

2011 HOUSE FINANCE AND TAXATION

HB 1102

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee Fort Totten Room, State Capitol

HB1102
January 12, 2011
12789

☐ Conference Committee

Committee Clerk Signature

Mary Brucker

Explanation or reason for introduction of bill/resolution:

A Bill relating to the procedure for electing to take the renaissance zone individual income tax credit; and to provide an effective date.

Minutes:

Nathan Bergman, Supervisor of the Individual Income Tax and Withholding Section, for the Office of State Tax Commissioner: Sponsor of bill. Support. Please refer to attached testimony.

Chairman Wesley R. Belter: Are we just really dealing with technical changes?

Nathan Bergman: That is correct. Moving the election from the time that they would apply for their zone project to the time of their first filed return.

Representative Dwight Wrangham: I'm not sure how all these steps work. I'm wondering if it wasn't originally put in that this application had to be made at the time that the project application went in so that the scope of the total cost to the taxpayer of the project would be known. And by doing this when the application is made then people won't know if they intend to use the income tax benefit as well as the other benefits. Did the Tax Department do any research on that to see what the original intent was?

Nathan Bergman: I'm not aware of any research we have done on that. I know that there are various tax credits and various exemptions that are available to individual taxpayers. This particular credit is specific to individual taxpayers; it does not affect business taxpayers.

Joe Becker, Tax Department: I was here in 1999 when the renaissance bill was first enacted. This credit that is allowed in lieu of the exemption was not part of the original bill. It came about in the following session. It was put in for a special interest. It was really an isolated situation. I don't think a lot of thought was put into when to make the election. I think at the time when I was visiting with the Department of Commerce they just decided to put it in at application time. I'm not sure that there is anything more to it than that.

Representative Dwight Wrangham: I'm sorry I didn't catch why we wanted to make the change. It was put in this way, why do we want to change it? What's the advantage to changing it?

Joe Becker: The current situation is a bit problematic. A lot of taxpayers when making application for zone projects are not thinking about the tax side of it, they're thinking about the project. In looking back at the information being put out by the cities, as well as the Department of Commerce over the years, the election requirement was not obvious to them so it became a problem. Secondly, it wasn't the greatest timing because they didn't know if they wanted to take the credit or not. We just felt we should give some substance to the election now and place it at a time when it makes more sense to the taxpayer and they don't have to get a loss in the details of the application at the front end.

Chairman Wesley R. Belter: No further testimony in support. No opposition or neutral testimony. Closed hearing on HB1102.

Representative Shirley Meyer: Are the people that did not put the election on their application eligible for this tax credit? If their name wasn't on the application are they eligible for this tax credit?

Nathan Bergman: Each case is handled on a case by case basis. We've tried to do some research to see how many people have claimed this credit this research is inconclusive and we're trying to develop a way to identify that. But in answer to your original question, each case is looked at on a case by case basis examining the facts and circumstances of the taxpayer.

Representative Shirley Meyer: Recommends a DO PASS.

Representative Mark S. Owens: Seconded.

A roll call vote was taken. 12 YEAS 2 NAYS 0 ABSENT

MOTION CARRIED—DO PASS.

Representative Bette Grande will carry HB1102.

Date: 1-12-10
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1102

House Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☒ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Meyer Seconded By Rep. Owens

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter	✓		Scot Kelsh	✓	
Vice Chair. Craig Headland	✓		Shirley Meyer	✓	
Glen Froseth	✓		Lonny B. Winrich	✓	
Bette Grande	✓		Steven L. Zaiser	✓	
Patrick Hatlestad	✓				
Mark S. Owens	✓				
Roscoe Streyle	✓				
Wayne Trottier	✓				
Dave Weiler		✓			
Dwight Wrangham		✓			

Total (Yes) 12 No 2

Absent 0

Floor Assignment Rep. Grande

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

REPORT OF STANDING COMMITTEE

HB 1102: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **DO PASS** (12 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1102 was placed on the Eleventh order on the calendar.

