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Title.

Fiscal No. 2

Sixty-ninth
Legislative Assembly
of North Dakota

Prepared by the Legislative Council
staff for House Appropriations
Committee

February 24, 2025

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1006

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the office of the tax
2 commissioner and for payment of state reimbursement under the homestead tax credit,
3 disabled veterans' tax credit, and primary residence credit; to amend and reenact section
4 57-01-04 of the North Dakota Century Code, relating to the salary of the state tax
5 commissioner; to provide an exemption; and to provide for a transfer.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
8 as may be necessary, are appropriated out of any moneys in the general fund in the state
9 treasury, not otherwise appropriated, and from other funds derived from federal funds, to the tax
10 commissioner for the purpose of defraying the expenses of the tax commissioner and paying
11 the state reimbursement under the homestead tax credit, disabled veterans' tax credit, and
12 primary residence credit, for the biennium beginning July 1, 2025, and ending June 30, 2027, as
13 follows:

	Base Level	Adjustments or Enhancements	Appropriation	
14				
15				
16	Salaries and wages	\$24,036,152	\$0	\$24,036,152
17	Operating expenses	8,613,370	0	8,613,370
18	Capital assets	6,000	0	6,000
19	Homestead tax credit	72,400,000	0	72,400,000
20	Disabled veterans' tax credit	18,745,000	0	18,745,000

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1	Primary residence credit	103,225,000	0	103,225,000
2	Total all funds	\$227,025,522	\$0	\$227,025,522
3	Less other funds	125,000	0	125,000
4	Total general fund	\$226,900,522	\$0	\$226,900,522
5	Full-time equivalent positions	117.00	0.00	117.00
6	Salaries and wages	\$24,036,152	\$1,650,068	\$25,686,220
7	New and vacant FTE pool	0	1,119,992	1,119,992
8	Operating expenses	8,613,370	824,741	9,438,111
9	Capital assets	6,000	0	6,000
10	Homestead tax credit	72,400,000	(11,800,000)	60,600,000
11	Disabled veterans' tax credit	18,745,000	10,655,000	29,400,000
12	Primary residence credit	103,225,000	(103,225,000)	0
13	Total all funds	\$227,025,522	(\$100,775,199)	\$126,250,323
14	Less other funds	125,000	0	125,000
15	Total general fund	\$226,900,522	(\$100,775,199)	\$126,125,323
16	Full-time equivalent positions	117.00	0.00	117.00

17 **SECTION 2. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST.** The
 18 tax commissioner may not spend funds appropriated in the new and vacant FTE pool line item
 19 in section 1 of this Act, but may request the office of management and budget to transfer funds
 20 from the new and vacant FTE pool line item to the salaries and wages line item in accordance
 21 with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the
 22 sixty-ninth legislative assembly.

23 **SECTION 3. EXEMPTION - LINE ITEM TRANSFERS.** Notwithstanding section 54-16-04,
 24 the state tax commissioner may transfer funds between the homestead tax credit and disabled
 25 veterans' tax credit line items in section 1 of this Act if one line item does not have sufficient
 26 funds available for state reimbursement of eligible tax credits. The state tax commissioner shall
 27 notify the office of management and budget and the legislative council of any transfers made
 28 pursuant to this section.

29 **SECTION 4. MOTOR VEHICLE FUEL TAX REVENUE TRANSFER.** There is transferred to
 30 the general fund in the state treasury out of motor vehicle tax revenue collected pursuant to
 31 section 57-43.1-02, the sum of \$1,761,168, for the purpose of reimbursing the general fund for

1 expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the
2 administration of these taxes, for the biennium beginning July 1, 2025, and ending June 30,
3 2027.

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

6 **57-01-04. Salary.**

7 The annual salary of the state tax commissioner is ~~one hundred thirty-one thousand seven-~~
8 ~~hundred five~~ one hundred forty-one thousand eighty-two dollars through June 30, ~~2024~~ 2026,
9 and ~~one hundred thirty-six thousand nine hundred seventy-three~~ one hundred forty-five
10 thousand three hundred fourteen dollars thereafter.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1006 - State Tax Commissioner - House Action**

	Base Budget	House Changes	House Version
Salaries and wages	\$24,036,152	\$1,650,068	\$25,686,220
New and vacant FTE pool		1,119,992	1,119,992
Operating expenses	8,613,370	824,741	9,438,111
Capital assets	6,000		6,000
Homestead tax credit	72,400,000	(11,800,000)	60,600,000
Disabled veterans' credit	18,745,000	10,655,000	29,400,000
Primary residence credit	103,225,000	(103,225,000)	
Total all funds	\$227,025,522	(\$100,775,199)	\$126,250,323
Less estimated income	125,000	0	125,000
General fund	\$226,900,522	(\$100,775,199)	\$126,125,323
FTE	117.00	0.00	117.00

