

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Tentative Agenda

POLITICAL SUBDIVISION TAXATION COMMITTEE

Tuesday and Wednesday, December 1-2, 2015

Roughrider Room, State Capitol

Bismarck, North Dakota

Tuesday, December 1, 2015

9:00 a.m. Call to order
Roll call
Consideration of the minutes of the September 9, 2015, meeting

SOCIAL SERVICES FINANCING STUDY

9:05 a.m. Presentation by Ms. Maggie D. Anderson, Executive Director, Department of Human Services, regarding an update on the prior meeting of the County Social Services Finance Working Group

10:00 a.m. Comments by interested persons

10:15 a.m. Committee discussion and directives

10:30 a.m. Break

CONTRACTOR SALES AND USE TAX STUDY

10:45 a.m. Presentation by Legislative Council staff of a bill draft to eliminate the payment of sales and use tax on items purchased by or for an exempt entity and installed by a contractor

10:55 a.m. Presentation by a representative of the Tax Department regarding the anticipated fiscal effect of eliminating the payment of sales and use tax on items purchased by or for an exempt entity and installed by a contractor

11:15 a.m. Comments by interested persons

11:30 a.m. Committee discussion and directives

12:00 noon Luncheon recess

INCOME TAX RECIPROCITY STUDY

1:00 p.m. Presentation by Legislative Council staff of a memorandum entitled *Income Tax Reciprocity Agreement between North Dakota and Montana*

1:10 p.m. Presentation by a representative of the Tax Department regarding the history of the income tax reciprocity agreement between North Dakota and Montana

1:25 p.m. Committee discussion and directives

ECONOMIC DEVELOPMENT TAX INCENTIVES STUDY

1:45 p.m. Presentation by Legislative Council staff regarding a summary of the Evaluators Roundtable Meeting, hosted by The Pew Charitable Trusts, relating to the review and evaluation of economic development tax incentives

2:00 p.m. Break

2:15 p.m. Presentation by Mr. John Bennett, Economic Associate, Regional Economic Models, Inc., of the features and capabilities of the REMI software application and information regarding how the software could be used to assist in the analysis of economic development tax incentives

3:00 p.m. Committee discussion

- 3:30p.m. Presentation by representatives of the Tax Department and the Department of Commerce regarding data and information collected by each agency on incentives selected for review during the 2015-16 interim and the manner in which data and information may be disclosed
- 4:00 p.m. Committee discussion
- 4:15 p.m. Recess

Wednesday, December 2, 2015

- 9:00 a.m. Comments by the Chairman
- 9:10 a.m. Presentation by a representative of the Tax Department regarding additional fiscal data related to the economic development tax incentives identified in North Dakota Century Code Section 54-35-26
- 9:30 a.m. Presentation by Legislative Council staff of a memorandum summarizing the availability of electrical generating facility sales tax exemptions in other states
- 9:40 a.m. Presentation by Legislative Council staff of a memorandum summarizing the availability of research expense tax credits in other states
- 9:50 a.m. Presentation by Legislative Council staff of a memorandum summarizing the availability of agricultural commodity processing facility investment tax credits in other states
- 10:00 a.m. Presentation by Legislative Council staff of a memorandum summarizing the availability of angel fund investment tax credits in other states
- 10:10 a.m. Presentation by Legislative Council staff of a memorandum summarizing the availability of automation tax credits in other states
- 10:20 a.m. Presentation by Legislative Council staff of a memorandum summarizing the availability of seed capital investment tax credits in other states
- 10:30 a.m. Break
- 10:45 a.m. Presentation by Legislative Council staff of a memorandum entitled *Economic Development Tax Incentive Study - New or Expanding Business Income Tax Exemption* and a memorandum summarizing the availability of incentives fostering job creation and expansion in targeted businesses in other states
- 11:00 a.m. Presentation by Legislative Council staff of a memorandum entitled *Economic Development Tax Incentive Study - Telecommunications Infrastructure Sales Tax Exemption* and a memorandum summarizing the availability of this type of incentive in other states
- 11:15 a.m. Presentation by Legislative Council staff of memorandums entitled *Economic Development Tax Incentive Study - Biodiesel Fuel Credits*, *Economic Development Tax Incentive Study - Canola Crushing Facility Construction or Retrofit Credit* and a memorandum summarizing the availability of these types of incentives in other states
- 11:40 a.m. Presentation by Legislative Council staff of a memorandum entitled *Economic Development Tax Incentive Study - Renaissance Zone Income Tax Credits and Exemptions* and a memorandum summarizing the availability of this type of incentive in other states
- 12:00 noon Luncheon recess
- 1:00 p.m. Presentation by Legislative Council staff of memorandums entitled *Economic Development Tax Incentive Study - Internship Program Credit*, *Economic Development Tax Incentive Study - Workforce Recruitment Credit*, *Economic Development Tax Incentive Study - New Jobs Credit From Income Tax Withholding* and a memorandum summarizing the availability of incentives fostering employee training, recruitment, and internship programs in other states

- 1:35 p.m. Presentation by Legislative Council staff of a memorandum entitled *Economic Development Tax Incentive Study - Geothermal, Solar, Wind, and Biomass Energy Device Tax Credit* and a memorandum summarizing the availability of this type of incentive in other states
- 1:50 p.m. Presentation by Legislative Council staff of a memorandum entitled *Economic Development Tax Incentive Study - Certified Nonprofit Development Corporation Investment Credit* and a memorandum summarizing the availability of this type of incentive in other states
- 2:05 p.m. Break
- 2:20 p.m. Presentation by Legislative Council staff of a memorandum entitled *Impact of Income Tax Rate Reduction or Elimination on Unused Tax Credits*
- 2:30 p.m. Presentation by a representative of the Tax Department regarding:
- The correlation between declining individual and corporate income tax rates and the use of income tax credits
 - The procedure for tracking transferable tax credits and the type of information collected
 - The manner in which various tax credits are claimed by passthrough entities and the procedure for claiming tax credits when multiple credits may apply
- 3:10 p.m. Presentation by a representative of the Department of Commerce regarding the process of becoming a qualified business for purposes of the agricultural commodity processing facility investment tax credit and the number of qualified businesses located in this state
- 3:30 p.m. Committee discussion and directives
- 4:00 p.m. Adjourn

Committee Members

Representatives: Jason Dockter (Chairman), Larry Bellew, Mark A. Dosch, Craig Headland, Kathy Hogan, Lawrence R. Klemin, Ben Koppelman, William E. Kretschmar, Mike Lefor, Alisa Mitskog, Gail Mooney, Naomi Muscha, Mike Nathe, Nathan Toman, Robin Weisz

Senators: Brad Bekkedahl, Randall A. Burckhard, Dwight Cook, Jim Dotzenrod, Tim Mathern, Jessica Unruh

Staff Contact: Emily L. Thompson, Counsel