2011 HOUSE FINANCE AND TAXATION

HB 1189

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1189
January 24, 2011
#13267

☐ Conference Committee

Committee Clerk Signature Mary Brucker

Explanation or reason for introduction of bill/resolution:

A Bill relating to corporate income tax rates; and to provide an effective date.

Minutes: *See attached testimony #1*

Vice Chairman Craig Headland: Sponsor. Support. This bill is going to do a couple of things. First of all it's going to reduce the number of brackets if passed down to one. Simply we won't corporate income until we reach the level of $75,000 of income. The goal of this bill is to move us in the direction of possibly eliminating corporate tax in North Dakota. As we all know the federal corporate tax rate is the second highest in the world. It's punitive to businesses so when we have a punitive corporate tax rate on the state level it just makes us that more uncompetitive with our neighboring states. I believe North Dakota's top rate of 6.4% is punitive to business growth in the state of North Dakota. As Representative Weiler stated in his prior testimony taxes do matter to business. The reality is and most importantly taxes or portions of any income that is used to pay taxes either it reduces wages to employees, it increases prices consumers, or it lowers dividends or share value. I want to correct one statement Representative Weiler made and he just had them mixed up. Nationally, North Dakota's corporate tax does rank 30th and our individual is ranked 28th. I think he said it the other way around. It's evidence to show that our corporate tax rate is punitive to business in North Dakota. I am asking this committee to pass this bill and move forward in providing a better business climate to the citizens of North Dakota.

Bill Shalhoob, ND Chamber of Commerce: Support. Please refer to attached testimony #1.

Kent Blickensderfer, Qwest: Support. We believe in 1.4 basis points is meaningful. In hearing what Representative Headland said we couldn't agree more when you talk about the cost of taxes driving the cost of services the cost of wages and the cost of telecom service for consumers. Many corporations will attempt to just pass through any increase or any corporate taxes that they have today. A decrease in corporate taxes is essentially a decrease on most consumers throughout the state.

Dustin Gawrylow, Executive Director of ND Taxpayers Association: Support. As far as previously discussed rankings, the Tax Foundation looks highly upon single rate

programs. Overall, when it comes to corporate income tax reform we should be looking for ways to reduce the need for people who want to start a business in North Dakota and looking at South Dakota, Nevada, or Delaware as a place to incorporate by allowing the first $75,000 of corporate income that will give an incentive to a one man or two man operation that wants to start a corporation to protect their assets without having to register in a different state. That's an undisclosed benefit of this bill.

Chairman Wesley R. Belter: No further testimony. Closed hearing on HB 1189.

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1189
February 7, 2011
#14094

☐ Conference Committee

Committee Clerk Signature Mary Brucker

Explanation or reason for introduction of bill/resolution:

A Bill relating to corporate income tax rates; and to provide an effective date.

Minutes: *See attached amendments #1*

Vice Chairman Craig Headland: Distributed and reviewed amendments. Please refer to attached amendment #1 (11.0332.01003). **Made a motion to move the amendment.**

Representative Roscoe Streyle: Seconded.

Voice vote was taken: MOTION CARRIED.

Representative Roscoe Streyle: Made a motion for a DO PASS AS AMENDED.

Representative Patrick Hatlestad: Seconded.

Representative Shirley Meyer: What would the fiscal note be on this?

Vice Chairman Craig Headland: It would move from $46.5 million to roughly $50 million.

Representative Shirley Meyer: It would increase?

Vice Chairman Craig Headland: It would increase.

Chairman Wesley R. Belter: Any discussion? We don't need to re-refer to appropriations. I talked the chairman of appropriations and he doesn't want to see these tax bills.

Representative Shirley Meyer: Explain that to me.

Chairman Wesley R. Belter: They know what the amount is and he just said they don't need to see those. We know what the revenue decrease is and it doesn't have any effect on any agency. It is just a revenue reduction and it was his recommendation not to send the decrease in tax bills to appropriations and I would honor his request.

Representative Shirley Meyer: I was under the assumption that they had to be referred to appropriations to have a hearing even though he knows the amount the other appropriation members may not. I'm just questioning the process there.

Representative Bette Grande: As a member of the policies committee we are setting the policy on this and the appropriations committee shouldn't be changing our dollar amounts once we set policy.

Representative Shirley Meyer: That's correct but they still have to hear the amount I believe. We're not asking them to change policy when we refer to appropriations but they do have to have a hearing on the amount we're looking at.

Representative Steven L. Zaiser: I would agree with Representative Meyer in political subdivisions it's clear in some cases what the fiscal impact has been but it is still re-referred to appropriations even though the fiscal statement is clear.

A roll call vote was taken for a DO PASS AS AMENDED.
YES: 11 NO: 3 ABSENT: 0
MOTION CARRIED---DO PASS AS AMENDED.

Vice Chairman Craig Headland will carry HB 1189.

FISCAL NOTE

Requested by Legislative Council
03/23/2011

REVISION

Amendment to: HB 1189

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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			($38,500,000)			
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed HB 1189 provides a corporation income tax exemption for the first $75,000 of taxable income, and imposes a 4.9% tax rate on taxable income in excess of $75,000.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

If enacted, Engrossed HB 1189 is expected to reduce corporation income tax collections by $38.5 million in the 2011-13 biennium.

This fiscal note is being REVISED to reflect the March 23, 2011 reduction in the corporation income tax forecast to account for the estimated impact of depreciation expensing provisions recently enacted by Congress.

It is possible that the exemption of the first $75,000 of annual income may cause other types of businesses currently taxed as individuals to consider a business reorganization to corporation status to take advantage of the income tax exemption. If this occurs, Engrossed HB 1189 could cause a reduction in individual income tax collections as well.

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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a*

continuing appropriation.

