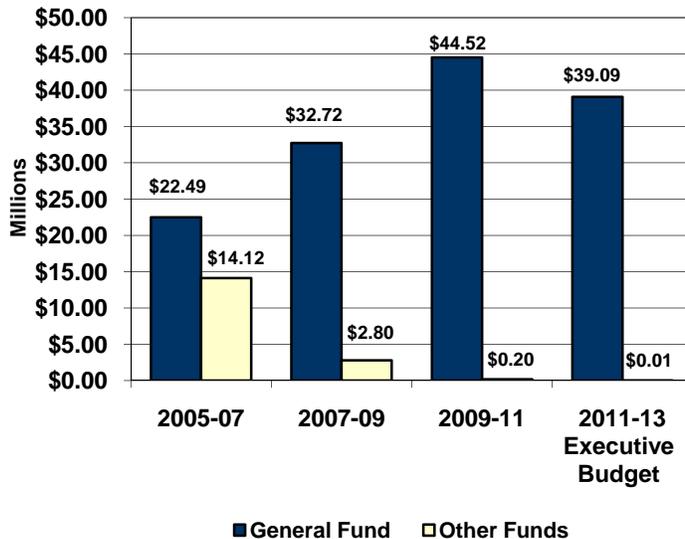


**Department 127 - Tax Commissioner**  
**Senate Bill No. 2006**

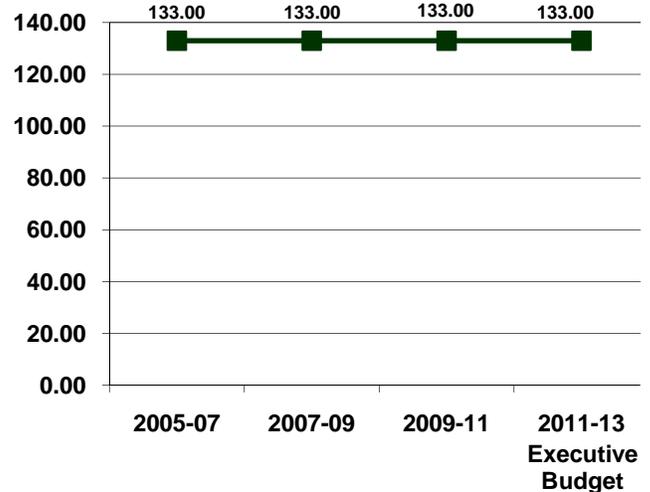
	FTE Positions	General Fund	Other Funds	Total
2011-13 Executive Budget	133.00	\$39,093,515	\$10,000	\$39,103,515
2009-11 Legislative Appropriations	133.00	44,516,586	196,000	44,712,586 <sup>1</sup>
Increase (Decrease)	0.00	(\$5,423,071)	(\$186,000)	(\$5,609,071)

<sup>1</sup>The 2009-11 appropriation amounts include \$470,000 from the general fund for the agency's share of the \$16 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for executive branch employees.

**Agency Funding**



**FTE Positions**



**Ongoing and One-Time General Fund Appropriations**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 Executive Budget	\$38,093,515	\$1,000,000	\$39,093,515
2009-11 Legislative Appropriations	31,652,339	12,864,247	44,516,586
Increase (Decrease)	\$6,441,176	(\$11,864,247)	(\$5,423,071)

**First House Action**

Attached is a summary of first house changes.

**Executive Budget Highlights  
 (With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Increases funding for the homestead tax credit to provide a total of \$8,792,788 for the 2011-13 biennium	\$2,828,788		\$2,828,788
2. Increases funding for the disabled veteran property tax credit to provide a total of \$4,243,920	\$1,243,920		\$1,243,920
3. Adds one-time funding to upgrade GenTax to version 8.0	\$1,000,000		\$1,000,000
4. Adds funding for continued onsite support for GenTax	\$940,000		\$940,000
5. Adds funding for increased operating costs due to increased postage rates	\$42,000		\$42,000
6. Adds funding for anticipated inflationary increases in travel and information technology charges	\$97,337		\$97,337
7. Removes one-time funding for the oil and gas tax integration project (\$1,500,000), onsite support for GenTax (\$1,134,000), and the loan payment for GenTax (\$10,230,247)	(\$12,864,247)	(\$124,574)	(\$12,988,821)

## Other Sections in Bill

**Transfer from motor vehicle fuel tax collections** - Section 3 provides for a transfer of \$1,485,000 from motor vehicle fuel tax collections to the general fund relating to costs incurred by the Tax Department to collect motor vehicle fuel and special fuels taxes.

**Exemption - Grant to North Dakota State University** - The Senate added a section to allow the Tax Commissioner to continue up to \$50,000 from the commissioner's 2009-11 general fund appropriation which the commissioner may provide as a grant to North Dakota State University for software conversion relating to the determination of agricultural land values.

**Salary of Tax Commissioner** - Section 3 provides the statutory changes necessary to increase the Tax Commissioner's salary as follows:

Annual salary authorized by the 2009 Legislative Assembly:

July 1, 2009	\$90,678
July 1, 2010	\$95,212

Proposed annual salary recommended in the 2011-13 executive budget:

July 1, 2011	\$98,068
July 1, 2012	\$101,010

The executive budget includes funding for elected officials' salary increases equal to 3 percent of salaries effective July 1, 2011, and 3 percent effective July 1, 2012.

## Continuing Appropriations

No continuing appropriations for this agency.

## Significant Audit Findings

The operational audit of the Tax Commissioner's office conducted by the State Auditor's office during the 2009-10 interim included a significant audit finding relating to noncompliance with tax revenue deposit requirements relating to the telecommunications carriers fund.

## Major Related Legislation

**House Bill No. 1046 - Potash taxation** - Establishes a 4 percent tax on extraction of potash and potash byproducts. The bill provides that the tax is in lieu of property taxes on a potash processing plant, mining facility, or satellite facility. The bill provides that 20 percent of tax revenues is to be allocated to the producing county, and 80 percent is to be dedicated to state income tax reduction.

**House Bill No. 1047 - Property tax relief** - Provides property tax relief by appropriating \$341 million from the general fund for the 2011-13 biennium for allocation to school districts to reduce school district property taxes. The bill provides a school district levy reduction of up to 75 mills, restrictions on school district property tax levies, and replacement of the revenue to school districts through mill levy reduction grants. The bill also provides for transfers of \$295 million from the property tax relief sustainability fund to the general fund, of \$46,790,000 from the permanent oil tax trust fund to the general fund, and of \$341,790,000 from the permanent oil tax trust fund to the property tax relief sustainability fund.

**House Bill No. 1057 - Angel fund investment tax credit** - Amends the angel fund investment tax credit to allow for transferability of the tax credit and to allow passthrough entities to claim the credit. The bill requires the Tax Commissioner to report to the Legislative Management, and the bill is applicable only to the first four taxable years beginning after December 31, 2010.

**Senate Bill No. 2055 - Manufacturing income tax credits** - Creates two new manufacturing income tax credits. The income tax credit for purchases of manufacturing machinery and equipment for the purpose of automating manufacturing processes is available to primary sector businesses and is equal to 20 percent of the expenses of the purchase. The income tax credit for qualified expenditures necessary for implementing lean manufacturing is available to primary sector businesses and is equal to 20 percent of the expenses. Each tax credit program is limited to \$2 million per taxable year.

ATTACH:1