

2025 HOUSE APPROPRIATIONS

HB 1006

DEPARTMENT 127 - TAX DEPARTMENT 2025-27 BASE-LEVEL BUDGET

Base Budget - Summary

	<u>Base Level</u>
Salaries and wages	\$24,036,152
Operating expenses	8,613,370
Capital assets	6,000
Homestead tax credit	72,400,000
Disabled veterans' tax credit	18,745,000
Primary residence credit	<u>103,225,000</u>
Total all funds	\$227,025,522
Less other funds	<u>125,000</u>
Total general fund	\$226,900,522
Full-time equivalent (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 (\$23,666,513) and temporary salaries (\$369,639)	\$24,036,152	\$0	\$24,036,152
2. Includes funding for operating expenses, primarily related to GenTax software support (\$4,400,000), other information technology (IT) expenses (\$1,829,350), the new Capitol space rent model and other leases (\$707,654), postage and printing (\$693,400), and travel and professional development (\$388,866)	\$8,488,370	\$125,000	\$8,613,370
3. Includes funding for capital assets for a high-volume scanner to process paper tax returns	\$6,000	\$0	\$6,000
4. 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 (NOTE: A taxable valuation exemption of \$9,000 relates to an exemption of \$200,000 of true and full value.)	\$72,400,000	\$0	\$72,400,000
5. Includes funding for the disabled veterans' tax credit which provides property tax relief to disabled veterans applied as an exemption of up to \$8,100 of taxable value based on a percentage of disability (NOTE: The exemption requires a disability of at least 50 percent, and a taxable valuation exemption of \$8,100 relates to an exemption of \$180,000 of true and full value.)	\$18,745,000	\$0	\$18,745,000
6. Includes funding for the primary residence credit which provides property tax relief as a credit of up to \$500 per year applied as a credit to the tax liability on eligible primary residences based on an application process	\$103,225,000	\$0	\$103,225,000

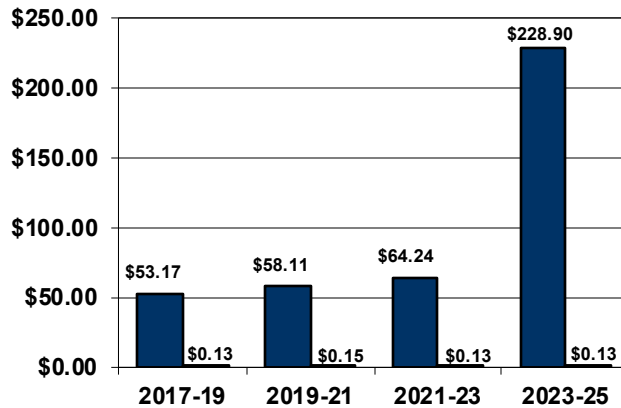
Continuing Appropriations

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 2021-23 biennium, the fund had \$11,291,212 of revenues, \$454,262 of fees paid for the Multistate Tax Commission audit and the National Nexus program, \$10,836,950 of transfers to the general fund, and a June 30, 2023, fund balance of \$233,484.

Historical Appropriations Information

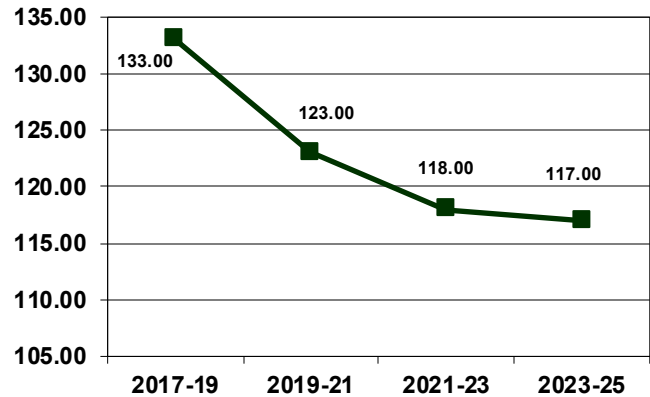
Agency Appropriations and FTE Positions

Agency Funding (Millions)



■ General Fund □ Other Funds

FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25
Ongoing general fund appropriations	\$54,912,488	\$51,264,499	\$54,071,616	\$64,241,316	\$226,900,522
Increase (decrease) from previous biennium	N/A	(\$3,647,989)	\$2,807,117	\$10,169,700	\$162,659,206
Percentage increase (decrease) from previous biennium	N/A	(6.6%)	5.5%	18.8%	253.2%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(6.6%)	(1.5%)	17.0%	313.2%

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 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 (\$53,500,000) to provide total funding of \$72,400,000 | \$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 |

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25
One-time general fund appropriations	\$8,000	\$1,910,000	\$4,040,000	\$0	\$2,000,000

Major One-Time General Fund Appropriations

2017-19 Biennium

- | | |
|---|-------------|
| 1. 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

- | | |
|---|-------------|
| 1. 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
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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 |



**Tax Commissioner
Department No. 127
2025 House Bill No. 1006**

**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	18,745,000	3,255,000	22,000,000
Total all funds	\$227,025,522	(\$37,687,576)	\$189,337,946
Less estimated income	125,000	5,000,000	5,125,000
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	0	5,000,000
Total all funds	\$2,000,000	\$5,000,000
Less estimated income	0	5,000,000
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.



**Tax Commissioner
Department No. 127
2025 House Bill No. 1006**

**REVISED EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM**

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Burgum budget recommendation	118.00	\$184,212,946	\$5,125,000	\$189,337,946
Revisions - Increase (decrease)	(1.00)	256,430,374	168,396,950	424,827,324
Armstrong budget recommendation	117.00	\$440,643,320	\$173,521,950	\$614,165,270
Base level	117.00	226,900,522	125,000	227,025,522
Increase (decrease)	0.00	\$213,742,798	\$173,396,950	\$387,139,748
Percentage increase (decrease)	0.0%	94.2%	138,717.6%	170.5%

NOTE:

More detailed information on the revised executive budget recommendation is attached as an appendix.

Selected Highlights

- **Salary increases of up to 3 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 \$450,000 from the general fund for GenTax support
- ***Includes \$72.4 million from the general fund for the homestead tax credit, the same as the base-level***
- Increases funding from the general fund for the disabled veterans' tax credit by \$3,255,000, from \$18,745,000 to \$22,000,000
- ***Increases funding for the primary residence credit by \$380,171,950, from \$103,225,000 to \$483,396,950, including \$206,775,000 from the general fund and \$173,396,950 from the legacy earnings fund***

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

House Bill No. 1176 - Property tax relief - Expands the homestead tax credit and the primary residence credit programs and appropriates \$483.4 million from a newly created legacy property tax relief fund to the Tax Commissioner for the primary residence credit.

House Bill No. 1266 - Disabled veterans' credit - Expands the disabled veterans' tax credit program by removing the taxable valuation limit.

House Bill No. 1335 - Homestead tax credit - Expands the homestead tax credit program by lowering the qualifying age to 62 and increasing the income limits.

Senate Bill No. 2166 - Property tax information portal - Appropriates \$5 million to the Tax Commissioner to develop a property tax information portal.

Senate Bill No. 2201 - Primary residence credit - Expands the primary residence credit to allow primary residences held through trusts and passthrough entities to qualify for the credit.

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

	Armstrong 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		\$926,560		\$926,560
Health insurance increase		702,618		702,618
Funding to replace the 2023-25 vacant FTE pool		1,285,846		1,285,846
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
Disabled veterans' tax credit adjustment		3,255,000		3,255,000
Primary residence credit adjustment		206,775,000	\$173,396,950	380,171,950
Total ongoing funding changes	0.00	\$213,742,798	\$173,396,950	\$387,139,748
One-Time Funding Items				
No one-time funding items				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$213,742,798	\$173,396,950	\$387,139,748
2025-27 Total Funding	117.00	\$440,643,320	\$173,521,950	\$614,165,270

Federal funds included in other funds

\$125,000

Total ongoing changes - Percentage of base level

0.0%

94.2%

138717.6%

170.5%

Total changes - Percentage of base level

0.0%

94.2%

138717.6%

170.5%

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division

Brynhild Haugland Room, State Capitol

HB 1006

1/16/2025

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, disabled veterans' tax credit, and primary residence credit; to provide an exemption; and to provide for a transfer.

9:36 a.m. Chairman Monson opened the hearing.

Members Present: Chairman Monson, Vice Chairman Brandenburg, Representative Bosch, Representative Fischer, Representative Kempenich, Representative Meier, Representative Pyle

Discussion Topics:

- Tax Commissioner Agency Overview
- Office of State Commissioner Turnover
- GenTax
- Taxpayer Access Point (TAP)
- Electronic Checks
- Statewide Website Improvements
- Tax Commissioner Employee Vacancies
- Tax Commissioner Agency digital transformation
- Homestead Tax Credit
- Disabled Veterans Credit

9:37 a.m. Brian Kroshus, Commissioner, ND Tax Department, testified in favor and provided testimony #29475 and #29482.