Name:	Kathryn L. Strombeck	**Agency:**	Office of Tax Commissioner
Phone Number:	328-3402	**Date Prepared:**	03/24/2011

FISCAL NOTE

Requested by Legislative Council
02/10/2011

Amendment to: HB 1189

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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			($50,000,000)			
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed HB 1189 provides a corporation income tax exemption for the first $75,000 of taxable income, and imposes a 4.9% tax rate on taxable income in excess of $75,000.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

If enacted, Engrossed HB 1189 is expected to reduce corporation income tax collections by $50 million in the 2011-13 biennium. This is the estimated impact relative to the existing corporation income tax base. It is possible that the exemption of the first $75,000 of annual income may cause other types of businesses currently taxed as individuals to consider a business reorganization to corporation status to take advantage of the income tax exemption. If this occurs, Engrossed HB 1189 could cause a reduction in individual income tax collections as well.

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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Kathryn L. Strombeck	**Agency:**	Office of Tax Commissioner

Phone Number:	328-3402	Date Prepared:	02/11/2011

FISCAL NOTE

Requested by Legislative Council
01/08/2011

Bill/Resolution No.: HB 1189

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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			($46,538,000)			
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1189 provides a corporation income tax exemption for the first $75,000 of taxable income, and imposes a 5% tax rate on taxable income in excess of $75,000.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

If enacted, HB 1189 is expected to reduce corporation income tax collections by $46.538 million in the 2011-13 biennium. This is the estimated impact relative to the existing corporation income taxbase. It is possible that the exemption of the first $75,000 of annual income may cause other types of businesses currently taxed as individuals to consider a business reorganization to corporation status to take advantage of the income tax exemption. If this occurs, HB 1189 could cause a reduction in individual income tax collections as well.

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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Kathryn L. Strombeck	**Agency:**	Office of Tax Commissioner
Phone Number:	328-3402	**Date Prepared:**	01/11/2011

VR
2/7/11

11.0332.01003
Title.02000

Prepared by the Legislative Council staff for
Representative Headland
February 2, 2011

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1189

Page 1, line 12, overstrike "five"

Page 1, line 12, after "~~hundredths~~" insert "four and nine-tenths"

Renumber accordingly

Date: 2-7-11
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1189

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. Headland Seconded By Rep. Streyle

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) _____ No _____

Absent _____

Floor Assignment _____

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

VOICE VOTE

AYE NAY

MOTION CARRIES

Date: 2-7-11
Roll Call Vote # 2

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1189

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. Streyle Seconded By Rep. Hatlestad

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) 11 No 3

Absent Ø

Floor Assignment Rep. Headland

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

REPORT OF STANDING COMMITTEE

HB 1189: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (11 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). HB 1189 was placed on the Sixth order on the calendar.

Page 1, line 12, overstrike "five"

Page 1, line 12, after "~~hundredths~~" insert "four and nine-tenths"

Renumber accordingly

2011 SENATE FINANCE AND TAXATION

HB 1189

2011 SENATE STANDING COMMITTEE MINUTES

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

HB 1189
3/14/2011
Job Number 15388

☐ Conference Committee

A. Bi Hmiller

Explanation or reason for introduction of bill/resolution:

Relating to corporate income tax rates

Minutes: Written Testimony Attached

Chairman Cook opened the hearing on HB 1189.

Representative Headland – This will reduce corporate income tax collections by $50 million and here is how we will accomplish that. First of all we will reduce the first $75,000 of taxable income and then we will go to one rate of 4.9% on taxable income in excess of $75,000. There are several reasons why we need to do this. First of all, in the last biennium when we offered property tax relief, businesses that file as corporations didn't really have much opportunity to participate in that. I think there are some 12,000 businesses that do file in North Dakota that file as corporations so in fairness I feel they should in some ways be able to catch up after what we did. There are 22,000 businesses in North Dakota that file as S corporations or other types of pass thoughs and they pay under the personal income tax. It will improve our business climate rankings substantially. I think currently we are ranked about 30th of the 50 states in corporate income tax collections so our rate is high.

Chairman Cook – The fiscal note makes the comment that it's possible that by exempting the first $75,000 of annual income may cause other kinds of businesses currently taxed as individuals to consider a business reorganization to corporate status to take advantage of this first $75,000 being exempt. Do you agree with that statement and if so is that one of your intents with the first $75,000 being exempt?

Representative Headland – I suppose in theory that is entirely possible, however the federal income tax at a rate of I believe 35% on income over $75,000 is going to have a little bit more of an impact than us exempting the first $75,000. I think it is possible but highly unlikely.

Representative Kasper – We all know we have a budget surplus of dramatic proportion and we are all wrestling with what do we do with the surplus. One of the best ways to bring out of state business here is to continue to reduce our corporate income tax. Larger corporations, smaller corporations do pay taxes if they are profitable, those are the types of businesses we want to encourage to come to our state, to build in our state and to stay in

our state. What this bill does is it gives back a little bit more of the taxes we are currently collecting to the corporate citizens that do pay taxes and provide jobs. As you know the fiscal note is about $50 million. I like the format of the tax in the bill, where the first $75,000 is exempt because that targets our small businesses and I'm much more eager to target small businesses than the large ones although I certainly encourage tax reductions for both.

Bill Shalhoob, North Dakota Chamber of Commerce – (See attached testimony A in favor of HB 1189)

Chairman Cook – The rankings you reference here, do you know who put them out?

Bill Shalhoob, North Dakota Chamber of Commerce – I got those from Kathy Strombeck.

Chairman Cook – Do you know what they are looking at for those rankings? Are they just looking at the top tax rate?

Bill Shalhoob, North Dakota Chamber of Commerce – I do not.

