

# DEPARTMENT 127 - TAX COMMISSIONER 2027-29 BASE-LEVEL BUDGET

## Base Budget - Summary

	<u>Base Level</u>
Salaries and wages	\$26,148,020
New and vacant FTE pool	1,119,992
Operating expenses	9,438,111
Capital assets	6,000
Homestead tax credit	60,600,000
Disabled veterans' tax credit	29,400,000
Primary residence credit	<u>408,900,000</u>
Total all funds	\$535,612,123
Less other funds	<u>409,025,000</u>
Total General Fund	\$126,587,123
FTE positions	117.00

## Selected Base Budget Information

	General Fund	Other Funds	Total
1. Includes funding for state employee salary and benefits for 117 FTE positions (\$25,890,301) and temporary salaries (\$257,719)	\$26,148,020	\$0	\$26,148,020
2. Includes a portion of the funding removed from the salaries and wages line item for estimated savings from new and vacant FTE positions. This line item includes \$1,119,992 related to vacant positions. Funding may be transferred from this line if needed for filling new positions or if savings from vacant positions is less than estimated.	\$1,119,992	\$0	\$1,119,992
3. Includes funding for operating expenses, primarily related to GenTax software support (\$4,850,000), other information technology (IT) expenses (\$2,177,920), the new Capitol space rent model and other leases (\$733,019), travel and professional development (\$571,011), postage and printing (\$558,359), supplies and equipment (\$270,150), professional services (\$192,500), and repairs and insurance (\$85,152)	\$9,313,111	\$125,000	\$9,438,111
4. Includes funding for capital assets for a high-volume scanner to process paper tax returns	\$6,000	\$0	\$6,000
5. Includes funding for the homestead tax credit which provides property tax relief applied as an exemption of up to \$9,000 of taxable value based on two income threshold levels with an upper income limit of \$70,000 ( <b>NOTE:</b> A taxable valuation exemption of \$9,000 relates to an exemption of \$200,000 of true and full value.)	\$60,600,000	\$0	\$60,600,000
6. Includes funding for the disabled veterans' tax credit which provides property tax relief to disabled veterans applied as an exemption of up to \$9,000 of taxable value based on a percentage of disability ( <b>NOTE:</b> The exemption requires a disability of at least 50 percent, and a taxable valuation exemption of \$9,000 relates to an exemption of \$200,000 of true and full value.)	\$29,400,000	\$0	\$29,400,000
7. Includes funding for the primary residence credit which provides property tax relief as a credit of up to \$1,600 per year applied to the tax liability on eligible primary residences based on an application process	\$0	\$408,900,000	\$408,900,000

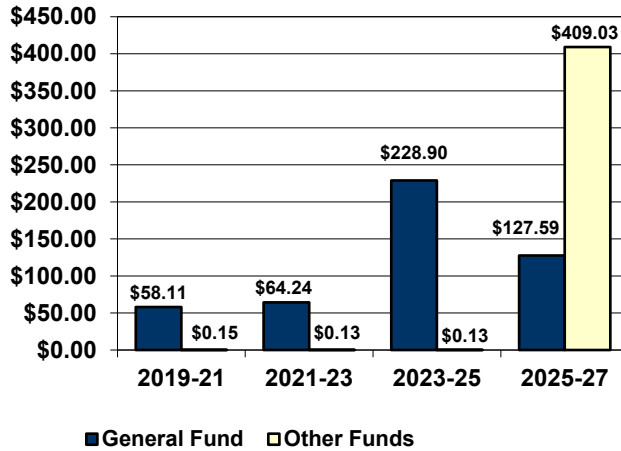
## Continuing Appropriations

**Multistate Tax Audit Fund** - North Dakota Century Code Section 57-01-20 - Collections from the Multistate Tax Commission and the National Nexus Program - For the 2023-25 biennium, the fund had \$3,113,113 of revenues, \$465,078 of fees paid for the Multistate Tax Commission audit and the National Nexus Program, \$2,647,913 of transfers to the General Fund, and a June 30, 2025, fund balance of \$233,606.