11:18 a.m. Chairman Monson adjourned the meeting.

Madaline Cooper, Committee Clerk



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
BRIAN KROSHUS, COMMISSIONER

Senate Bill No. 1006
January 16, 2025

BUDGET PRESENTATION

HOUSE APPROPRIATIONS – GOVERNMENT OPERATIONS COMMITTEE
REPRESENTATIVE DAVID MONSON, CHAIRMAN

Agency Overview and Purpose

The mission of the North Dakota Office of State Tax Commissioner is to administer the tax laws of North Dakota fairly and effectively.

The agency is dedicated to fostering trust, transparency and accountability in the administration of tax in our state. Our office ensures the fair and efficient collection of various tax types and serves as an important resource to the public, while upholding the highest standards in integrity and professionalism.

Our office is the primary collection agency for general fund revenues for the state and statutory authority can be found in NDCC 57-01. In addition, our office has responsibilities related to the regulation of alcohol as outlined in NDCC 5-01, 5-02, 5-03.

The Office of State Tax Commissioner collects and administers over 30 tax types, including local taxes collected on behalf of and allocated to political subdivisions.

Certain tax types, including electric transmission lines, coal severance, and telecommunications are collected by the state in lieu of property taxes and are allocated back to counties, providing an important source of funding for local government.

Our objective is to support taxpayers with clear guidance, exceptional customer service, and by promoting voluntary compliance through education and outreach. We strive to implement a tax system that is equitable and responsive to the needs of citizens and businesses alike, in a manner that supports state economic growth and well-being.

Team Tax is organized into six specialized divisions, each focused on key aspects of our mission.

Commissioner Division

This division oversees the overall administration of the North Dakota Office of State Tax Commissioner, serving as the epicenter for agency operations and liaison to the public.

Fiscal Management Division

The financial cornerstone of the agency, handling revenue accounting, research, accounts payable, payroll, asset management, purchasing, and budgeting.

Information Management and Technology Division

Spearheading our technological initiatives, this division oversees digital offerings, safeguards taxpayer data and meticulously manages mail and processing operations.

Legal Division

Providing expert legal advice and services, this division ensures compliance with tax laws, offers litigation services, and supports the State Board of Equalization (SBOE) with exceptional counsel.

Tax Administration Division

Dedicated to taxpayer education and compliance, this division administers an array of tax programs including individual and corporate income, sales and use, special taxes, oil & gas, motor fuel, alcohol, cigarette & tobacco taxes, and the collection of delinquent taxes.

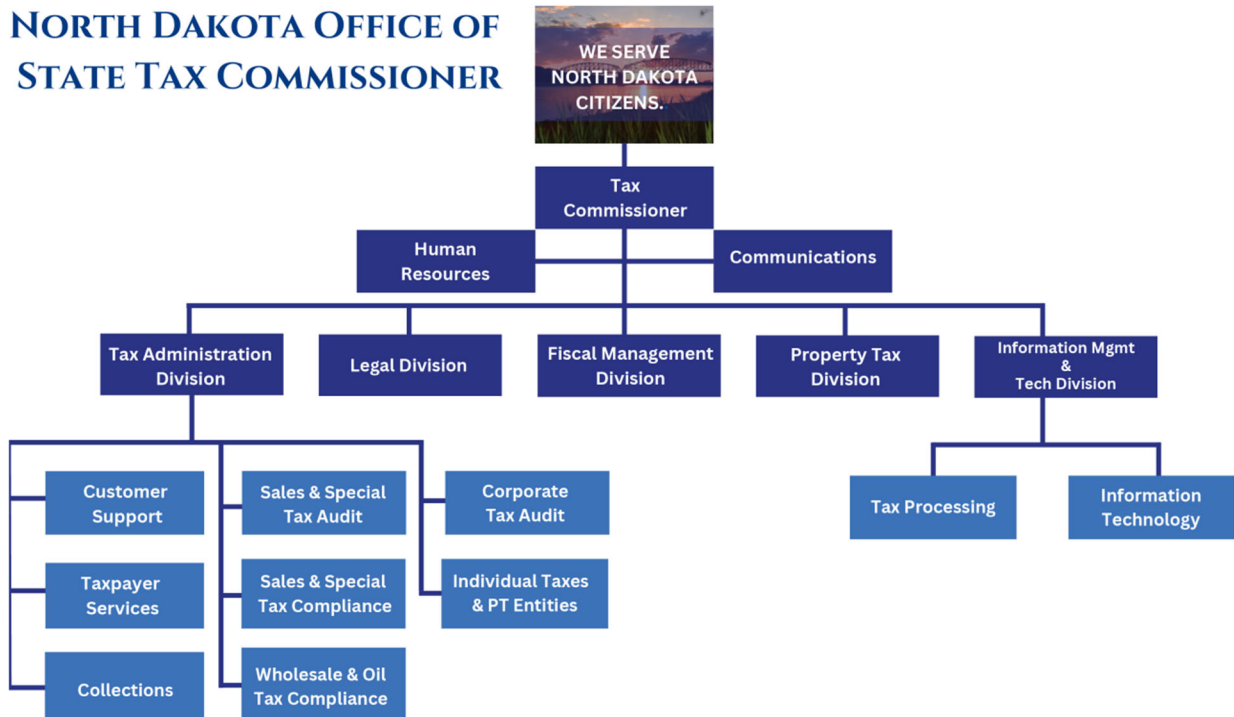
Property Tax Division

This division oversees property and utility taxes, coal taxes, and various tax credit programs, including the Homestead Tax Credit, Renter Refund Program, Disabled Veteran Tax Credit Program, and Primary Residence Credit Program (PRC). This team also provides exemplary administrative and technical support to the SBOE.

Organizational Chart

117 Funded FTE's

NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER



Audit Findings

The operational audit for the Office of State Tax Commissioner conducted by the State Auditor's Office during the 2023-2025 interim identified no significant findings and one recommendation, that our office enhance monitoring procedures to include reviewing individuals' eligibility as determined by the respective county for the Homestead Property Tax Credit and Disabled Veteran Tax Credit Programs.

Agency response: "The Office of State Tax Commissioner appreciates the recommendation. While there is no statutory requirement for the Office of the State Tax Commissioner to monitor county-determined eligibility for the Homestead Property Tax Credit and the Disabled Veteran Tax Credit Programs, we are exploring potential mechanisms to further enhance fraud and risk mitigation in this area."

Accomplishments

In addition to effectively and efficiently collecting revenue for the state, the Office of State Tax Commissioner has achieved numerous important objectives this biennium.

Digital Transformation - Automating Processes and Procedures

The agency continues to enhance digital offerings and improve electronic processes in a continuous effort to improve citizen experience, leveraging our GenTax and "Taxpayer Access Point" (TAP) tax administration systems. Taxpayers are able to utilize these offerings in a multitude of beneficial ways, at any time.

Over the past several years in particular, our agency has successfully transitioned sales tax account holders from paper to the electronic filing of monthly, quarterly and annual returns. Currently, approximately 47,000 registered accounts utilize our digital offering in this area.

One of many examples related to advancements in digital offerings includes the unclaimed/uncashed check process. Once largely manual, we transitioned to a taxpayer friendly, electronic process, through NDTAP resulting in a streamlined method for payment reissuance to taxpayers. Not only did this result in internal savings but provided a timelier means to reissue funds to citizens. Further, it has significantly reduced the amount of taxpayer dollars transferred to unclaimed property.

Our efforts have resulted in the return of \$6.2 million to taxpayers since 2022. Of the 83,919 checks issued in FY2022 only 2.34% went to unclaimed property. Our agency continues to promote electronic payments for refunds to taxpayers through education and outreach to reduce the number of physical checks issued.

The following note was received from a taxpayer on the uncashed check process who received a reminder letter for an uncashed check:

Thank You!

I was unable to deposit
your first check because

██████ Estate was one of the
2 Payees and the bank had no
account with that listing.

I'm very impressed by your

diligence in pursuing this
manner! Good for you!

Good for North Dakota!
(I shredded the original check!)

Primary Residence Credit Program

The Primary Residence Tax Credit (PRC) was established during the 2023 Legislative Session under House Bill 1158 for property tax years 2024 & 2025.

Our agency implemented a user-friendly and efficient online application process through GenTax, including real-time verification for the 138,124 applicants received, while also answering over 24,000 phone calls.