Kalvin Hullet, Bismarck-Mandan Chamber of Commerce – We would reiterate a lot of what Mr. Shalhoob has already said in reference to the proposed tax relief in this package but I would also tell you from time to time we gather with Chambers from the U.S. as part of the Committee of 100. The last meeting I was at I had a chance to sit with folks from AR and TX and CA and we were discussing the economies in our respective states. When we got to our state I went through and discussed the fiscal condition we are in relative to them and at the end I just said "so if you were us, what would you do" and it was very interesting because the most telling remark was "if I was in North Dakota and we were in that fiscal shape we would drop the hammer and go after everything we could. We would lower taxes, start recruiting businesses, and we would really take advantage of our economic situation". So I guess as I stand here today I tell you that we are the envy of the nation, we have the ability to do this and we would appreciate your support of this proposed measure.

Lynn Bergman, Own Behalf – There is a lot of tax payers out there and I've been talking to a lot of them. I testified on one bill in the House in the first half and that was the bill that eliminated corporate income tax. We are dependent on $2 billion in this coming biennium from the farm program which is likely to, big time go away. We are going to expect to get another $2 billion from oil which looks like now if it averaged at about $100 a barrel for the next year and a half that's probably going to add a quarter to another half a billion dollars. What the taxpayers out there want is something that is going to jump start the North Dakota economy other than oil and agriculture. The other people in our economy want to be jump started so that when agriculture, when the farm program largely goes away and when we have an oil blip, that the rest of our economy is rolling. This is the minimum that the taxpayers want.

Rick Matteson, MDU – Handed out testimony B on behalf of Doran Schwartz.

Senator Hogue – I know MDU has operations around the country and around the globe, can you tell us what percentage MDU's on a consolidated basis, what percentage of your income was attributed to North Dakota?

Rick Matteson, MDU – We don't report our income by state, although I can tell you that we paid, for the 2009 tax year, $47 million in taxes, about $10 million of that was for state taxes and of that amount $1.36 million was paid to the state of North Dakota.

John Mongeon, Brady, Martz & Associates – Through the years I have worked with many small businesses, not only in helping them get incorporated but also advising them along the way and also preparing corporate income tax returns. Part of the issue when selecting an entity it comes down to taxes. What is going to be the lowest cost of doing business whether they decide to be a corporation who gets taxed, or some other type of entity. We also work with out of state companies who are looking at moving into the state of North Dakota or looking at doing business in North Dakota and one of the things that they do is obviously look at the cost of doing business in the state.

Brian Ritter, Bismarck-Mandan Development Association – (See attached testimony C in favor if HB 1189)

Sandy Clark, North Dakota Farm Bureau – When you have tax policy that is good for main street North Dakota it's also good for agriculture. We do like to think we are partners with a number of the organizations that you've heard from and will continue to hear from on corporate income tax issues. We do support economic development in North Dakota and this is a part of that, that will enhance that policy. I'm going to read our policy. It says, we favor long term tax law changes like reduction in corporate income tax to encourage new businesses to move to North Dakota rather than offering short term incentives. We think this is good policy when we have a surge of surplus funds now is the time to return money to the businesses, it's their money. If the state has collected more than they need, the surplus should be returned to those taxpayers who paid it through corporate income tax rate reductions.

Ron Day, Tesoro Mandan Refinery – Similar to MDU we would definitely reap a direct benefit by income tax reduction but in reality that would be very minor to our business. What is more important to our business is the growth of North Dakota's economy, the growth of additional businesses as well as families in North Dakota.

Bob Graveline, Utility Shareholders of North Dakota – (See attached testimony D in favor of HB 1189)

Mike Rud, North Dakota Retail Association, North Dakota Petroleum Marketers, and North Dakota Propane Gas Association – All 3 of our associations stand in support of HB 1189 and would urge a do pass. I think one of the things that we need to look at as we talk about his good economy; there are good and bad both to this economy. The bad part is the retail sector is being hit really hard by higher wages and the need for more employees.

Dustin Gawrylow, North Dakota Taxpayers Association – (See attached testimony E in favor of HB 1189)

Senator Triplett asked Mr. Matteson to come forward for a question.

Senator Triplett – You talked about the notion that this would be a benefit to your corporate customers because of the reduced taxes. I'm wondering if you could quantify that in the real sense. Would you see the utilities doing new rate making proceedings where they would acknowledge the reduction in tax income and lower utility rates if we were to do this?

Rick Matteson, MDU – That certainly is a possibility. The rates are a very complicated process as you know in the utility business. As a company we defer a number of taxes and you record some of those as long term deferred liabilities and some of those then as we disclose in our financial filings, we are obligated at some point to come in to the Commissioner and ask for a reduction to reflect that tax difference so certainly that could have an impact, yes.

Chairman Cook asked for testimony opposed to HB 1189. No one came forward.

Chairman Cook asked for neutral testimony for HB 1189. No one came forward.

Chairman Cook called on someone from the Tax Department to answer questions.

Senator Hogue – Could you give us some idea in terms of the $50 million fiscal note where that comes from, from the 2 provisions of the bill? First the exempting of the income at $75,000 and the rate reduction for the balance.

Ryan Rauschenburger, Tax Department – To my knowledge of the $50 million breakdown about $7-$8 million of that is at the bottom end with that exemption for the $0-$75,000. The rest would essentially be the collapsing of those top 2 brackets.

Senator Hogue – I see on the hand out that Mr. Gawrylow provided us; it talks about historic income from both our corporate and individual income for 2009 and 2010. For the individual we went from $378 million in 2009 to $304 million in 2010, a drop of about $74 million. Then for corporate we went from 2009 to 2010 we went from $99 million to $88 million. That's a drop of about $11 million. What we tried to do last time is to pass 90 of individual income and 10 of corporate and it looks like the numbers are off quite a bit and that could be because we've got more revenue, I don't know, but can you talk to the issue of how much confidence the Commissioner has that these rates actually produce the fiscal impacts as projected in view of these numbers?

