

23.0260.01003
Title.
Fiscal No. 3

Prepared by the Legislative Council staff for
Senator Wanzek

February 2, 2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2006

Page 1, line 3, after "credit" insert "; to create and enact a new section to chapter 57-39.2 of the North Dakota Century Code, relating to a sales tax exemption for materials used to construct, expand, or upgrade a facility that refines renewable feedstock into sustainable aviation fuel; to amend and reenact section 57-01-04 and subsection 3 of section 57-40.2-03.3 of the North Dakota Century Code, relating to the salary of the state tax commissioner and use tax exemptions"

Page 1, line 3, remove "and"

Page 1, line 3, after "transfer" insert "; and to provide an effective date"

Page 1, replace lines 12 through 22 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$22,594,196	\$1,655,343	\$24,249,539
Operating expenses	7,466,120	1,647,250	9,113,370
Capital assets	6,000	0	6,000
Homestead tax credit	18,000,000	900,000	18,900,000
Disabled veterans' tax credit	<u>16,300,000</u>	<u>2,445,000</u>	<u>18,745,000</u>
Total all funds	\$64,366,316	\$6,647,593	\$71,013,909
Less estimated income	<u>125,000</u>	<u>0</u>	<u>125,000</u>
Total general fund	\$64,241,316	\$6,647,593	\$70,888,909
Full-time equivalent positions	118.00	(1.00)	117.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Information technology enhancements	\$0	\$500,000
Total general fund	\$0	\$500,000

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The state tax commissioner shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 2, after line 10, insert:

"SECTION 5. AMENDMENT. Section 57-01-04 of the North Dakota Century Code is amended and reenacted as follows:

57-01-04. Salary.

The annual salary of the state tax commissioner is one hundred ~~twenty-one~~twenty-nine thousand ~~eight~~two hundred ~~fourteen~~twenty dollars through

June 30, 20222024, and one hundred ~~twenty-four~~thirty-four thousand ~~two~~three hundred ~~fifty~~eighty-nine dollars thereafter.

SECTION 6. A new section to chapter 57-39.2 of the North Dakota Century Code is created and enacted as follows:

Sales and use tax exemption for materials used to construct, expand, or upgrade a facility that refines renewable feedstock into sustainable aviation fuel.

1. As used in this section, "renewable feedstock" means ethanol and other types of feedstock from renewable sources.
2. Gross receipts from sales of tangible personal property used to construct, expand, or upgrade a facility that refines renewable feedstock into sustainable aviation fuel are exempt from taxes under this chapter.
3. The exemption may be received only at the time of purchase. To receive the exemption, the owner of the facility must receive from the tax commissioner a certificate indicating the tangible personal property the owner intends to purchase to construct, expand, or upgrade the facility qualifies for the exemption under this section.
4. This chapter and chapter 57-40.2 apply to an exemption under this section.

SECTION 7. AMENDMENT. Subsection 3 of section 57-40.2-03.3 of the North Dakota Century Code is amended and reenacted as follows:

3. The tax imposed by this section does not apply to:
 - a. Production equipment or tangible personal property as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.2₁;
 - b. Machinery, equipment, or other tangible personal property used to construct an agricultural commodity processing facility as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.3 or 57-39.2-04.4₁;
 - c. Tangible personal property used to construct or expand a system used to compress, process, gather, or refine gas recovered from an oil or gas well in this state or used to expand or build a gas-processing facility in this state as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.5₁;
 - d. Tangible personal property used to construct or expand a qualifying oil refinery as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.6₁;
 - e. Tangible personal property used to construct or expand a qualifying facility as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.10₁;
 - f. Tangible personal property used to construct or expand a qualifying facility as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.11₁;

- g. Materials used in compressing, gathering, collecting, storing, transporting, or injecting carbon dioxide for use in enhanced recovery of oil or natural gas as provided in section 57-39.2-04.14; ~~or~~
- h. Tangible personal property used to construct a qualifying fertilizer or chemical processing facility as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.15; ~~or~~
- i. Tangible personal property used to construct a qualified straddle plant, a qualified fractionator, or qualified associated infrastructure as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.16.
- j. Tangible personal property used to construct, expand, or upgrade a facility that refines renewable feedstock into sustainable aviation fuel as authorized or approved by the tax commissioner under section 6 of this Act.

SECTION 8. EFFECTIVE DATE. Sections 6 and 7 of this Act are effective for taxable events occurring after June 30, 2023."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2006 - State Tax Commissioner - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$22,594,196	\$1,655,343	\$24,249,539
Operating expenses	7,466,120	1,647,250	9,113,370
Capital assets	6,000		6,000
Homestead tax credit	18,000,000	900,000	18,900,000
Disabled veterans' credit	16,300,000	2,445,000	18,745,000
Total all funds	\$64,366,316	\$6,647,593	\$71,013,909
Less estimated income	125,000	0	125,000
General fund	\$64,241,316	\$6,647,593	\$70,888,909
FTE	118.00	(1.00)	117.00

Department 127 - State Tax Commissioner - Detail of Senate Changes

	Adds Funding for Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Removes an FTE Position ³	Adds Funding for Operating Expenses ⁴	Adds Funding for Tax Credit Programs ⁵	Adds One-Time Funding for IT Costs ⁶
Salaries and wages	\$159,434	\$1,663,353	(\$167,444)			\$500,000
Operating expenses				\$1,147,250		
Capital assets					\$900,000	
Homestead tax credit					2,445,000	
Disabled veterans' credit						
Total all funds	\$159,434	\$1,663,353	(\$167,444)	\$1,147,250	\$3,345,000	\$500,000
Less estimated income	0	0	0	0	0	0
General fund	\$159,434	\$1,663,353	(\$167,444)	\$1,147,250	\$3,345,000	\$500,000
FTE	0.00	0.00	(1.00)	0.00	0.00	0.00

	Total Senate Changes
Salaries and wages	\$1,655,343
Operating expenses	1,647,250
Capital assets	
Homestead tax credit	900,000
Disabled veterans' credit	2,445,000
Total all funds	\$6,647,593
Less estimated income	0
General fund	\$6,647,593
FTE	(1.00)

¹ Funding is added from the general fund for cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$1,110,808	\$0	\$1,110,808
Health insurance increase	552,545	0	552,545
Total	\$1,663,353	\$0	\$1,663,353

³ Funding of \$167,444 from the general fund and 1 undesignated vacant FTE position are removed.

⁴ Funding of \$1,147,250 is added from the general fund for the following operating expenses:

- \$36,596 for increases in Information Technology Department rates;
- \$400,000 for GenTax support to provide total funding of \$4.4 million;
- \$96,000 for information technology data processing; and
- \$614,654 for a new Capitol space rent model.

⁵ Funding of \$3,345,000 is added from the general fund to increase the funding for the homestead tax credit program by \$900,000, from \$18,000,000 to \$18,900,000, and to increase the funding for the disabled veterans' tax credit program by \$2,445,000, from \$16,300,000 to \$18,745,000.

⁶ One-time funding of \$500,000 is added from the general fund for GenTax support enhancements.

This amendment also adds sections to:

- Provide the statutory changes necessary to increase the Tax Commissioner's salary from the current salary of \$124,250 to \$129,220 (4 percent) effective July 1, 2023, and to \$134,389 (4 percent) effective July 1, 2024.
- Create a sales and use tax exemption for materials to construct, expand, or upgrade a facility that refines renewable feedstock into sustainable aviation fuel and provide an effective date related to the exemption.