Marketing efforts included providing program brochures to counties for inclusion in property tax statements, newspaper, TV, radio and social media ad placement, demographic and geographic marketing, through a tailored approach to effectively reach ND property owners throughout the process.

The agency received a 99% approval rating of the process on surveys conducted at the completion of the application process. Comments received include:

- *Very quick and easy! Thank you!*
- ***"The application process was very easy to fill out."***
- *"Very easy process, especially for older homeowners, thank you!"*
- *"Thank you for making submitting an application for a 2nd year so easy!!!!!"*

Fraud Prevention & Data Security

The agency partners with the IRS, tax industry, and other stakeholders to ensure that all confidential information is kept secure. The most recent audit conducted by the IRS in 2022 found no critical findings. The next agency audit is scheduled for 2025.

The agency constantly utilizes fraud detection and prevention tactics to identify and investigate potentially fraudulent activity. Because fraud threats and activity are continuously changing, the agency places a very high priority on data security.

Staff Recruitment, Retention and Agency Culture

The agency is focused on retaining talent and fostering a culture that supports professional growth and development, values employee engagement, and works to be an employer of choice. The 2023 Gallup Employee Engagement Survey reflected an overall employee engagement score increase, from 3.77 to 3.91. Our 2024 score was equally strong.

Our agency recruitment efforts focus on finding the right individuals for our culture, emphasizing the importance of the work we do. As a result of these efforts, turnover has decreased significantly, with fewer open positions than in prior years.

Challenges

Future challenges affecting the Office of State Tax Commissioner include:

Employee Recruitment, Retention, and Compensation

Customer service remains a top priority. To continue to provide exceptional customer service to taxpayers, effective recruitment, training and retention is key.

Team members are required to have a thorough and specialized knowledge of the many different tax types we administer. While the Office of State Tax Commissioner received equity dollars in the 2023-2025 biennium, we still have critical positions that remain below the state compensation average for comparable positions. That scenario continues to put various positions at risk from a recruitment and retention standpoint.

The retention of experienced team members is extremely beneficial in many ways. Tenured team members serve as mentors to new employees, which in turn prepares them to become future mentors as well, enhancing our ability to continue providing the highest level of service to the citizens of North Dakota.

It is essential that we remain effectively staffed in order to:

- Provide timely and effective delivery of services provided
- Process returns in a timely manner to avoid state liability for interest due on refunds
- Conduct fair, accurate and effective audits
- Educate taxpayers to ensure compliance with North Dakota tax law

Retaining qualified and experienced team members is critical. Fewer team members resulting from a reduction in FTE's over time, has meant the absorption of essential job duties by remaining team members. Current biennium staffing challenges have required reallocating resources from audit and compliance activities to processing amended returns, issuing refunds, discovery efforts, and other administrative functions.

As the rate of digital adoption by taxpayers continues to increase, so does the skillset necessary to meet and exceed their expectations. As we embrace our digital future, transforming not only processes, but staff specialists, is essential. Effectively addressing present-day taxpayer needs and capitalizing on new opportunities through technology, will continue to be a focal point at our agency.

Digital Transformation and IT Costs

Approximately 74% of the agency's operational expense consists of IT/Technology costs for GenTax, North Dakota Information Technology (NDIT) provided services and software and IT service providers.

The GenTax software platform is the "nerve center" of the agency, combined with Taxpayer Access Point, giving taxpayers the opportunity to interact with and utilize services provided by our agency, in a digital manner.

GenTax played a key role in the Primary Residence Credit application process, enhancing our ability to effectively interact with taxpayers and county partners. The complexity and depth of GenTax requires ongoing support from FAST Enterprises (FAST) to maintain GenTax and NDTAP and ensure we remain current with new technology, tools, and security protocols. The GenTax maintenance support is 54% of the agency's operating budget.

In addition to GenTax costs, fees paid to NDIT represent a significant portion of the agency's operating budget to support electronic offerings and advance our digital portfolio.

Safeguarding Data and Fraud Prevention

Safeguarding taxpayer information and data is a core competency of the agency. With more taxpayers filing electronically, maintaining and developing new safeguards to protect sensitive information is critical.

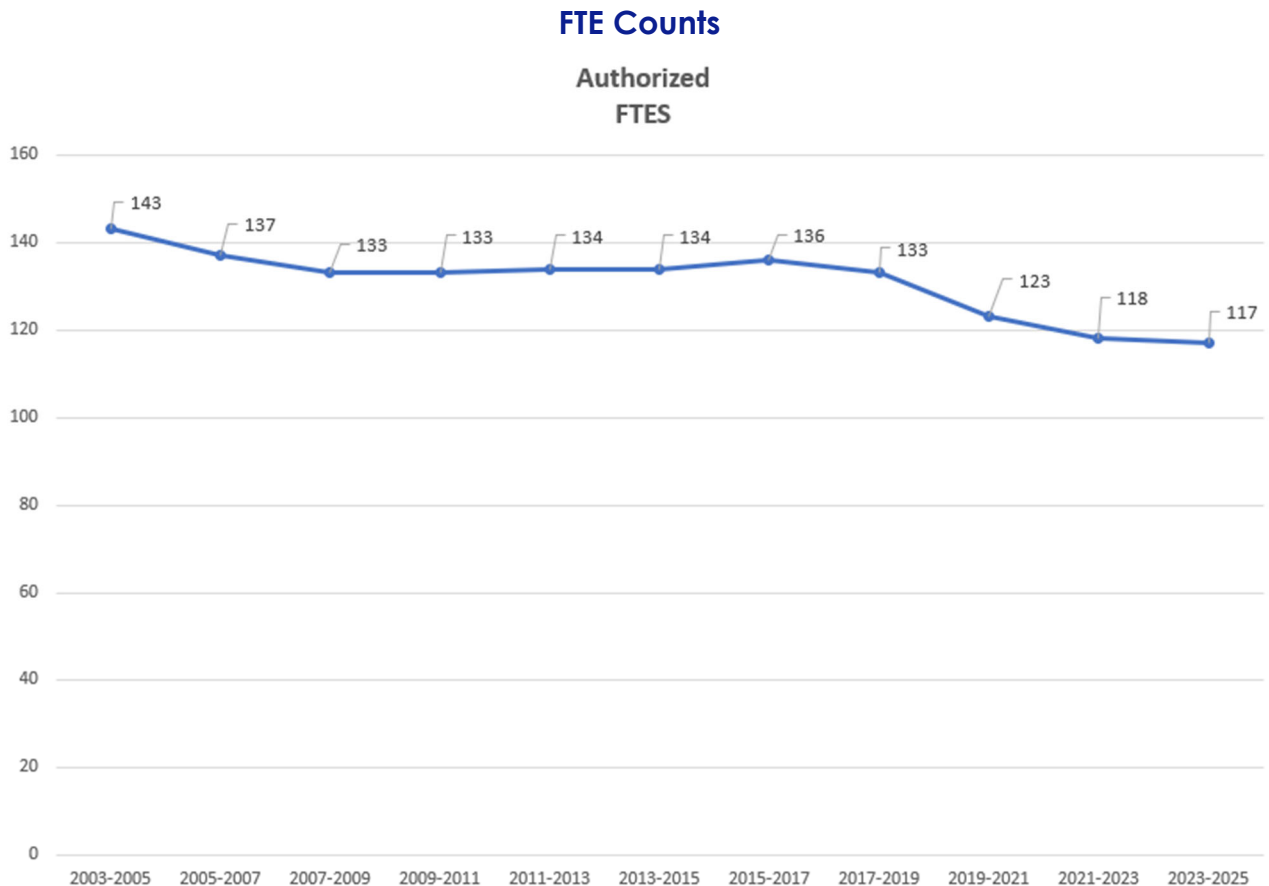
Safeguarding data is an investment in taxpayer trust. Training and retaining team members are critical to combat constantly evolving and ever-changing fraudulent activity. We continuously monitor potential threats in order to protect the taxpayers of North Dakota. Services provided by both NDIT and FAST are critical components of this effort as they provide security updates and support in this important area.