Ryan Rauschenburger, Tax Department – Part of the reductions you are referring to are a result partially of the rate reductions passed last time. Of course there are a number of other factors that have impacted and changed since last time the legislature met. Unearned income has had quite an impact, as you know royalty income, wages are strong, a number of factors have changed since then. The forecast is only as good as when you estimate at that time. We feel that the estimations in this bill are just as good as a number of the other fiscal notes that we have provided.

Chairman Cook closed the hearing on HB 1189.

2011 SENATE STANDING COMMITTEE MINUTES

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

HB 1189
3/28/2011
Job Number 16078

☐ Conference Committee

A. Bittmiller

Explanation or reason for introduction of bill/resolution:

Relating to corporate income tax rates

Minutes: Committee Work

Chairman Cook opened discussion on HB 1189.

Senator Dotzenrod went through an amendment he had drafted followed by discussion.

Senator Dotzenrod – My preference on HB 1189 would be a Do Not Pass. I thought if the committee had a sense they wanted to do something at this level that I would offer this amendment as a way to see if I could soften the effect a little bit and maybe provide what some of the objectives were of the sponsors. I don't have any strong feelings about getting it in the form in which I was seeking to amend it and if it does come back in a different bill I can always offer to amend it again. I will move a Do Not Pass on HB 1189.

Seconded by **Senator Oehlke**.

Chairman Cook – Ask the clerk to take the roll. (7-0-0)

Carried by **Vice Chairman Miller**.

Date: 3-28-11
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1189

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 Dotzenrod Seconded By Senator Oehlke

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

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Miller

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

REPORT OF STANDING COMMITTEE

HB 1189, as engrossed: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **DO NOT PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1189 was placed on the Fourteenth order on the calendar.

2011 TESTIMONY

HB 1189

Testimony #1

NORTH DAKOTA
CHAMBER of COMMERCE

Testimony of Bill Shalhoob
North Dakota Chamber of Commerce
HB 1189
January 24, 2011

Mr. Chairman and members of the committee, My name is Bill Shalhoob and I am here today representing the North Dakota Chamber of Commerce, the principal business advocacy group in North Dakota. Our organization is an economic and geographical cross section of North Dakota's private sector and also includes state associations, local chambers of commerce, development organizations, convention and visitors bureaus and public sector organizations. For purposes of this and all Workforce Safety hearings we are also representing five local chambers with over 5,000 members. As a group we stand in support of HB 1189 and urge a do pass from the committee on this bill.

On behalf of the 10,000 businesses in North Dakota we would like to thank the committee for considering what we feel is meaningful tax relief for the corporate tax payers of North Dakota. We support a balanced tax policy that relies on appropriate levels of sales, personal and corporate taxes. We believe given the general fund balance and forecasted revenue stream for the foreseeable future the adjustment in this bill for corporate taxes provides a measured and reasonable rate to tax these businesses.

Thank you for the opportunity to appear before you today in support of HB 1189. I would be happy to answer any questions.

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NORTH DAKOTA
CHAMBER of COMMERCE

Testimony of Bill Shalhoob
North Dakota Chamber of Commerce
HB 1189
March 14, 2011

Mr. Chairman and members of the committee, My name is Bill Shalhoob and I am here today representing the North Dakota Chamber of Commerce, the principal business advocacy group in North Dakota. Our organization is an economic and geographical cross section of North Dakota's private sector and also includes state associations, local chambers of commerce, development organizations, convention and visitors' bureaus and public sector organizations. For purposes of this hearing we are also representing five local chambers with over 5,000 members. As a group we stand in support of HB 1189 and urge a do pass from the committee on this bill.

On behalf of the over 12,000 businesses in North Dakota we would like to thank the committee for considering what we feel is meaningful tax relief for the corporate tax payers of North Dakota. We support a balanced tax policy that relies on appropriate levels of sales, personal and corporate taxes. We believe given the general fund balance and forecasted revenue stream for the foreseeable future the adjustment in this bill for corporate taxes provides a measured and reasonable rate to tax these businesses.

Several points illustrate the justification for considering this bill:

1) In the latest revenue forecast it is estimated personal income tax collections for this biennium will be $617 million and corporate income tax collections will be $199 million for a total of $816 million. The percentage of personal and corporate income taxes to total collections is 75.6% and 24.4% respectively. You will recall the 2009 legislature reduced personal income taxes $90 million and corporate income taxes $10 million. When combined with the $100 million in personal taxes you heard in HB 1289 last week and the $50 million in this bill it will be a total of $190 million in personal income tax relief and $60 million in corporate income tax relief. The package between the two biennia totals $250 million, 76% in personal relief and 24% in corporate relief, numbers that are proportionate to what each group pays. Over 22,000 businesses and all citizens pay their taxes through the personal income tax and this bill will ensure both are receiving equitable tax decrease.

2) If this bill is passed North Dakota will move from 18th to 3rd in the rankings of states with a corporate income tax. Five states have no corporate income tax so our overall rank among all states would be 8th. What better way to say North Dakota is open for business, that we are about more than tax and spend, and that when the state is doing well we will

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NORTH DAKOTA
CHAMBER of COMMERCE

reward all of our citizens, individual and corporate, with lower rates. We think that would be a powerful message in our economic development efforts.

3) Lowering corporate taxes is good for the economy. Lower costs enables corporations the option to do several things, all of which are good for the economy. They can increase dividends to shareholders putting more money in the hands of consumers and thereby increasing spending and growing the economy. In 2009 75,192 North Dakota tax returns reported ordinary dividends on their federal income tax return. They will have more money for upgrades and expansion necessary to remain competitive in our global economy. They will have a better ability to keep wages competitive.

4) A lower corporate income tax rate will help North Dakota remain competitive with states with lower or no corporate income tax, like South Dakota, as we emerge from the current national reception.

Thank you for the opportunity to appear before you today in support of HB 1189. I would be happy to answer any questions.

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MDU RESOURCES
GROUP, INC.

