

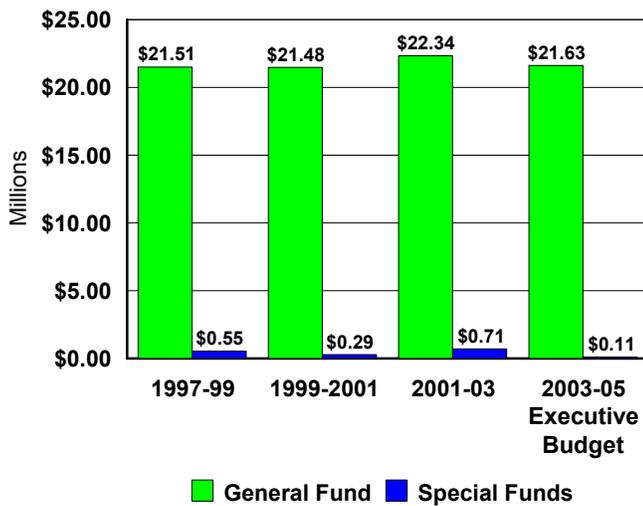
**Department 127 - State Tax Commissioner
 Senate Bill No. 2006**

	FTE Positions	General Fund	Other Funds	Total
2003-05 Executive Budget	137.00	\$21,628,647	\$115,044	\$21,743,691
2001-03 Legislative Appropriations	143.00	22,343,661 ¹	709,729	23,053,390 ²
Increase (Decrease)	(6.00)	(\$715,014)	(\$594,685)	(\$1,309,699)

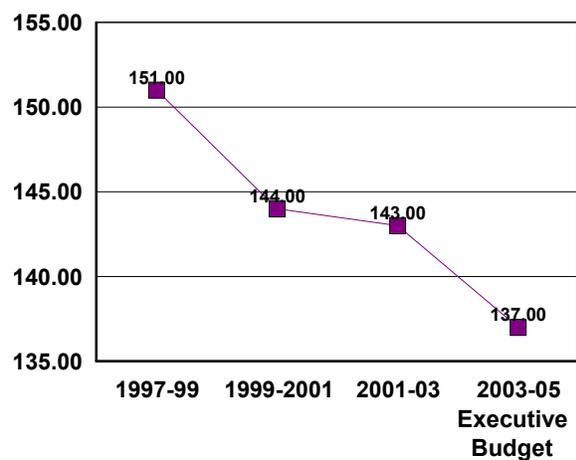
¹ The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of \$234,609 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

² The 2001-03 appropriation amounts include \$81,185 from the general fund for the agency's share of the \$5 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees. The 2001-03 appropriation amounts do not include \$15,044 of additional special funds authority resulting from Emergency Commission action during the 2001-03 biennium.

Agency Funding



FTE Positions



First House Action

Attached is a summary of the first house changes.

**Executive Budget Highlights
 (With First House Changes Noted)**

	General Fund	Other Funds	Total
Commissioner's Division			
1. Decreases funding for operating expenses, primarily for professional services, to achieve the 95 percent budget request	(\$60,939)		(\$60,939)
2. Increases funding for salaries and wages to provide for future reclassifications and promotions	\$55,434		\$55,434
Legal Division			
3. Decreases funding for operating expenses, primarily for professional services and professional supplies, to achieve the 95 percent budget request	(\$64,726)		(\$64,726)
Fiscal Management Division			
4. No significant changes for the Fiscal Management Division			

Sales and Special Tax Division

5. Deletes 1 FTE compliance officer II	(\$82,536)	(\$82,536)
6. Removes the motor fuels tax and city tax administration fees as special line items within the Sales and Special Tax Division to the operating line item within the division		
7. Decreases federal funds due to completion of the federal/state motor fuel tax audit compliance project	(\$293,729)	(\$293,729)

Income Tax Division

8. Changes the funding source for the Multistate Tax Commission from special funds to the general fund (operating line item) and removes the special line item for the Multistate Tax Commission	\$316,000	(\$316,000)
9. Deletes 1 FTE income tax director	(\$118,347)	(\$118,347)
10. Deletes 1 FTE audit technician	(\$60,203)	(\$60,203)

Property and Utility Tax Division

11. Consolidates the homestead tax credit budget into the Tax Commissioner's budget. Previously, the homestead tax credit budget was provided a separate appropriation.		
12. Decreases funding for the homestead tax credit to account for the 5 percent required budget reduction	(\$227,041)	(\$227,041)
13. The executive recommendation decreases funding for the homestead tax credit to \$4 million based on three-year average expenditures and current statutory guidelines	(\$313,772)	(\$313,772)

Operations Division

14. Deletes 1 FTE Information system administrator	(\$146,184)	(\$146,184)
15. Deletes 1 FTE document specialist	(\$51,859)	(\$51,859)
16. Deletes 1 FTE data input operator	(\$48,245)	(\$48,245)
17. Reduces operating line item, primarily to information technology areas, to achieve the 95 percent budget request	(\$495,050)	(\$495,050)

Major Related Legislation

Section 3 of Senate Bill No. 2006 increases the statutory changes as necessary to increase the State Tax Commissioner's salary as follows:

Annual salary authorized by the 2001 Legislative Assembly:

July 1, 2001	\$68,277
January 1, 2002	\$72,374
July 1, 2002	\$73,821

Proposed annual salary recommendation in the 2003-05 executive budget:

July 1, 2003	\$73,821
January 1, 2004	\$74,562
January 1, 2005	\$76,053

The Senate removed the 2003-05 biennium salary increases for the Tax Commissioner.

House Bill No. 1025 - This bill revises the state aid distribution formula for cities and counties to account for population changes resulting from the 2000 census.

House Bill No. 1105 - This bill changes the handling of refunds of telecommunications tax collections. The first \$8.4 million of gross (rather than gross minus refunds paid) telecommunications tax receipts would be deposited in the telecommunications carriers tax fund and gross (rather than gross minus refunds paid) collections in excess of \$8.4 million would be deposited in the general fund. A continuing general fund appropriation would be provided for issuing refunds to telecommunications carriers for overpayment of taxes.

Senate Bill No. 2095 - This bill provides for the adoption of the streamlined sales and use tax agreement as adopted by member states of the streamlined sales tax project. This bill would become effective on December 31, 2005.

Senate Bill No. 2096 - This bill provides for the implementation of the streamlined sales and use tax agreement.

Senate Bill No. 2153 - This bill provides for a provider assessment based on the number of licensed beds to be imposed on each intermediate care facility for the mentally retarded licensed in this state. The Tax Commissioner is to collect and enforce the assessments.

Senate Bill No. 2314 - This bill increases the sales tax rate and phases out the corporate income tax over a five-year period.

Senate Bill No. 2315 - This bill reduces the interest rate paid by the state on tax refunds from 12 to 6 percent per annum.