New/Changing Tax Types

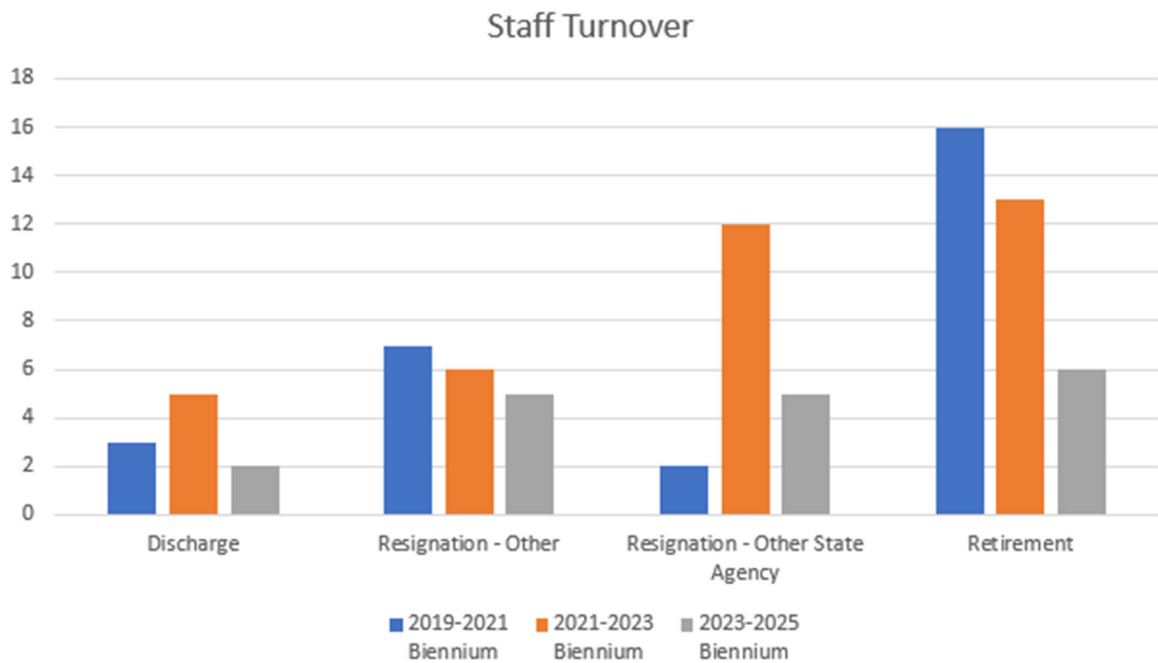
The regular addition of new tax types or changes to existing ones further underscores the need to respond accordingly from a staffing and expertise standpoint including:

- 1) The need for additional staff to administer new and changing tax types.
- 2) Technology enhancements or customizations to GenTax that aren't covered under our maintenance contract and would require additional appropriated dollars to support the implementation and administration of any new tax type (ex. marijuana, changes to oil taxation, property tax, etc.).

Staffing Review



Staff Turnover Analysis

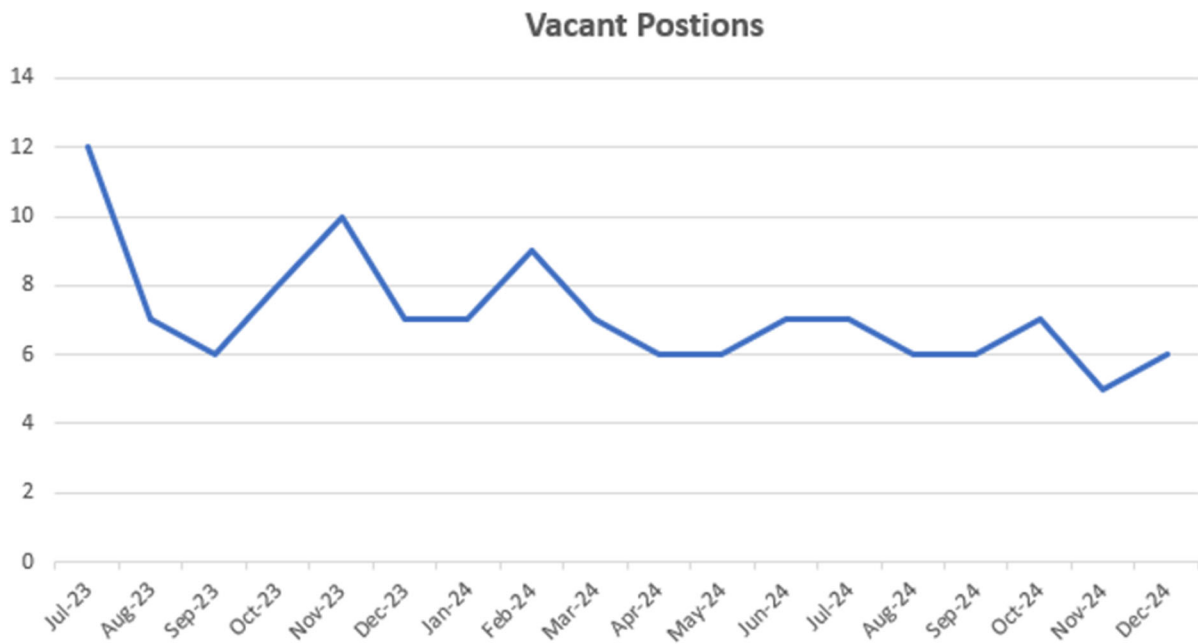


Vacant Positions & Vacancy Funding Pool

The agency had \$1,285,846 transferred to the 2023-2025 appropriations for the vacancy funding pool.

The agency has averaged 7 vacant positions throughout the 2023-2025 biennium because of staff turnover and in particular, retirements. As of 01/06/2025 the agency has 7 vacant positions which we are actively recruiting to fill.

The implementation of the vacancy funding pool has not impacted hiring practices for the agency to date.



**Agency 2023-2025 Legislative Base, 2025-2027 Budget Request,
and 2025-2027 Executive Budget**

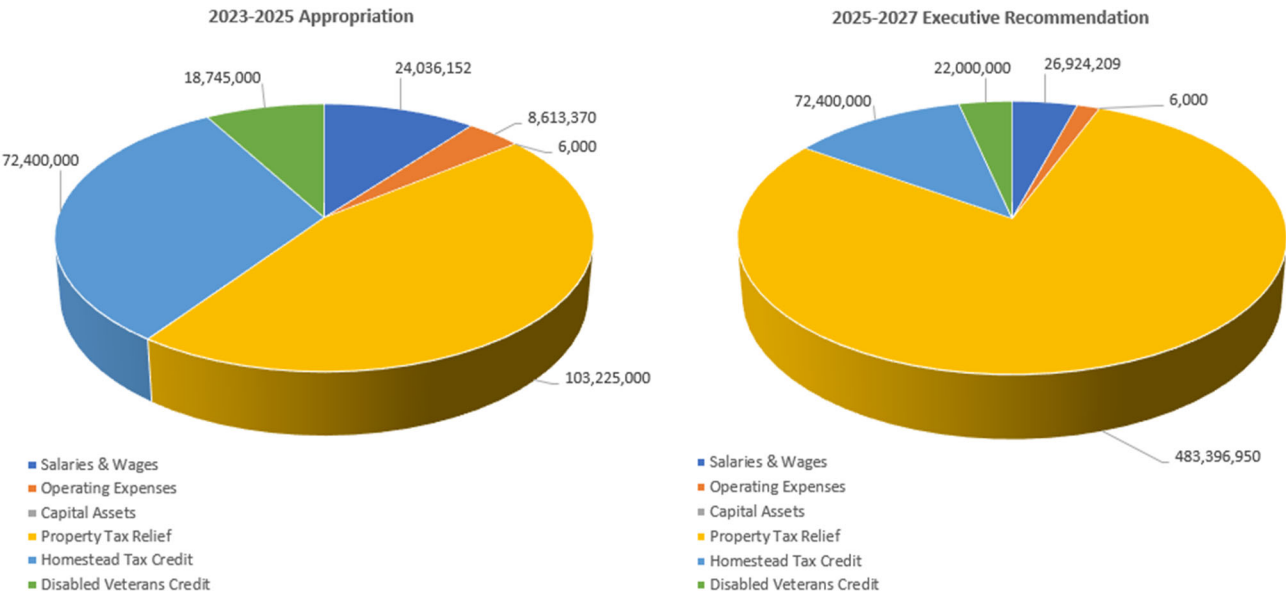
Description/ Object Series	2023 - 2025 Legislative Base	2025-2027 Budget Request	Burgum 2025-2027 Executive Recommendation	Armstrong 2025-2027 Executive Recommendation
Salaries & Wages	24,036,152	25,806,831	27,393,835	26,924,209
Operating Expenses	8,613,370	9,438,111	14,438,111	9,438,111
Capital Assets	6,000	6,000	6,000	6,000
Property Tax Relief	103,225,000	77,500,000	77,500,000	483,396,950
Homestead Tax Credit	72,400,000	48,000,000	48,000,000	72,400,000
Disabled Veterans Credit	18,745,000	22,000,000	22,000,000	22,000,000
Total By Object	227,025,522	182,750,942	189,337,946	614,165,270
Less estimated Income	125,000	125,000	125,000	125,000
Total General Fund	226,900,522	182,625,942	184,212,946	440,643,320
Total Special Funds	-	-	5,000,000	173,396,950
Total Federal Funds	125,000	125,000	125,000	125,000
Total All Funds	227,025,522	182,750,942	189,337,946	614,165,270
# of FTE's	117	117	118	117

As an administrative agency we rely heavily on staff to meet our statutory obligation and perform the work the legislature has directed us to do. In direct correlation to that responsibility, approximately 74% of the current biennium operating budget is for salaries and wages. The appropriation for salaries and wages for the 2023-25 biennium is \$24 million.