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(701) 530-1000

March 14, 2010

Senator Dwight Cook
Chairman, Senate Finance and Taxation Committee
North Dakota State Legislature
North Dakota State Capitol
600 East Boulevard Avenue
Bismarck, ND 58505

Dear Senator Cook:

We have been following with great interest the North Dakota Legislature's discussions about corporate and personal income tax rates. In the interest of full disclosure our corporation obviously stands to benefit from a reduction in the corporate rate. However, we want you to know our motives are more than self-serving. We want to share with you our thoughts on a few of the other factors in play that we believe are an important part of this discussion.

Lower corporate tax rates play a significant role in promoting the state to outside investors. A state's tax policies are a primary consideration of any company looking to invest or expand its operations. Obviously, there are some things we can't change (the weather for instance), but the tax rates we impose on the state's employers is one thing we do control. Investment capital is becoming increasingly mobile as our society evolves, so it's crucial that North Dakota maintain favorable tax policies to remain competitive with other states in attracting new employers and the jobs they bring.

Most North Dakota citizens probably think that if they don't work for a corporation or own stock in one, corporate income taxes don't affect them. But in reality, business taxes are reflected in the price of everything we purchase – our energy bills, our food, home appliances, our clothing, insurance premiums, our cell phone bills – literally everything. And the taxes paid by businesses cause prices to increase across the board.

However, the opposite is also true. As tax rates decrease, businesses are able to lower consumer prices, which in turn can stimulate enhanced economic activity. Of course, the economic gains do not stop there. If households in North Dakota see their costs fall and wealth increase, this will lure people from other states to relocate here, producing ever greater economic growth.

If MDU Resources can be of any assistance in your deliberations of this important issue, please don't hesitate to contact us.

Sincerely,

Doran N. Schwartz
Vice President and Chief Financial Officer

C

BISMARCK-MANDAN
DEVELOPMENT ASSOCIATION
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House Bill 1189
Testimony to Senate Finance and Taxation Committee
March 14, 2011

My name is Brian Ritter and I am the Director of Business Development for the Bismarck-Mandan Development Association (BMDA). I'm here today on behalf of the organization to testify in support of House Bill 1189.

As the economic development organization for all of Burleigh and Morton Counties, our mission is to expand the area's economic base. We accomplish this through the retention and expansion of existing businesses, the development of entrepreneurs, and the attraction of new businesses. As you are all well aware, our state and community have fared this recession quite well. Our unemployment rates are some of the nation's lowest, the number of homes being sold and built continues to increase and our businesses are expanding while others around the country have faltered.

While that success has been driven in large part by the development of our state's natural resources, the strong, positive business climate that is present in North Dakota plays an important role as well. One of the contributing factors to that positive business climate is our state's tax structure and tax rates. For example, I was recently working our organization's trade show booth at Bismarck State College's Energy Generation Conference when an out-of-state company approached me to inquire about the prospects of opening an office here in Bismarck-Mandan. One of the first questions asked was about corporate income tax rates. Needless to say, he was impressed by the fact that North Dakota had actually lowered its income tax rates and the prospect of doing it again was being discussed. Almost that exact same scenario played out again in our board room just last Thursday when another company investigating the potential of a Bismarck-Mandan location asked me about our income tax rates and I was again able to share with him what was happening here.

Passage of House Bill 1189 will move North Dakota from 18th to third in the rankings of states with corporate income taxes. As other parts of the U.S. emerge from the national recession, the lower corporate income tax rate will further strengthen our business climate, our business advantage and it will keep us competitive with those states with lower corporate income tax rates. Lowering the tax rate, and the overall cost of doing business in North Dakota, will only help improve our already strong economy.

We're still working with both of those companies those companies I mentioned, and hopefully our efforts will result in new businesses for our state and community. I believe both of these examples illustrate just how successful past efforts to reduce our state's corporate income tax rate have been in improving our state's economic prospects and why I support House Bill 1189. I urge a "do pass" recommendation from the committee.

Thank you.

Brian Ritter, CEcD
Director of Business Development

US ND

Utility Shareholders of North Dakota

SENATE FINANCE AND TAXATION COMMITTEE
March 14, 2011

RE: HB-1189

Mr. Chairman, members of the Committee, I am Bob Graveline, president of the Utility Shareholders of North Dakota. Our association of some 2,800 people have the common interest of owning shares in one or more of the three shareholder owned utility companies doing business in our state – Otter Tail Corporation, MDU Resources Group, and Xcel Energy.

I stand in support of HB-1189 and encourage a DO PASS recommendation be forwarded to the Senate.

Our association believes dollars serve our nation's free market economy better when in the hands of the people and companies who earn those dollars than being in a surplus account held by state government.

We encourage a DO PASS recommendation on HB-1189 to lower income tax rates on corporations.

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NORTH DAKOTA TAXPAYERS ASSOCIATION

Subject: Corporate Flat Tax **Bill: HB 1189**

Testimony Provided By: Dustin Gawrylow **Lobbyist #160**

Presented To: Senate Finance and Tax Committee **March 14th, 2011**

Our state is in a prime position to make a major move when it come to tax policy. Currently the non-partisan Tax Foundation ranks us 20th for "Business Friendly Tax Policy". This is a huge improvement over the 33rd place ranking we held in 2006.

But we should not rest on this fact.

While nearly every other state in the country is in trouble, we have an opportunity to leapfrog over rest of the country.

The issue of corporate tax cuts can be divisive, and is often time used to perpetuate class-warfare storylines, but for a state like North Dakota with neighbor that has no corporate or individual income tax, the climate demands that we minimize the effect of these taxes.