Department 127 - State Tax Commissioner - Detail of House Changes

	Adds Funding for Salary and Benefit Increases ¹	Adds Funding to Replace 2023-25 FTE Pool ²	Transfers Funding for 2025-27 New and Vacant FTE Pool ³	Adjusts Funding for Salaries and Wages ⁴	Adds Funding for Operating Expenses ⁵	Adjusts Funding for Tax Credits ⁶
Salaries and wages	\$1,629,178	\$1,285,846	(\$1,599,989)	\$335,033		
New and vacant FTE pool			1,119,992		\$824,741	
Operating expenses						
Capital assets						
Homestead tax credit						(\$11,800,000)
Disabled veterans' credit						10,655,000
Primary residence credit						(103,225,000)
Total all funds	\$1,629,178	\$1,285,846	(\$479,997)	\$335,033	\$824,741	(\$104,370,000)
Less estimated income	0	0	0	0	0	0
General fund	\$1,629,178	\$1,285,846	(\$479,997)	\$335,033	\$824,741	(\$104,370,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Total House Changes
Salaries and wages	\$1,650,068
New and vacant FTE pool	1,119,992
Operating expenses	824,741
Capital assets	
Homestead tax credit	(11,800,000)
Disabled veterans' credit	10,655,000
Primary residence credit	(103,225,000)
Total all funds	(\$100,775,199)
Less estimated income	0
General fund	(\$100,775,199)
FTE	0.00

¹ The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from \$1,643 to \$1,893 per month:

	General Fund	Other Funds	Total
Salary increase	\$926,560	\$0	\$926,560
Health insurance increase	702,618	0	702,618
Total	\$1,629,178	\$0	\$1,629,178

² Funding of \$1,285,846 is added to replace 2023-25 biennium new and vacant FTE pool funding for vacant FTE positions.

³ Funding of \$1,599,989 is removed for estimated savings from vacant 2025-27 FTE positions and \$1,119,992 is added for a new and vacant FTE pool, resulting in net savings of \$479,997.

⁴ Funding for salaries and wages is adjusted by \$335,033, as follows:

- Decreased by \$26,697 for budget reduction from salary savings.
- Increased by \$362,000 for cost to continue salary increases.

⁵ Operating funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
GenTax support	\$450,000	\$0	\$450,000
IT rate adjustments	358,321	0	358,321
Capitol rent increase	<u>16,420</u>	<u>0</u>	<u>16,420</u>
Total	\$824,741	\$0	\$824,741

⁶ Funding from the general fund for tax credit programs is adjusted as follows:

- Decreased by \$11.8 million for the homestead tax credit program, from \$72.4 million to \$60.6 million. The \$60.6 million reflects \$48 million for the estimated cost of the program based on current law and an increase of \$12.6 million related to the expansion of the program in House Bill No. 1176 and 1575 as approved by the House.
- Increased by \$10,655,000 for the disabled veterans credit program, from \$18,745,000 to \$29,400,000. The \$29,400,000 reflects \$22,000,000 for the estimated cost of the program based on current law and an increase of \$7,400,000 related to the expansion of the program in House Bill No. 1266 as approved by the House.
- Decreased by \$103,225,000 for the primary residence tax credit to remove funding for the program. House Bill No. 1176 as approved by the House includes an appropriation of \$473,000,000 from a newly created legacy property tax relief fund for the state reimbursement under the primary residence credit. House Bill No. 1575 as approved by the House includes an appropriation of \$483,400,000 from a newly created legacy property tax relief fund for the state reimbursement of a newly created residential property, agricultural property, and commercial property taxable valuation reduction.

The House version:

- Adds a section regarding the use of funding in the new and vacant FTE pool line item.
- Includes a section allowing the Tax Commissioner to transfer funding between the homestead tax credit and disabled veterans' tax credit line items if one line item does not have sufficient funding.
- Includes a section to transfer \$1,761,168 from motor vehicle tax revenue to the general fund for reimbursing expenses related to the administration of the motor vehicle fuels and special fuels taxes.
- Adds a section to provide the statutory changes necessary to increase the Tax Commissioner's annual salary to \$141,082 (3 percent) effective July 1, 2025, and to \$145,314 (3 percent) effective July 1, 2026.