The Office of State Tax Commissioner is authorized for 117 full-time equivalent positions for the 2023-25 biennium. Due to retirements of long-tenured employees and hiring delays related to a highly competitive recruiting environment, budget savings in salaries will be generated in the current biennium, although at a significantly reduced level in comparison to the previous biennium.

Budget Overview

Agency 2023-2025 Legislative Base and 2025-2027 Executive Budget



Agency Collections – Fiscal Years 2014 to 2024

DESCRIPTION	FY 2014 NET COLLECTIONS	FY 2024 NET COLLECTIONS	CHANGE
Sales & Use Tax	\$1,320,167,042	\$1,320,087,938	(\$79,104)
Motor Vehicle Excise Tax	\$225,363	\$923,530	\$698,167
Local Occupancy Tax	\$4,373,399	\$4,011,994	(\$361,405)
Local Sales Tax	\$228,776,287	\$367,978,411	\$139,202,124
Local Restaurant and Lodging Tax	\$6,327,731	\$11,061,323	\$4,733,592
Local Motor Vehicle Rental Tax	\$189,413	\$169,091	(\$20,322)
Individual Income Tax	\$516,139,885	\$356,913,752	(\$159,226,134)
Corporate Income Tax	\$239,404,247	\$277,392,914	\$37,988,667
Financial Institutions Tax	\$13,228,788	\$0	(\$13,228,788)
Cigarette Tax (Cities)	\$1,643,720	\$1,009,447	(\$634,274)
Cigarette Tax (Tribe)	\$68,792	\$74,041	\$5,249
Cigarette Tax (GF)	\$22,489,945	\$13,806,157	(\$8,683,788)
Tobacco Tax	\$7,032,346	\$6,822,401	(\$209,946)
Oil & Gas Gross Production Tax	\$1,492,982,452	\$1,694,376,429	\$201,393,977
Oil Extraction Tax	\$1,754,824,617	\$1,367,523,349	(\$387,301,268)
Telecommunications Tax	\$11,631,089	\$4,755,442	(\$6,875,646)
Wholesale Liquor/beer Tax	\$9,220,019	\$10,831,484	\$1,611,465
Estate Tax	\$14,466	\$0	(\$14,466)
Miscellaneous Remittances	\$9,399	\$20,529	\$11,129
Coal Severance Tax	\$11,233,707	\$9,465,362	(\$1,768,345)
Coal Conversion Tax	\$24,937,582	\$4,025,691	(\$20,911,891)
Electric Generation Tax	\$8,401,468	\$29,725,136	\$21,323,668
Music and Composition Tax	\$171,020	\$497,673	\$326,653
Sales & Use Tax Cash Bonds	\$494,640	(\$32,994)	(\$527,634)
Fuel Dealers & Inspection Fees	\$385,370	\$274,178	(\$111,192)
Motor Vehicle Fuel Tax	\$105,625,777	\$98,893,361	(\$6,732,416)
Special Fuel Tax	\$123,068,253	\$90,725,842	(\$32,342,411)
Motor Fuel Tax - Cash Bond	(\$108,600)	(\$495)	\$108,105
Nongame Wildlife Fund	\$29,698	\$27,989	(\$1,709)
Centennial Tree Trust Fund	\$31,226	\$33,366	\$2,140
Veterans' Postwar Trust Fund	\$0	\$28,545	\$28,545
Organ Transplant Support Fund	\$18,066	\$19,341	\$1,275
Airline Tax	\$178,594	\$228,408	\$49,813
Aircraft Excise Tax	\$0	\$12,959	\$12,959
Prepaid Wireless Emergency 911 Fee	\$135,643	\$992,686	\$857,044
Provider Assessment	\$5,901,063	\$6,780,907	\$879,844
TOTAL COLLECTIONS	\$5,909,252,509	\$5,679,456,185	(\$229,796,324)

Economic growth in the state has resulted in an increase in the number of filers and corresponding workload at our agency. The number of returns received for virtually all tax types continues to grow.

The following chart illustrates the changes in the number of returns received. Active oil rig counts are also included as our agency has administrative responsibilities for the collection of oil and gas extraction taxes, for each producing well.

Tax Type	2014	2019	2024	2014-2024 Increase (Decrease)	% Change over past 10 years
Sales Tax - Original returns filed	194,856	229,260	281,014	86,158	44.2%
Individual income tax withholding	148,213	153,175	181,673	33,460	22.6%
Individual income tax	480,903	472,742	474,650	(6,253)	-1.3%
Partnership and S Corp	38,835	43,971	48,267	9,432	24.3%
Corporate income tax	11,354	11,406	12,337	983	8.7%
Oil - Active wells	12,134	16,042	19,197	7,063	58.2%
Authorized FTE's	134	133	117	(17)	-12.7%

Potential Legislation Impacting 25-27 Budget

Various tax-related bill proposals including HB 1176 have the potential to significantly impact our agency if passed. Other new tax types or changes to existing tax law, may also impact agency functions. As these proposals are reviewed and discussed, we request consideration for any necessary funding to meet programming, staffing, administrative and compliance needs.

Federal Funding Changes

No changes in federal funding are expected for the 2025-27 biennium.

2023-2025 One Time Funding

Our agency received a one-time funding appropriation of \$500,000 for enhancements to GenTax, the software nerve center of the agency. Those resources have targeted city motor vehicle, electric generation, coal, motor vehicle excise, airline, and telecommunications tax types as well as SMS (Text) implementation. We anticipate utilizing the entire one-time funding appropriation received.

The agency also received a one-time funding appropriation of \$1,500,000 for the Primary Residence Credit Program for programming expenses related to the digital application and marketing costs. The agency has spent to date approximately \$427,000 on marketing

expenses and \$78,000 on technology expenses. We expect to spend an additional \$525,000 on combined marketing and technology expenses for the 2025 application period.

2025-2027 Biennium Requested Decision Packages

Priority 1 – Digital Transformation – GenTax Support

- \$4.4M for maintenance support for GenTax is included in the base budget for the 2023-2025 biennium, for Level III support, less the 3% reduction. Base funding does not include planned service increases that are part of the maintenance contract with the software provider.
 - **The total request for funding for the 2025-2027 biennium is \$1,200,000**
 - \$750,000 to reinstate 3% overall budget reduction
 - \$450,000 to maintain support at Level III for the 2025-2027 biennium. The total cost of GenTax for 2025-2027 is \$4,850,000.
 - GenTax was and continues to be used to collect and track Primary Residence Credit applications and subsequent payments to counties.

Priority 2 – NDIT Cost Increases and Additional Services to Support Digital Needs

- Our agency relies heavily on technology in order to effectively serve taxpayers. The agency utilizes services provided by NDIT with those costs making up 17% of the 2023-2025 biennium operating costs. NDIT has increased rates for the upcoming biennium, resulting in a 31% increase to maintain current levels of service.
 - **The request for the 2025-2027 biennium for NDIT provided services is \$455,190**
 - \$53,759 to restore the 3% reduction.
 - \$332,671 in funding to cover cost increases from NDIT services not provided for in the base budget.
 - \$68,760 for two additional servers to support digital growth related to taxpayer services and enhancements.

Priority 3 – Salary Equity

- Funding to support equity increases to address hiring challenges. Requesting funding commensurate to the skillset and specialized knowledge required to effectively administer state tax law and serve citizens. While the equity package from the 2023-2025 biennium was impactful and appreciated, the agency continues to lag behind other agencies in the rate of compensation received by employees.
 - **The request for salary dollars to address equity for the 2025-2027 biennium is \$511,800**

Priority 4 – Capitol Rent Increase

- With the implementation of the rent model in the 2023-2025 biennium, the agency pays rent to the Office of Management and Budget (OMB) for the space we occupy in the capitol building.
 - **The total request to reinstate the 3% reduction and the additional per square foot rent increase paid to OMB for the 2025-2027 biennium is \$37,330**
 - \$20,910 to restore the 3% reduction for capitol tower rent paid to OMB.
 - \$16,420 to cover the 2.6% rent rate increases for capitol tower rent paid to OMB for 2025-2027 biennium that was not included in the base budget.
 - The total rent requirement by OMB for the 2025-2027 biennium is \$651,984.