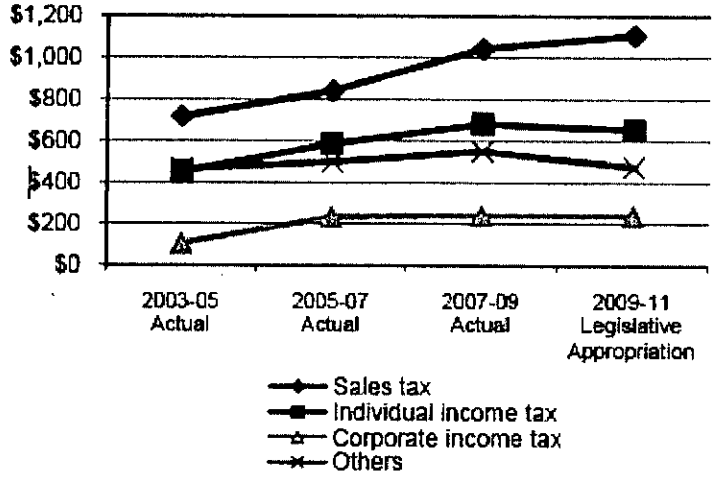
With both South Dakota and Wyoming tied for 1st place in this category, let's make 2011 the year that we finally ensure that North Dakota is regionally competitive on tax policy.

Sure, 20th place may be a great improvement from where we were, but do we want to settle for slightly above average, or slightly above mediocre?

Let's make the leap.

Let's make North Dakota the first and only place a business looking to expand needs to look.

GENERAL FUND REVENUES - MAJOR REVENUE TYPES
(Amounts Shown in Millions)



Biennium	(Amounts Shown in Millions) Sales Tax	Individual Income Tax	Corporate Income Tax	Others	Total
2003-05	$717.8	$452.5	$102.9	$465.9	$1,739.1
2005-07	$841.9	$587.6	$232.3	$501.1	$2,162.9
2007-09	$1,046.5	$681.7	$239.7	$552.8	$2,520.7
2009-11	$1,110.0	$655.5	$239.1	$476.2	$2,480.8

State Business Tax Climate Index, 2006 - 2011

	FY 2011 State Business Tax Climate Index		FY 2010 State Business Tax Climate Index		Change from 2010 to 2011		FY 2009 State Business Tax Climate Index		FY 2008 State Business Tax Climate Index		FY 2007 State Business Tax Climate Index		FY 2006 State Business Tax Climate Index	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
US	5.00		5.00				5.00		5.00		5.00		5.00	
Alabama	4.99	28	5.19	19	-0.20	-9	5.30	20	5.08	23	5.16	22	5.60	16
Alaska	7.39	2	7.38	3	0.02	1	7.32	4	7.13	3	6.99	4	7.29	3
Arizona	4.81	34	5.01	28	-0.20	-6	5.25	24	5.01	25	4.95	29	5.13	29
Arkansas	4.55	39	4.61	40	-0.07	1	4.87	35	4.65	37	4.72	36	4.87	35
California	3.78	49	3.89	48	-0.11	-1	4.00	49	3.93	49	3.92	48	4.64	42
Colorado	5.57	15	5.63	13	-0.06	-2	5.89	13	5.89	10	5.90	11	5.70	13
Connecticut	4.01	47	4.72	38	-0.70	-9	4.81	37	4.60	38	4.69	39	4.66	41
Delaware	6.03	8	5.98	8	0.05	0	6.01	10	6.09	9	6.11	8	6.10	9
Florida	6.53	5	6.62	5	-0.08	0	6.92	5	6.67	5	6.79	5	6.85	5
Georgia	5.02	25	5.01	29	0.01	4	5.16	27	4.95	28	5.18	21	5.52	20
Hawaii	5.06	22	5.05	24	0.01	2	5.27	22	5.27	18	5.34	16	5.28	24
Idaho	5.27	18	5.21	18	0.06	0	5.10	29	5.09	21	5.05	26	5.08	30
Illinois	5.05	23	5.01	30	0.04	7	5.26	23	5.04	24	4.92	31	5.22	26
Indiana	5.79	10	5.67	12	0.11	2	5.88	14	5.65	13	5.72	12	5.86	12
Iowa	4.20	45	4.23	46	-0.02	1	4.35	44	4.16	46	4.36	45	4.62	44
Kansas	4.76	35	4.93	32	-0.17	-3	5.07	31	4.87	31	4.77	35	4.99	33
Kentucky	5.22	19	5.18	20	0.04	1	4.95	34	4.98	27	4.96	28	4.75	38
Louisiana	4.71	36	4.74	35	-0.03	-1	4.98	33	4.75	34	4.79	33	5.05	32
Maine	4.98	31	4.83	34	0.15	3	4.69	40	4.72	35	4.72	37	4.64	43
Maryland	4.25	44	4.26	45	-0.01	1	4.31	45	4.14	47	5.08	24	5.23	25
Massachusetts	4.89	32	4.73	36	0.16	4	4.99	32	4.80	33	4.79	34	4.87	36
Michigan	5.40	17	5.35	17	0.05	0	5.30	21	5.32	17	5.14	23	5.20	28
Minnesota	4.40	43	4.44	43	-0.04	0	4.61	41	4.40	42	4.39	43	4.71	39
Mississippi	5.09	21	5.16	21	-0.07	0	5.32	19	5.09	22	5.21	19	5.57	19
Missouri	5.48	16	5.37	16	0.11	0	5.57	16	5.35	16	5.37	15	5.68	14
Montana	6.39	6	6.32	6	0.07	0	6.27	6	6.35	6	6.42	6	6.16	8
Nebraska	4.98	29	4.88	33	0.11	4	4.55	42	4.55	40	4.55	41	4.59	45
Nevada	6.74	4	7.05	4	-0.31	0	7.37	3	7.07	4	7.07	3	7.07	4
New Hampshire	6.18	7	6.25	7	-0.07	0	6.21	7	6.29	7	6.32	7	6.45	6
New Jersey	3.96	48	3.60	50	0.36	2	3.90	50	3.71	50	3.68	50	3.63	48
New Mexico	4.89	33	5.06	23	-0.17	-10	5.17	26	4.93	29	5.05	25	5.30	23
New York	3.73	50	3.66	49	0.07	-1	4.13	47	4.19	45	4.29	46	3.60	49
North Carolina	4.47	41	4.66	39	-0.19	-2	4.74	39	4.52	41	4.52	42	4.70	40
North Dakota	5.14	20	5.04	25	0.10	5	5.08	30	4.86	32	4.87	32	5.06	31
Ohio	4.16	46	4.04	47	0.12	1	4.12	48	3.95	48	3.95	47	3.82	47
Oklahoma	4.98	30	4.97	31	0.01	1	5.40	18	5.18	19	5.20	20	5.41	21
Oregon	5.61	14	5.59	14	0.02	0	6.04	8	6.12	8	6.06	9	6.02	10
Pennsylvania	5.01	26	5.03	27	-0.03	1	5.14	28	4.92	30	4.95	30	5.31	22
Rhode Island	4.46	42	4.33	44	0.13	2	4.18	46	4.20	44	3.80	49	3.47	50
South Carolina	5.04	24	5.03	26	0.00	2	5.21	25	5.01	26	4.98	27	5.21	27
South Dakota	7.43	1	7.42	1	0.00	0	7.50	2	7.21	2	7.18	2	7.56	2
Tennessee	5.00	27	5.10	22	-0.11	-5	5.42	17	5.16	20	5.27	17	5.58	18
Texas	5.63	13	5.70	11	-0.07	2	6.02	9	5.79	11	5.99	10	6.41	7
Utah	5.80	9	5.80	10	0.00	1	5.94	11	5.71	12	5.23	18	5.67	15
Vermont	4.66	38	4.56	41	0.11	3	4.52	43	4.34	43	4.37	44	4.57	46
Virginia	5.67	12	5.53	15	0.14	3	5.70	15	5.51	15	5.51	14	5.58	17
Washington	5.78	11	5.81	9	-0.03	2	5.94	12	5.65	14	5.67	13	5.93	11
West Virginia	4.67	37	4.73	37	-0.06	0	4.86	36	4.66	36	4.71	38	4.93	34
Wisconsin	4.55	40	4.54	42	0.01	2	4.76	38	4.56	39	4.57	40	4.77	37
Wyoming	7.30	3	7.38	2	-0.08	-1	7.50	1	7.24	1	7.46	1	7.64	1

