

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

**First Chamber Comparison to Base Level**

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2023-25 First Chamber Version	\$70,889,768	\$125,000	\$71,014,768
2023-25 Base Level	64,241,316	125,000	64,366,316
Increase (Decrease)	\$6,648,452	\$0	\$6,648,452

**First Chamber Changes**

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

**Selected Bill Sections Included in the First Chamber Version**

**Line item transfers** - Section 3 authorizes the Tax Commissioner to transfer funds between the homestead tax credit line item and the disabled veterans' credit line item for the 2023-25 biennium.

**Motor vehicle fuel tax revenue transfer** - Section 4 provides for a transfer of \$1,844,424 from motor vehicle fuel tax revenue collections to the general fund for the expenses related to the administration of the motor vehicle fuel taxes.

**Salary of Tax Commissioner** - Section 5 provides the statutory changes necessary to increase the Tax Commissioner's salary from the current salary of \$124,250 to \$130,000 (4.6 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024.

**Continuing Appropriations**

**Multistate tax audit fund** - North Dakota Century Code Section 57-01-20 - Collections from the Multistate Tax Commission and Nexus program.

**Deficiency Appropriations**

There are no deficiency appropriations for this agency.

**Significant Audit Findings**

The operational audit for the Tax Department conducted by the State Auditor's office during the 2021-22 interim identified an opportunity to enhance the review of eligibility for the homestead property tax credit and the disabled veterans' property tax credit to reduce the risk of providing the credit to ineligible individuals.

**Major Related Legislation**

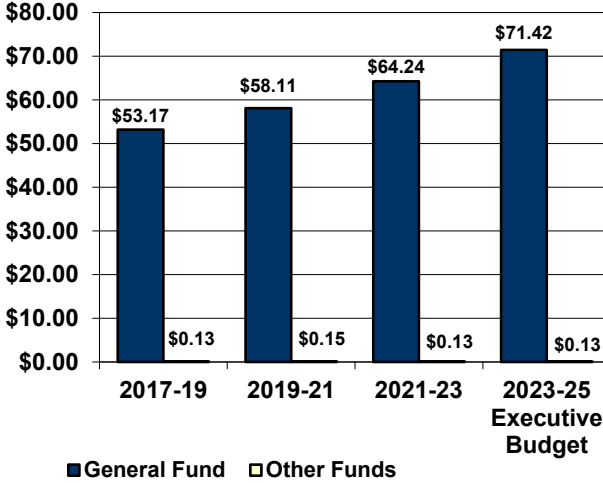
**House Bill No. 1225** - Appropriates \$424,000 from the general fund to the State Tax Commissioner for the development of an online portal for electronically accessible statewide property and property tax information based on geographic information system data.

**Senate Bill No. 2136** - Expands the homestead tax credit program and appropriates \$135 million of ongoing funding from the strategic investment and improvements fund to pay for the additional credits resulting from the expansion of the program.

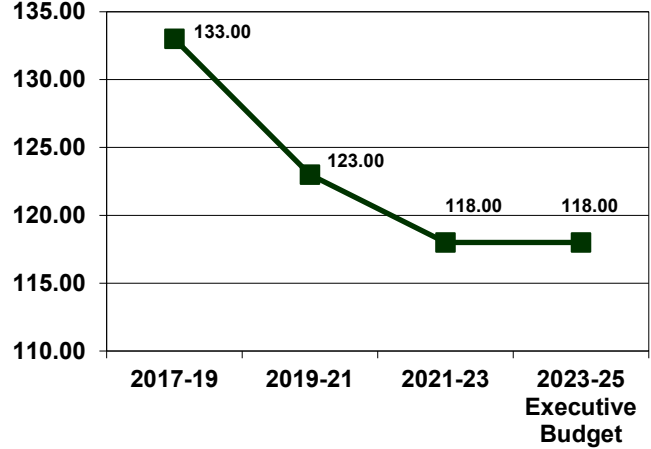
# Historical Appropriations Information

## Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



### Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$54,912,488	\$51,264,499	\$54,071,616	\$64,241,316	\$70,917,694
Increase (decrease) from previous biennium	N/A	(\$3,647,989)	\$2,807,117	\$10,169,700	\$6,676,378
Percentage increase (decrease) from previous biennium	N/A	(6.6%)	5.5%	18.8%	10.4%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(6.6%)	(1.5%)	17.0%	29.1%

### Major Increases (Decreases) in Ongoing General Fund Appropriations

#### 2017-19 Biennium

1. Reduced funding for operating expenses, primarily related to professional services, postage, and office equipment and furniture (\$878,967)
2. Reduced funding for the homestead tax credit program (\$3.89 million) and increased funding for the disabled veterans' tax credit program (\$935,109) (\$2,954,891)

#### 2019-21 Biennium

1. Removed 10 FTE unfunded vacant positions, including 2 office assistants, 1 account technician, 2 auditors, and 5 unspecified positions and underfunded FTE positions (\$772,252)
2. Reduced funding for salaries and wages for anticipated savings from vacant positions and turnover (\$900,000)
3. Added funding for GenTax information technology (IT) software support \$300,589
4. Increased funding for the homestead tax credit program (\$1 million) and the disabled veterans' tax credit program (\$300,000) \$1,300,000