Grant Programs Budget – Tax Credit Programs 2023-25 Biennium Base Level Budget and 2025-27 Biennium

Homestead Tax Credit

This program provides property tax relief for qualifying individuals who are 65 years of age or older and have an income of \$70,000 or less. The credit is up to 100 percent of the taxes levied on the first \$200,000 of true and full value, for applicants with annual income at or below \$40,000 or less. A reduced level of credit of 50% is available to applicants with an annual income up to \$70,000.

The Homestead Property Tax Credit program appropriations consist of reimbursement payments to counties for taxes & special assessment installments and direct payments for the Renter's Refund program for qualified taxpayers. Responsibilities for program administration include certifying homestead tax credits for reimbursement to the State Treasurer for reimbursement to each county and certifying and paying each qualifying Renter's Refund application.

The original appropriation for the 2023-2025 biennium was \$18,900,000, increased by HB 1158 to \$72,400,000. Expenditures during the first year of the biennium totaled slightly more than \$20.2 million. Although fiscal year 2025 expenditures will not be known until close to the end of the biennium, it is estimated that the remaining appropriation will be sufficient to cover projected expenditures.

Barring any legislative changes to the Homestead Tax Credit program, the budget request for the 2025-2027 biennium is \$48,000,000. The appropriation does not include any salary or operating costs incurred by the agency to support the program.

Disabled Veteran Tax Credit

This program provides property tax relief for disabled veterans with a service-connected disability of 50 percent or greater. The credit is up to 100 percent of the taxes levied on the first \$180,000 of true and full value. The percentage of credit allowed is equal to the percentage of the disabled veteran's disability compensation rating.

The Disabled Veteran Property Tax Credit program appropriations consist of reimbursement payments to counties for tax credits distributed to qualifying individuals. Responsibilities for program administration include certifying disabled veteran tax credits to the State Treasurer for reimbursement to counties.

The appropriation for the 2023-2025 biennium for the program was \$18,745,000. Expenditures during the first year of the biennium totaled just over \$9.3 million. Although fiscal year 2025 expenditures will not be known until close to the end of the biennium, it is estimated that the remaining appropriation will be sufficient to cover projected expenditures.

Barring any legislative changes to the Disabled Veteran Tax Credit program, the budget request for the 2025-27 biennium is \$22,000,000. The appropriation does not include any salary or operating costs incurred by the agency to support the program.

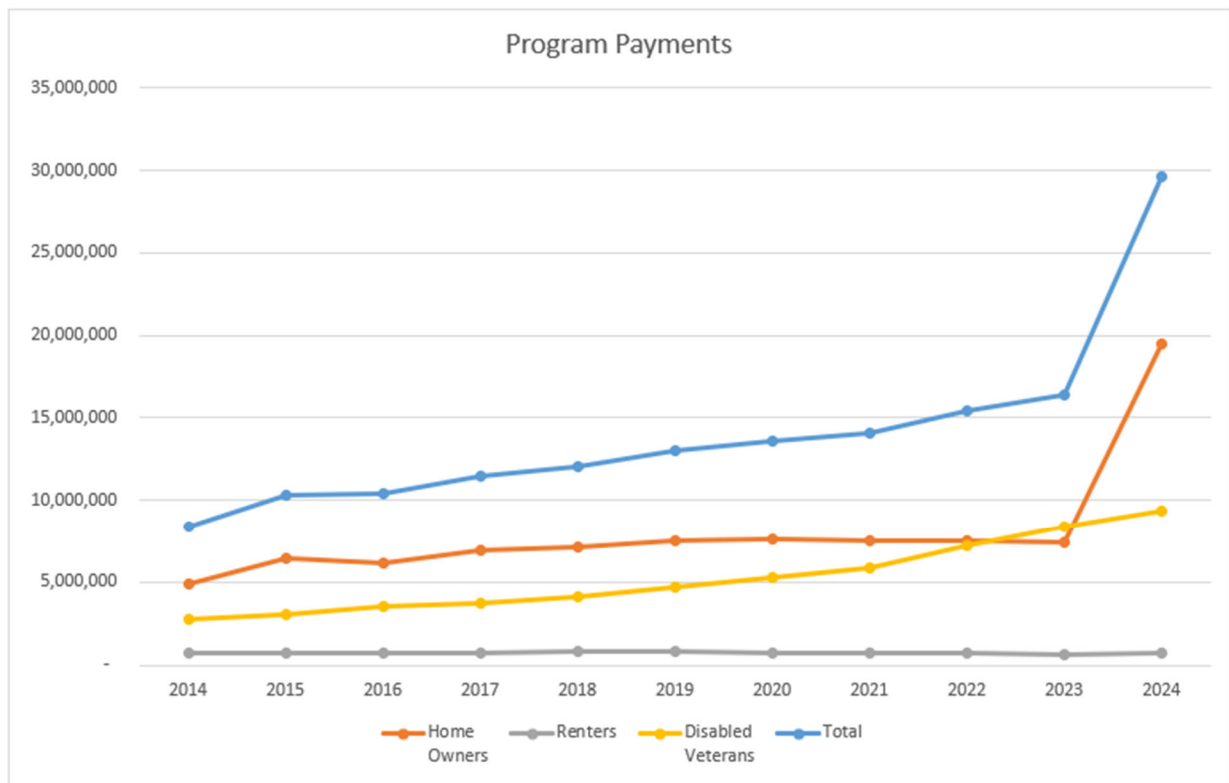
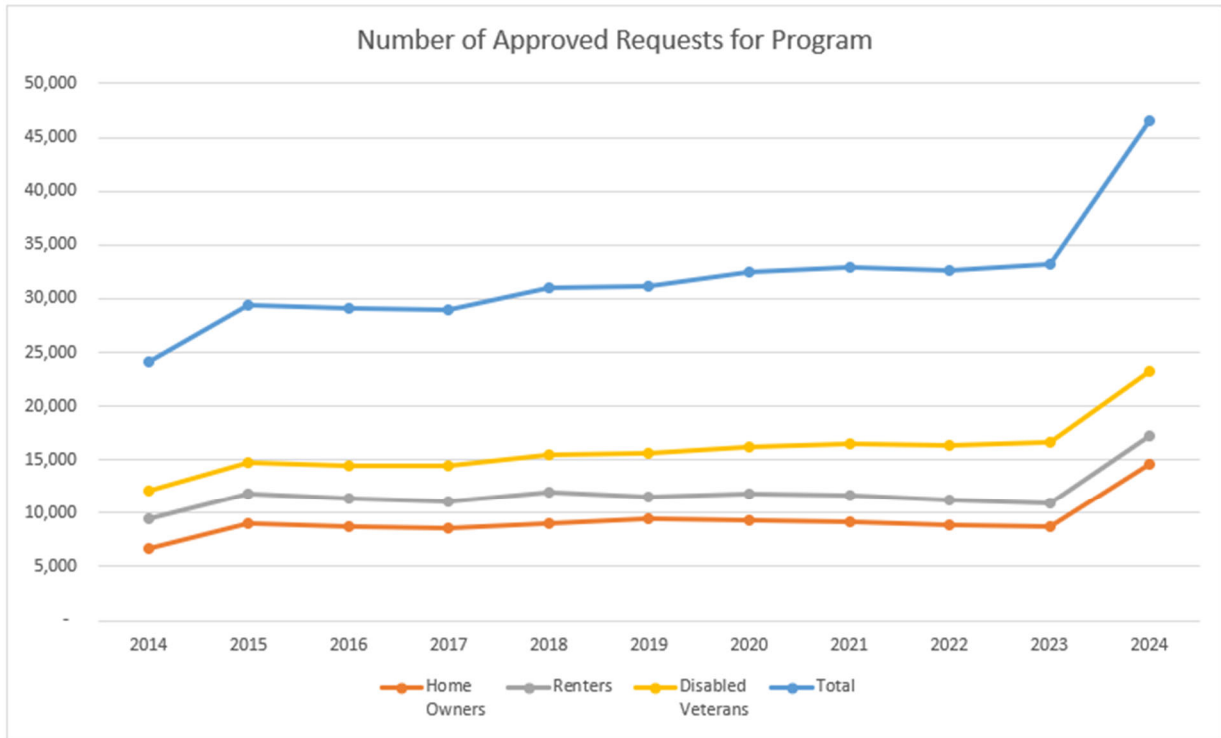
Primary Residence Property Tax Credit

The Primary Residence Property Tax Credit program appropriations consist of reimbursement payments to counties for property tax credits received by qualified homeowners. Administrative responsibilities include collecting homeowner applications, verifying applications to determine eligibility, providing a list of qualified applicants to counties, and certifying primary residence property tax credit disbursement amounts to the State Treasurer.

The appropriation for the 2023-2025 biennium for the program was \$103,225,000 for county reimbursements and \$1,500,000 in one-time funding for expenses related to software programming and marketing.

