



**EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM**

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Executive budget recommendation	118.00	\$184,212,946	\$5,125,000	\$189,337,946
Base level	117.00	226,900,522	125,000	227,025,522
Increase (decrease)	1.00	(\$42,687,576)	\$5,000,000	(\$37,687,576)
Percentage increase (decrease)	0.9%	(18.8%)	4,000.0%	(16.6%)

NOTE:

More detailed information on the executive budget recommendation is attached as Appendix A.

A copy of the draft appropriations bill reflecting the executive budget recommendation is attached as Appendix B.

Selected Highlights

- Salary increases of up to 4 percent effective July 1, 2025, and 3 percent effective July 1, 2026
- Health insurance increase of \$250 per month (15.23 percent), from \$1,643 to \$1,893, per employee
- Adds funding to replace 2023-25 biennium new and vacant FTE pool amounts
- Adds \$245,319 from the general fund for 1 FTE information services position
- Adds \$450,000 from the general fund for GenTax support
- Decreases funding from the general fund for the homestead tax credit by \$24.4 million, from \$72.4 million to \$48 million
- Increases funding from the general fund for the disabled veterans' tax credit by \$3,255,000, from \$18,745,000 to \$22,000,000
- Decreases funding from the general fund for the primary residence credit by \$25,725,000, from \$103,225,000 to \$77,500,000
- Adds \$5 million of **one-time funding** from the strategic investment and improvements fund (SIIF) for a comprehensive tax portal

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

There are no significant audit findings for this agency.

Agency Fees

As reported to the Legislative Management, pursuant to North Dakota Century Code Section 54-35-27, this agency has 18 fees. The agency recommended removing the sales and use tax permit reinstatement fee of \$50 since the fee has been assessed only three times since 2018.

Major Related Legislation

As of the date of this report, there is no major related legislation for this agency.

NOTE:

Please see the Fiscal Impact Report for additional information regarding bills under consideration which contain either a state revenue impact, an appropriation, or a state fiscal impact.



Tax Commissioner - Budget No. 127
Agency Worksheet - House Bill No. 1006

	Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	117.00	\$226,900,522	\$125,000	\$227,025,522
2025-27 Ongoing Funding Changes				
Salary increase		\$1,144,862		\$1,144,862
Health insurance increase		708,623		708,623
Funding to replace the 2023-25 vacant FTE pool		1,285,846		1,285,846
FTE information services position	1.00	245,319		245,319
Budget reduction from salary savings		(26,967)		(26,967)
GenTax support		450,000		450,000
Information technology rate adjustments		358,321		358,321
Capitol rent increase		16,420		16,420
Homestead tax credit adjustment		(24,400,000)		(24,400,000)
Disabled veterans' tax credit adjustment		3,255,000		3,255,000
Primary residence credit adjustment		(25,725,000)		(25,725,000)
Total ongoing funding changes	1.00	(\$42,687,576)	\$0	(\$42,687,576)
One-Time Funding Items				
Comprehensive tax portal - SIIF			\$5,000,000	\$5,000,000
Total one-time funding changes	0.00	\$0	\$5,000,000	\$5,000,000
Total Changes to Base Level Funding	1.00	(\$42,687,576)	\$5,000,000	(\$37,687,576)
2025-27 Total Funding	118.00	\$184,212,946	\$5,125,000	\$189,337,946

Federal funds included in other funds

\$125,000

Total ongoing changes - Percentage of base level

0.9%

(18.8%)

0.0%

(18.8%)

Total changes - Percentage of base level

0.9%

(18.8%)

4000.0%

(16.6%)

Other Sections in Tax Commissioner - Budget No. 127

Section Description	Executive Budget
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 2025-27 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.
Salary of Tax Commissioner	Section 5 would provide the statutory changes necessary to increase the Tax Commissioner's salary by 4 percent on July 1, 2025, and by 3 percent on July 1, 2026.
Strategic investment and improvements fund (SIIF)	Section 6 would identify \$5 million from SIIF for the creation of a North Dakota tax information portal.
FTE position adjustments	Section 7 would authorize the Tax Commissioner to increase or decrease authorized FTE positions subject to the availability of funds.

Sixty-ninth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1006
(Governor’s Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an act to provide an appropriation for defraying the expenses of the office of the tax commissioner and for payment of state reimbursement under the homestead tax credit and disabled veterans’ tax credit; to amend and reenact section 57-01-04 of the North Dakota Century Code, relating to the salary of the state tax commissioner; to provide an exemption; and to provide for a transfer.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$24,036,152	\$3,357,683	\$27,393,835
Operating expenses	8,613,370	5,824,741	14,438,111
Capital assets	6,000	0	6,000
Property tax relief	103,225,000	(25,725,000)	77,500,000
Homestead tax credit	72,400,000	(24,400,000)	48,000,000
Disabled veterans credit	<u>18,745,000</u>	<u>3,255,000</u>	<u>22,000,000</u>
Total all funds	\$227,025,522	(\$37,687,576)	\$189,337,946
Less estimated income	<u>125,000</u>	<u>5,000,000</u>	<u>5,125,000</u>
Total general fund	\$226,900,522	(\$42,687,576)	\$184,212,946
Full-time equivalent positions	117.00	1.00	118.00

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-eighth legislative assembly for the 2023-25 biennium and the 2025-27 biennium one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2023-25</u>	<u>2025-27</u>
GenTax service consultant	\$500,000	\$0
Primary residence tax credit advertising	1,500,000	0
Tax information portal	<u>0</u>	<u>5,000,000</u>
Total all funds	\$2,000,000	\$5,000,000
Less estimated income	<u>0</u>	<u>5,000,000</u>
Total general fund	\$2,000,000	\$0

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

SECTION 4. MOTOR VEHICLE FUEL TAX REVENUE TRANSFER. There is transferred to the general

fund in the state treasury out of motor vehicle fuel tax revenue collected pursuant to section 57-43.1-02, the sum of \$1,844,424 for the purpose of reimbursing the general fund for expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the administration of these taxes for the biennium beginning July 1, 2025, and ending June 30, 2027.

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 ~~thirty-one~~forty-two thousand ~~seven~~four hundred ~~five~~fifty-two dollars through June 30, 2026, and one hundred ~~thirty~~forty-six thousand ~~nine~~seven hundred ~~seventy-three~~twenty-six dollars thereafter.

SECTION 6. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The estimated income line item in section 1 of this Act includes the sum of \$5,000,000 from the strategic investment and improvements fund for the creation of the North Dakota tax information portal.

SECTION 7. EXEMPTION - FULL-TIME EQUIVALENT POSITION ADJUSTMENTS. Notwithstanding any other provisions of law, the state tax commissioner may increase or decrease authorized full-time equivalent positions as needed, subject to availability of funds, during the biennium beginning July 1, 2025, and ending June 30, 2027. The state tax commissioner shall report to the office of management and budget and legislative council any adjustments made pursuant to this section.