#### 2021-23 Biennium

1. Removed 5 undesignated unfunded FTE vacant positions and reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover (\$1,074,515)
2. Increased funding for GenTax IT software support \$294,339
3. Increased funding for the homestead tax credit program (\$2,200,000) and the disabled veterans' tax credit program (\$7,889,800) \$10,089,800

#### 2023-25 Biennium (Executive Budget Recommendation)

1. Increases funding for GenTax support to provide total funding of \$4.4 million \$400,000
2. Adds funding for a new Capitol space rent model \$614,654
3. Increases funding for the homestead tax credit program to provide total funding of \$18 million \$900,000

4. Increases funding for the disabled veterans' tax credit program to provide total funding of \$2,445,000  
 \$18,745,000

**One-Time General Fund Appropriations**

	<b>2015-17</b>	<b>2017-19</b>	<b>2019-21</b>	<b>2021-23</b>	<b>2023-25 Executive Budget</b>
One-time general fund appropriations	\$8,000	\$1,910,000	\$4,040,000	\$0	\$500,000

**Major One-Time General Fund Appropriations**

**2017-19 Biennium**

Provided a deficiency appropriation for the homestead tax credit program (\$1,212,000) and the disabled veterans' tax credit program (\$698,000) \$1,910,000

**2019-21 Biennium**

Provided a deficiency appropriation for the homestead tax credit program (\$1.31 million) and the disabled veterans' tax credit program (\$2.73 million) \$4,040,000

**2021-23 Biennium**

None \$0

**2023-25 Biennium (Executive Budget Recommendation)**

Adds one-time funding for GenTax support enhancements \$500,000

**Tax Commissioner - Budget No. 127**  
**Senate Bill No. 2006**  
**Base Level Funding Changes**

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
<b>2023-25 Biennium Base Level</b>	118.00	\$64,241,316	\$125,000	\$64,366,316	118.00	\$64,241,316	\$125,000	\$64,366,316
<b>2023-25 Ongoing Funding Changes</b>								
Cost to continue salary increases		\$159,434		\$159,434		\$159,434		\$159,434
Salary increase		1,484,574		1,484,574		1,110,808		1,110,808
Health insurance increase		540,120		540,120		552,545		552,545
Removes an undesignated vacant FTE position				0	(1.00)	(167,444)		(167,444)
Adds funding for Tax Commissioner salary equity increase				0		859		859
Increase in ITD rates		36,596		36,596		36,596		36,596
Increases funding for GenTax support		400,000		400,000		400,000		400,000
Increases funding for IT data processing		96,000		96,000		96,000		96,000
Adds funding for a new Capitol space rent model		614,654		614,654		614,654		614,654
Increases funding for the homestead tax credit		900,000		900,000		900,000		900,000
Increases funding for the disabled veterans' tax credit		2,445,000		2,445,000		2,445,000		2,445,000
Total ongoing funding changes	0.00	\$6,676,378	\$0	\$6,676,378	(1.00)	\$6,148,452	\$0	\$6,148,452
<b>One-Time Funding Items</b>								
Adds one-time funding for GenTax support enhancements		\$500,000		\$500,000		\$500,000		\$500,000
Total one-time funding changes	0.00	\$500,000	\$0	\$500,000	0.00	\$500,000	\$0	\$500,000
<b>Total Changes to Base Level Funding</b>	0.00	\$7,176,378	\$0	\$7,176,378	(1.00)	\$6,648,452	\$0	\$6,648,452
<b>2023-25 Total Funding</b>	118.00	\$71,417,694	\$125,000	\$71,542,694	117.00	\$70,889,768	\$125,000	\$71,014,768
<i>Federal funds included in other funds</i>			\$125,000				\$125,000	
<i>Total ongoing changes as a percentage of base level</i>	0.0%	10.4%	0.0%	10.4%	(0.8%)	9.6%	0.0%	9.6%
<i>Total changes as a percentage of base level</i>	0.0%	11.2%	0.0%	11.1%	(0.8%)	10.3%	0.0%	10.3%

**Other Sections in Tax Commissioner - Budget No. 127**

	Executive Budget Recommendation	Senate Version
Line item transfers	Section 3 would authorize the Tax Commissioner to transfer funds between the homestead tax credit line item and the disabled veterans' credit line item for the 2023-25 biennium.	Section 3 authorizes the Tax Commissioner to transfer funds between the homestead tax credit line item and the disabled veterans' credit line item for the 2023-25 biennium.
Motor vehicle fuel tax revenue transfer	Section 4 would provide for a transfer of \$1,844,424 from the motor vehicle fuel tax revenue collections to the general fund for the expenses related to the administration of the motor vehicle fuel taxes.	Section 4 provides for a transfer of \$1,844,424 from the motor vehicle fuel tax revenue collections to the general fund for the expenses related to the administration of the motor vehicle fuel taxes.
Salary of Tax Commissioner	Section 5 would provide the statutory changes necessary to increase the Tax Commissioner's salary from the current salary of \$124,250 to \$131,705 (6 percent) effective July 1, 2023, and to \$136,973 (4 percent) effective July 1, 2024.	Section 5 provides the statutory changes necessary to increase the Tax Commissioner's salary from the current salary of \$124,250 to \$130,000 (4.6 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024.