Barring any legislative changes to the Primary Residence Tax Credit program, the budget request for the 2025-2027 biennium is \$77,500,000. The appropriation does not include any salary or operating costs incurred by the agency to administer the program.

Grant Programs History – Homestead Tax Credit and Disabled Veteran's Credit



Itemized Listing of Agency Requested Changes to Executive Budget

Priority	Description	Agency Request	Burgum Executive Recommendation	Armstrong Executive Recommendation	Explanation
1	GenTax Maintenance & Support	1,200,000	1,200,000	1,200,000	\$750,000 to reinstate 3% reduction \$450,000 to continue Level III Support
2	NDIT Cost Increase & Additional Services	455,190	455,190	455,190	\$53,759 to restore 3% reduction \$332,671 NDIT cost increases not provided in base budget \$68,760 two additional servers due to increased digital filings
3	Salary Equity	511,800	0	0	Equity to bring staff types to other state agency average salaries
4	Capitol Rent Increase	37,330	37,330	37,330	\$20,910 to reinstate 3% reduction \$16,420 to cover 2.6% rental rate increase on existing space
5	Comprehensive Tax Portal	0	5,262,753	0	\$5,000,000 operating and programming costs \$262,753 one FTE salary and benefits
6	Property Tax Relief	0	0	405,896,950	Property Tax Relief
7	Homestead Tax Credit	0	0	24,400,000	Expanding Homestead Tax Credit
Total		2,204,320	6,955,273	431,989,470	

HB 1006

North Dakota Office of State Tax Commissioner 2025-2027 Budget

#29482

House Appropriations Committee
1-16-2025 9:30 AM - Brynhild Haugland Room



Agency Overview

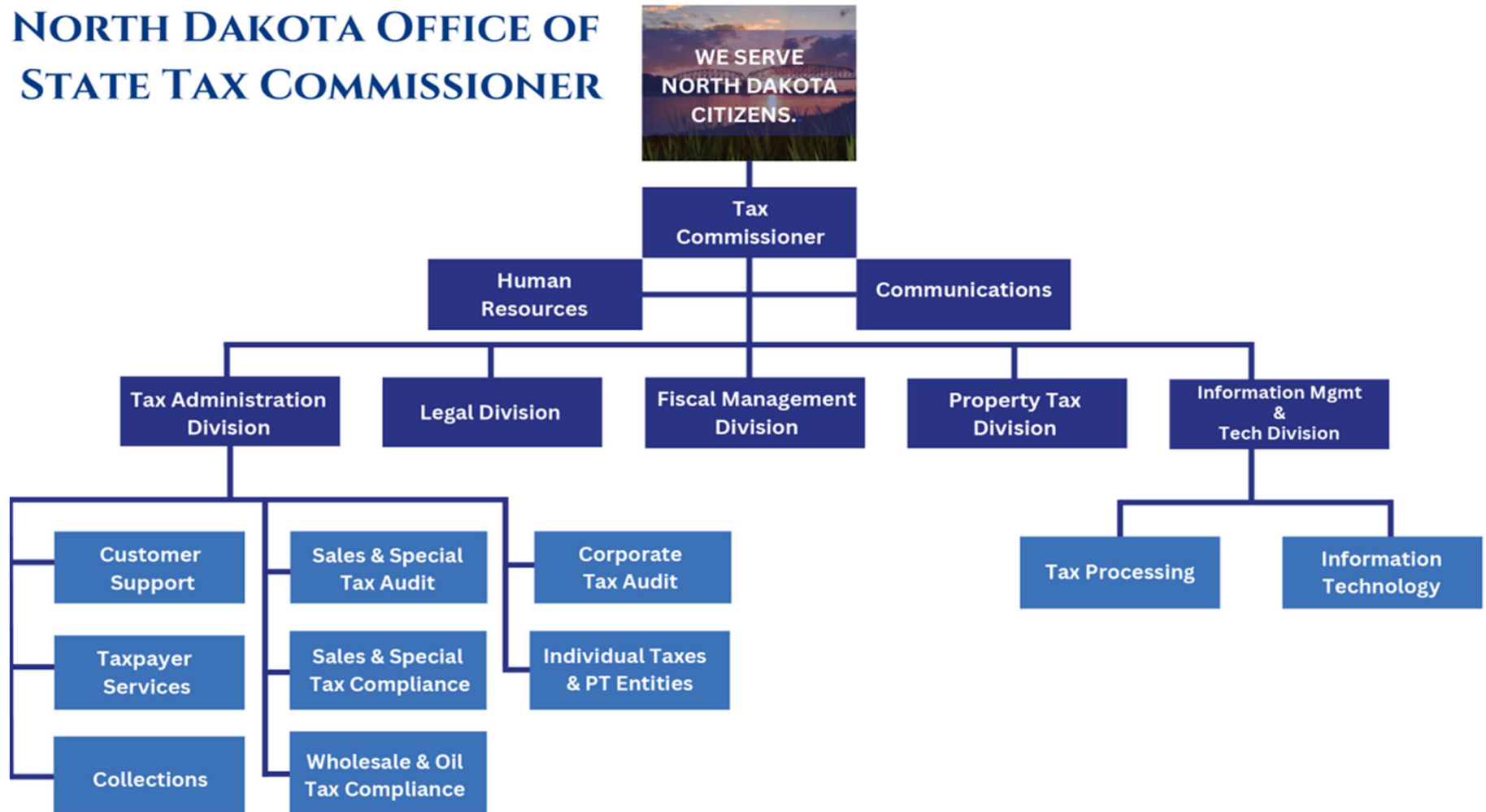
- The mission of the North Dakota Office of State Tax Commissioner is to administer the tax laws of North Dakota fairly, effectively and efficiently.
- The North Dakota Office of State Tax Commissioner is dedicated to fostering trust, transparency, and accountability in the administration of tax law in our state, ensuring the fair and efficient collection of taxes, serving as an important resource to the public and upholding the highest standards of integrity and professionalism.
- Our office is the primary revenue collection agency for the state and statutory authority can be found in NDCC 57-01 and in 5-01, 5-02, 5-03 (administration of alcohol).
- Our objective is to support all taxpayer types with exceptional customer service, clear guidance and by promoting voluntary compliance through education and outreach in a manner that is responsive to the needs of those we serve.

Agency Overview - Divisions

- Commissioner's Division
- Fiscal Management Division
- Legal Division
- Tax Administration Division
- Property Tax Division
- Information Management & Technology Division

Organizational Chart – 117 FTES

NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER



Audit Findings

- The operational audit for the Office of State Tax Commissioner conducted by the State Auditor's Office during the 2023-2025 interim was favorable and identified no significant findings. The audit contained one recommendation:
“We recommend the Office of the State Tax Commissioner enhance monitoring procedures to include review of individuals' eligibility determined by the county for the Homestead Property Tax Credit and the Disabled Veterans Tax Credit.”
- Agency Response:
“The Office of State Tax Commissioner appreciates the recommendation. While there is no statutory requirement for the Office of the State Tax Commissioner to monitor county-determined eligibility for the Homestead Property Tax Credit and the Disabled Veterans Tax Credit, we are exploring potential mechanisms to apply additional resources to further enhance fraud and risk mitigation in this area as well as others.”

Agency Accomplishments

Digital Transformation

- Taxpayer Access Point enhancements (TAP)
- Conversion of 47,000 sales tax account holders from paper to the electronic filing of monthly/quarterly/annual returns
- Unclaimed/Uncashed Checks
 - Created a digital centric process to effectively communicate with taxpayers, including automated reminder letters within 120 days of the check issuance date
 - \$6.2 million directly returned to taxpayers since 2022

Thank You!

*I was unable to deposit
your first check because*

*██████ Estate was one of the
2 Payees and the bank had no
account with that listing.*

I'm very impressed by your

*diligence in pursuing this
manner! Good for you!*

*Good for North Dakota!
(I shredded the original check!)*

Agency Accomplishments – cont.

Effectively administered the Primary Residence Credit Program

- Developed a user-friendly, online application process
- Received and effectively handled over 24,000 calls
- User-friendly software development included ease-of-use features and real-time verification for 138,124 applicants
- Marketing efforts included:
 - Program brochures provided to counties for inclusion in property tax statements
 - Newspaper, TV, radio and social media ad placement
 - Demographic and geographic marketing – tailored approach to effectively reach ND property owners throughout the process
- Received a 99% approval rating from applicants
 - *“Very quick and easy! Thank you!”*
 - *“The application process was very easy to fill out.”*
 - *“very easy process, especially for older homeowners, thank you!”*
 - *“Thank you for making submitting an application for a 2nd year so easy!!!!”*

Agency Challenges and Opportunities

Employee Recruitment, Retention and Compensation

- The addition of new tax types and increasing administrative responsibilities resulting from legislative action and taxpayer behavior requires an expanded skillset
- Positions remain below the state average compensation rate
- Agency FTE count was reduced from 118 to 117 in 2023-2025 biennium

Digital Transformation & IT Costs

- 74% of all operating costs consist of IT/technology expenditures
 - 54% GenTax
 - 17% NDIT data & phone
 - 3% software/hardware IT costs

Agency Challenges and Opportunities – cont.