Corporate Tax Index, 2006 - 2011

	FY 2011 Corporate Tax Index		FY 2010 Corporate Tax Index		Change from 2010 to 2011		FY 2009 Corporate Tax Index		FY 2008 Corporate Tax Index		FY 2007 Corporate Tax Index		FY 2006 Corporate Tax Index	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
US	5.00		5.00		5.00		5.00		5.00		5.00		5.00	
Alabama	5.05	24	5.05	23	0.00	-1	5.24	21	5.24	21	5.19	21	5.20	22
Alaska	5.02	26	5.02	26	0.00	0	5.02	27	5.02	27	4.98	27	4.98	28
Arizona	5.11	22	5.11	22	0.00	0	5.11	24	5.11	24	5.06	24	5.07	25
Arkansas	4.59	40	4.59	39	0.00	-1	4.59	34	4.59	34	4.54	36	4.55	37
California	4.67	33	4.67	34	0.00	1	4.27	45	4.27	45	4.43	40	4.44	41
Colorado	5.77	12	5.77	12	0.00	0	5.57	15	5.57	15	5.61	15	5.62	15
Connecticut	5.26	18	5.26	18	0.00	0	5.26	18	5.26	18	4.97	28	5.31	18
Delaware	3.66	49	3.66	49	0.00	0	3.76	49	3.76	49	4.02	48	4.03	48
Florida	5.54	15	5.54	15	0.00	0	5.74	13	5.74	13	5.68	14	5.69	14
Georgia	5.92	8	5.92	8	0.00	0	5.92	8	5.92	8	5.96	6	5.97	6
Hawaii	5.79	10	5.79	10	0.00	0	5.79	11	5.79	11	5.84	9	5.85	9
Idaho	5.28	17	5.28	17	0.00	0	5.28	17	5.28	17	5.24	19	5.25	20
Illinois	4.97	27	4.97	27	0.00	0	4.97	28	4.97	28	4.93	30	4.93	30
Indiana	5.18	21	5.18	21	0.00	0	5.18	23	5.18	23	5.14	22	5.15	23
Iowa	4.07	47	4.27	45	-0.20	2	4.27	46	4.27	46	4.24	46	4.25	44
Kansas	4.62	35	4.55	40	0.07	5	4.55	37	4.55	37	4.51	38	4.52	40
Kentucky	4.50	42	4.50	42	0.00	0	4.50	38	4.50	38	4.37	43	4.87	33
Louisiana	5.25	19	5.25	19	0.00	0	5.25	19	5.25	19	5.30	18	5.31	19
Maine	4.39	43	4.39	43	0.00	0	4.39	43	4.39	43	4.35	44	4.36	43
Maryland	5.58	14	5.58	14	0.00	0	5.58	14	5.58	14	5.91	7	5.92	7
Massachusetts	4.62	36	4.16	47	0.46	11	4.16	47	4.16	47	4.13	47	4.14	46
Michigan	3.83	48	4.03	48	-0.20	0	4.03	48	4.03	48	3.45	50	3.46	49
Minnesota	4.32	44	4.32	44	0.00	0	4.32	44	4.32	44	4.29	45	4.21	45
Mississippi	5.62	13	5.62	13	0.00	0	5.82	10	5.82	10	5.85	8	5.86	8
Missouri	6.06	5	6.06	5	0.00	0	6.26	5	6.26	5	5.81	10	5.82	10
Montana	5.42	16	5.42	16	0.00	0	5.42	16	5.42	16	5.57	16	5.58	16
Nebraska	4.67	34	4.67	35	0.00	1	4.67	32	4.67	32	4.64	34	4.65	35
Nevada	10.00	1	10.00	1	0.00	0	10.00	1	10.00	1	10.00	1	10.00	1
New Hampshire	3.29	50	3.29	50	0.00	0	3.29	50	3.29	50	3.86	49	4.54	39
New Jersey	4.55	41	4.55	41	0.00	0	4.47	39	4.47	39	4.43	41	3.00	50
New Mexico	4.78	31	4.78	32	0.00	1	4.58	35	4.58	35	4.53	37	4.54	38
New York	5.21	20	5.21	20	0.00	0	5.21	22	5.21	22	5.07	23	5.08	24
North Carolina	5.04	25	5.04	25	0.00	0	5.04	26	5.04	26	4.99	25	5.00	26
North Dakota	4.92	30	4.92	30	0.00	0	4.92	30	4.92	30	4.96	29	4.97	29
Ohio	4.60	39	4.60	38	0.00	-1	4.63	33	4.63	33	4.46	39	4.12	47
Oklahoma	5.95	7	5.95	7	0.00	0	5.95	7	5.95	7	5.70	13	5.70	13
Oregon	4.27	45	4.86	31	-0.59	-14	5.25	20	5.25	20	5.20	20	5.21	21
Pennsylvania	4.62	38	4.62	37	0.00	-1	4.42	41	4.42	41	4.38	42	4.39	42
Rhode Island	4.62	37	4.62	36	0.00	-1	4.45	40	4.45	40	4.58	35	4.58	36
South Carolina	5.85	9	5.85	9	0.00	0	5.85	9	5.85	9	5.79	11	5.80	11
South Dakota	10.00	1	10.00	1	0.00	0	10.00	1	10.00	1	10.00	1	10.00	1
Tennessee	5.78	11	5.78	11	0.00	0	5.78	12	5.78	12	5.72	12	5.73	12
Texas	4.19	46	4.19	46	0.00	0	4.41	42	4.41	42	5.33	17	5.34	17
Utah	6.03	6	6.03	6	0.00	0	6.03	6	6.03	6	6.21	4	6.22	4
Vermont	4.96	28	4.96	28	0.00	0	4.77	31	4.77	31	4.93	31	4.93	31
Virginia	6.32	4	6.32	4	0.00	0	6.32	4	6.32	4	6.16	5	6.17	5
Washington	4.75	32	4.75	33	0.00	1	4.56	36	4.56	36	4.82	33	4.83	34
West Virginia	5.10	23	5.04	24	0.06	1	5.04	25	5.04	25	4.99	26	5.00	27
Wisconsin	4.92	29	4.92	29	0.00	0	4.92	29	4.92	29	4.88	32	4.89	32
Wyoming	10.00	1	10.00	1	0.00	0	10.00	1	10.00	1	10.00	1	10.00	1
District of Columbia	4.58		4.58		0.00		4.58		4.58		2.18		2.19	