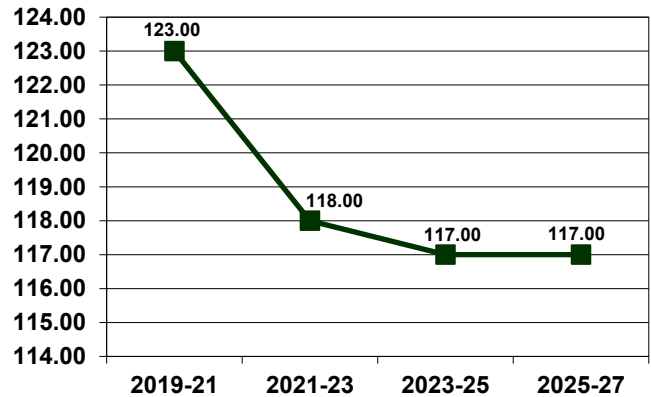
# Historical Appropriations Information

## Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



### Ongoing General Fund Appropriations

	2017-19	2019-21	2021-23	2023-25	2025-27
Ongoing General Fund appropriations	\$51,264,499	\$54,071,616	\$64,241,316	\$226,900,522	\$126,587,123
Increase (decrease) from previous biennium	N/A	\$2,807,117	\$10,169,700	\$162,659,206	(\$100,313,399)
Percentage increase (decrease) from previous biennium	N/A	5.50%	18.80%	253.20%	(44.20%)
Cumulative percentage increase (decrease) from 2017-19 biennium	N/A	5.50%	25.30%	342.60%	146.90%

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

#### 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 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

1. Increased funding for GenTax support to provide total funding of \$4.4 million \$400,000
2. Increased funding for operating expenses, including \$36,596 for Information Technology Department rate increases, \$96,000 for IT data processing, and \$614,654 for a new Capitol space rent model \$747,250
3. Increased funding for the Homestead Tax Credit Program (\$900,000) and expanded the Homestead Tax Credit Program (\$53.5 million) to provide total funding of \$72.4 million \$54,400,000
4. Increased funding for the Disabled Veterans' Credit Program to provide total funding of \$18,745,000 \$2,445,000
5. Added funding for a Primary Residence Credit Program \$103,225,000

**2025-27 Biennium**

1. Added funding for salaries and wages, including \$362,000 for the cost-to-continue 2023-25 biennium salary increases, \$215,011 for FTE position reclassifications, and \$246,789 for salary equity increases related to additional responsibilities for administering property tax relief programs \$823,800
2. Added funding for operating expenses, including \$450,000 for GenTax support, \$358,321 for IT rate increases, and \$16,420 for Capitol rent increases \$824,741
3. Decreased funding for the homestead tax credit to provide total funding of \$60.6 million, including \$1 million for an increase in the annual renters refund limit in House Bill No. 1176 (\$11,800,000)
4. Increased funding for the disabled veterans' tax credit to provide total funding of \$29.4 million, including \$7.4 million related to an expansion of the credit to align with the homestead tax credit in House Bill No. 1176 \$10,655,000
5. Adjusted funding for the primary residence credit by removing \$103,225,000 included from the General Fund in House Bill No. 1006 and adding \$408,900,000 from a newly created Legacy Property Tax Relief Fund in House Bill No. 1176 (\$103,225,000)

**One-Time General Fund Appropriations**

	2017-19	2019-21	2021-23	2023-25	2025-27
One-time General Fund appropriations	\$1,910,000	\$4,040,000	\$0	\$2,000,000	\$1,000,000

**Major One-Time General Fund Appropriations**

**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**

1. Added one-time funding for GenTax support enhancements \$500,000
2. Added one-time funding for operating expenses related to IT and advertising costs for the primary residence credit \$1,500,000

**2025-27 Biennium**

Added one-time funding for operating expenses related to IT and advertising costs for the primary residence credit \$1,000,000

**Other Funds**

**Major sources of special funds include:**

- Legacy Property Tax Relief Fund - Funding derived from Legacy Fund earnings for the reimbursement of the primary residence credit for the 2025-27 biennium

**Major sources of federal funds include:**

- Motor fuel tax enforcement - Grant funding for the enforcement of federal motor fuel and highway taxes
- Federal Coronavirus Relief Fund - One-time funding source for COVID-19-related expenses

**Other Funds Appropriations**

	2017-19	2019-21	2021-23	2023-25	2025-27
Other funds appropriations	\$125,000	\$153,601	\$125,000	\$125,000	\$409,025,000
Increase (decrease) from previous biennium	N/A	\$28,601	(\$28,601)	\$0	\$408,900,000
Percentage increase (decrease) from previous biennium	N/A	22.9%	(18.6%)	0.0%	327,120.0%
Cumulative percentage increase (decrease) from 2017-19 biennium	N/A	22.9%	0.0%	0.0%	327,120.0%

**Major Increases (Decreases) in Other Funds Appropriations**

**2019-21 Biennium**

**Ongoing**

None \$0

**One-time**

Telework equipment, personal protective equipment, and a secure drop box related to the COVID-19 pandemic from the Coronavirus Relief Fund \$28,601

<b>2021-23 Biennium</b>		
<b>Ongoing</b>		
None		\$0
<b>One-time</b>		
None		\$0
<b>2023-25 Biennium</b>		
<b>Ongoing</b>		
None		\$0
<b>One-time</b>		
None		\$0
<b>2025-27 Biennium</b>		
<b>Ongoing</b>		
Reimbursements under the Primary Residence Credit Program from the Legacy Property Tax Relief Fund	\$408,900,000	
<b>One-time</b>		
None		\$0