2011 SENATE FINANCE AND TAXATION

HB 1102

2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee Lewis and Clark Room, State Capitol

HB 1102
3/9/2011
Job Number 15140

☐ Conference Committee

A. R. Miller

Explanation or reason for introduction of bill/resolution:

Relating to the procedure for electing to take the renaissance zone individual income tax credit

Minutes:

Written Testimony Attached

Chairman Cook opened the hearing on HB 1102.

Nathan Bergman, Tax Department – (See attached testimony A in favor of HB 1102)

Chairman Cook asked for testimony opposed to HB 1102. No one came forward.

Chairman Cook asked for neutral testimony for HB 1102. No one came forward.

Chairman Cook closed the hearing on HB 1102.

Vice Chairman Miller – I'll move a Do Pass on HB 1102.

Seconded by **Senator Oehlke**.

Chairman Cook – Ask the clerk to take the roll. (6-0-1)

Carried by **Senator Triplett**.

Date: 3-9-11
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1102

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☒ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Miller Seconded By Senator Oehlke

Senators	Yes	No	Senators	Yes	No
Dwight Cook – Chairman	X		Jim Dotzenrod		
Joe Miller – Vice Chairman	X		Connie Triplett	X	
Randy Burckhard	X				
David Hogue	X				
Dave Oehlke	X				

Total (Yes) 6 No 0

Absent 1

Floor Assignment Senator Triplett

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

REPORT OF STANDING COMMITTEE

HB 1102: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **DO PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1102 was placed on the Fourteenth order on the calendar.

2011 TESTIMONY

HB 1102

**TESTIMONY OF THE OFFICE OF STATE TAX COMMISSIONER
BEFORE THE
HOUSE FINANCE AND TAXATION COMMITTEE**

HOUSE BILL 1102

January 12, 2010

Chairman Belter, members of the House Finance and Taxation Committee, I am Nathan Bergman, Supervisor of the Individual Income Tax and Withholding Section, for the Office of State Tax Commissioner. I am here today on behalf of the Commissioner to testify in support of House Bill 1102.

REASON FOR PROPOSED CHANGE

This bill was introduced by the Tax Commissioner to change the procedure a taxpayer would follow to elect to take the renaissance zone business purchase or expansion tax credit in lieu of the renaissance zone business income exemption.

EXPLANATION OF THE BILL

Section 1 – Election of the Business Purchase or Expansion Tax Credit. This section amends the portion of the statute that instructs an individual taxpayer on how to make the election for the credit. The proposed change does not create a new credit and does not alter the substance of the credit. It simply changes the procedure involved in electing to claim the credit.

Under current law, a taxpayer is required to make the election to take the credit at the time he or she completes the renaissance zone project application. The proposed change would shift the election from the zone project application to the individual's income tax return. We recommend this change, as this would be the logical point at which the taxpayer could actually determine the benefit of a credit versus an exemption.

Section 2 – Effective Date. This section specifies that changes are effective for zone projects approved after December 31, 2010.

CONCLUSION

The Tax Commissioner respectfully requests that you give favorable consideration to House Bill 1102.

**TESTIMONY OF THE OFFICE OF STATE TAX COMMISSIONER
BEFORE THE
SENATE FINANCE AND TAXATION COMMITTEE**

HOUSE BILL 1102

March 9, 2011

Chairman Cook, members of the Senate Finance and Taxation Committee, I am Nathan Bergman, Supervisor of the Individual Income Tax and Withholding Section, for the Office of State Tax Commissioner. I am here today on behalf of the Commissioner to testify in support of House Bill 1102.

REASON FOR PROPOSED CHANGE

This bill was introduced by the Tax Commissioner to change the procedure a taxpayer would follow to elect to take the renaissance zone business purchase or expansion tax credit in lieu of the renaissance zone business income exemption.

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