Note: The higher the score, the more favorable a state's tax system is for business. All scores are for fiscal years.

Source: North Dakota Redbook

Tax Type	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Sales & Use	262.9	263.6	260.2	288.4	298.9	327.9	329.1	358.9	363.2	383.2	386.6
Ind. Income	111.1	114.3	119.0	125.6	138.9	141.9	152.1	163.7	177.9	181.4	198.3
Corp. Income	40.5	49.3	36.8	42.5	50.7	44.0	49.0	50.3	65.5	57.9	47.5
Oil Extraction	30.8	38.3	26.7	26.6	16.2	16.4	16.5	19.1	15.3	12.1	21.0
Gross Production	33.9	47.3	32.5	29.8	22.1	23.8	26.9	34.8	29.5	22.7	38.0
Coal Taxes	34.7	34.5	35.9	37.1	38.8	38.9	37.9	37.6	37.3	38.3	39.0
Motor Fuels	76.6	76.5	78.6	80.7	85.5	89.5	96.0	103.7	105.1	103.1	111.8
Other Taxes & Fees	38.6	41.1	42.9	54.4	65.6	75.2	75.6	82.4	86.0	106.9	108.9
Total Net Collections*	629.1	664.8	632.5	684.5	716.9	757.6	783.2	850.5	879.8	905.4	951.1

Tax Type	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Sales & Use	386.6	398.6	401.6	424.9	441.4	480.6	495.6	556.0	611.6	683.6	684.1
Ind. Income	198.3	213.4	198.9	200.5	214.1	241.3	274.6	318.4	308.9	378.1	304.3
Corp. Income	47.5	51.6	41.6	46.0	40.3	62.7	111.8	120.0	140.7	99.0	87.9
Oil Extraction	21.0	24.8	17.1	22.6	25.6	45.6	61.8	67.2	182.4	185.8	280.6
Gross Production	38.0	46.0	36.5	43.5	47.5	74.0	104.4	118.8	209.4	221.5	302.1
Coal Taxes	39.0	39.5	38.2	39.4	40.6	37.7	39.8	40.9	39.0	41.6	37.7
Motor Fuels	111.8	112.7	111.7	115.3	119.9	122.2	134.1	140.0	144.0	144.5	151.7
Other Taxes & Fees	108.9	117.7	121.3	131.2	121.9	135.5	148.0	158.5	165.3	177.7	183.6
Total Net Collections*	951.1	1004.3	966.9	1023.4	1051.3	1199.7	1370.0	1,519.8	1,801.3	1,931.8	2,032.0

11.0332.02001
Title.

Prepared by the Legislative Council staff for
Senator Dotzenrod
March 18, 2011

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1189

Page 1, line 13, remove "four and nine-tenths"

Page 1, line 13, overstrike "percent."

Page 1, line 14, remove the overstrike over "~~six and~~"

Page 1, remove the overstrike over line 15

Renumber accordingly