnings would go into the general fund. Correct?

Chairman Grande: No. Interest was there.

Rep. Boehning: Ok. Ok. It was deferred.

Rep. Winrich: I think that the simple change of language is not really a change in the bill, it is an attempt to clarify the language but I think there is a problem with that sentence that was changed. As I read it, it says, "Interest earnings of the permanent oil tax trust fund **to the general fund.**"

Chairman Grande: Must be credited. That's the amendment.

Rep. Winrich: Oh, that's the amendment. OK. I'm sorry.

Chairman Grande: That's okay. So we will read the amendment out loud, so the amendment will now read, "Interest earnings of the permanent oil trust fund to the general fund, must be credited." No. I thought that still sounded funny. Let's read that one more time. "Interest earnings of the permanent oil trust fund, **must be credited** to the general fund. Does that help you Rep. Winrich?

Rep. Winrich: Yes.

Chairman Grande: That helps me too. Thank you. OK. We have a do pass in front of us and I will ask the clerk to read the roll.

The roll call vote was taken: **Yea: 12** **Nay: 0** **Absent: 1**

Rep. Wolf will be the carrier of the HB1140.

YR
1/16/09

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1140

Page 1, line 13, after the first "fund" insert "must be credited"

Renumber accordingly

Date: 1-15-09
Roll Call Vote #: 1140

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. _____

House **Government and Veterans Affairs** Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DP (as amended)-KR

Motion Made By Wolf Seconded By Meier

Representatives	Yes	No	Representatives	Yes	No
Chairman Grande	✓		Rep. Amerman	✓	
Vice Chairman Boehning	✓		Rep. Conklin	✓	
Rep. Dahl	✓		Rep. Schneider	✓	
Rep. Froseth	✓		Rep. Winrich	✓	
Rep. Karls	✓		Rep. Wolf	✓	
Rep. Kasper					
Rep. Meier	✓				
Rep. Nathe	✓				

Total (Yes) 12 No 0

Absent 1

Floor Assignment Wolf

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

REPORT OF STANDING COMMITTEE

HB 1140: Government and Veterans Affairs Committee (Rep. Grande, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (12 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1140 was placed
on the Sixth order on the calendar.

Page 1, line 13, after the first "fund" insert "must be credited"

Renumber accordingly

2009 SENATE FINANCE AND TAXATION

HB 1140

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1140

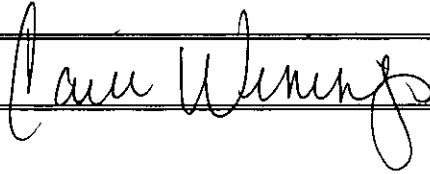
Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Hearing Date: 03/10/2009

Recorder Job Number: 10583

Committee Clerk Signature



Minutes:

Chairman Cook: Opened hearing on HB 1140.

Lawrence Hopkins, Deputy Treasurer, Office of State Treasurer: See Attachment #1 for testimony in support of the bill.

1.15 Chairman Cook: Any further Testimony? (no) Closed the hearing.

Senator Triplett: Moved a Do Pass.

Senator Hogue: Seconded.

A Roll Call Vote was taken: Yea 6, Nay 0, Absent 1 (Senator Miller).

Senator Triplett will carry the bill.

Date: 03/10/09

Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. : 1140

Senate Finance and Taxation

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Senator Triplett Seconded By Senator Hogue

Senators	Yes	No	Senators	Yes	No
Sen. Dwight Cook - Chairman	✓		Sen. Arden Anderson	✓	
Sen. Joe Miller - Vice Chairman	✓		Sen. Jim Dotzenrod	✓	
Sen. David Hogue	✓		Sen. Constance Triplett	✓	
Sen. Dave Oehlke	✓				

Total: Yes 6 No 0

Absent 1 (Miller)

Floor Assignment Senator Triplett

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

REPORT OF STANDING COMMITTEE

HB 1140, as engrossed: Finance and Taxation Committee (Sen. Cook, Chairman)
recommends DO PASS (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed HB 1140 was placed on the Fourteenth order on the calendar.

2009 TESTIMONY

HB 1140

HB1140 Testimony – support of HB1140

Madam Chair, members of the committee:

For the record, I am Lawrence Hopkins, Deputy Treasurer for the Office of State Treasurer. I am here in support of House Bill 1140 relating to the transfer of oil and gas gross production tax and oil extraction tax revenues.

The State Auditor's Office has asked that we clarify the language of 57-51.1-07.2

The language in this section as written requires our office to deposit oil and gas tax revenues into the general fund even after the seventy-one million dollar cap on the fund has been met. The proposed language allows our office to operate more efficiently by depositing revenue directly into the Permanent Oil Tax Trust fund once the cap has been met.

There is no fiscal note attached to this bill.

**Sixty-First
Legislative Assembly
of North Dakota**

Introduced by
State Treasurer

PROPOSED AMENDMENT TO HOUSE BILL NO. 1140

Page 1, line 13, after first "fund" insert "must be credited"

#1

HB1140 Testimony

Lawrence Hopkins- Deputy Treasurer

March 10, 2009

Senate Finance and Tax

Mr. Chairman, members of the committee:

For the record, I am Lawrence Hopkins, Deputy Treasurer for the Office of State Treasurer. I am here in support of House Bill 1140 relating to the transfer of oil and gas gross production tax and oil extraction tax revenues.

The State Auditor's Office has asked that we clarify the language of 57-51.1-07.2

The language in this section as written requires our office to deposit oil and gas tax revenues into the general fund even after the seventy-one million dollar cap on the fund has been met. The proposed language does not change the current distribution, but it does allow our office to gain efficiencies by depositing revenue directly into the Permanent Oil Tax Trust fund.

There is no fiscal note attached to this bill.