Digital Transformation

- Resource constraints from a personnel, training and software development standpoint

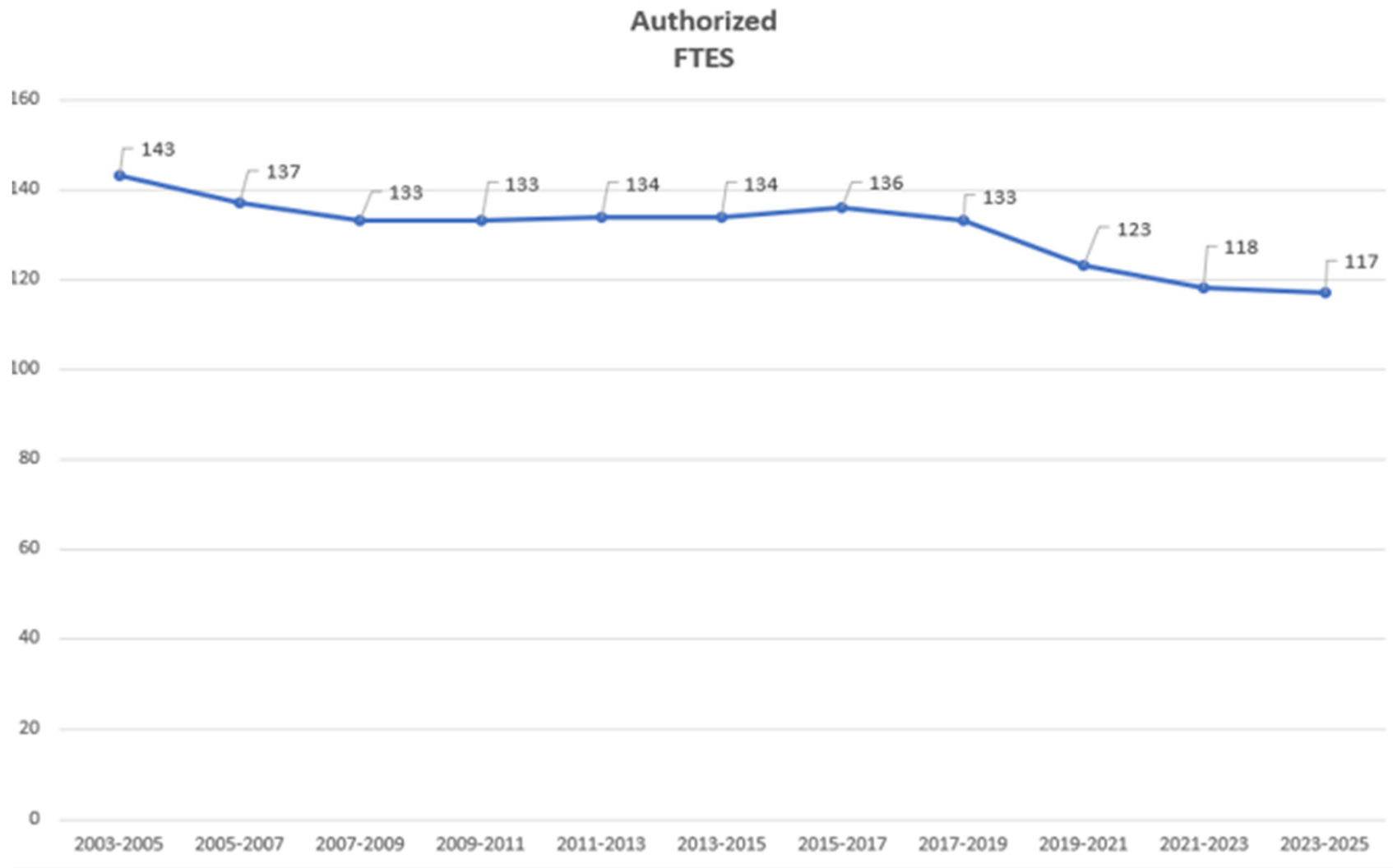
Safeguarding Data & Fraud Prevention Efforts

- Cyber threats continue to increase underscoring the continued need to adapt and remain proactive
- Staff training needs related to fraud prevention – resources required
- Continuously improving upon existing fraud prevention efforts

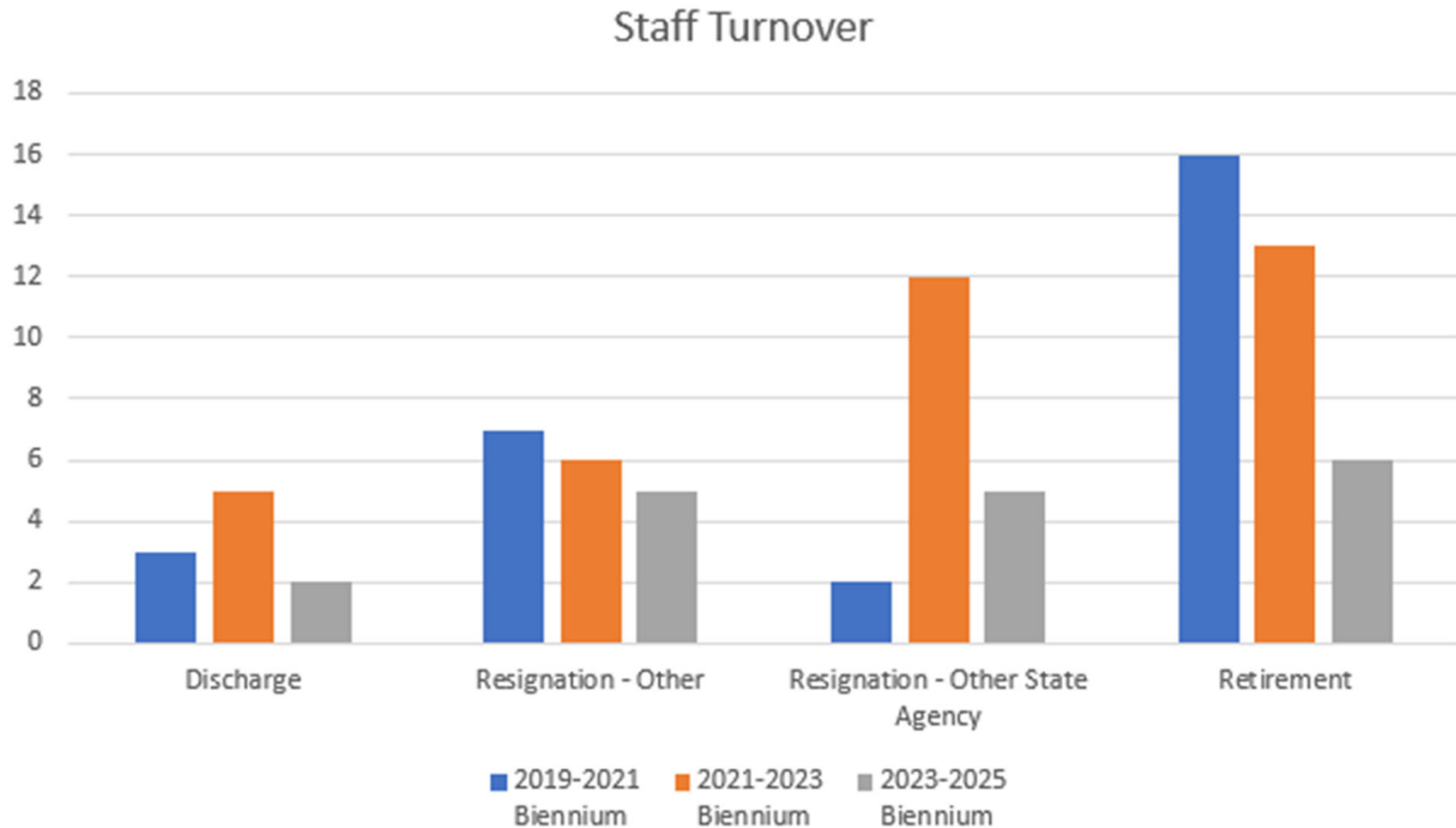
New and Emerging Tax Types

- Matching staffing needs and expertise necessary with the administration of new and emerging tax types
- Technology enhancements & customizing GenTax

History of Agency Staffing

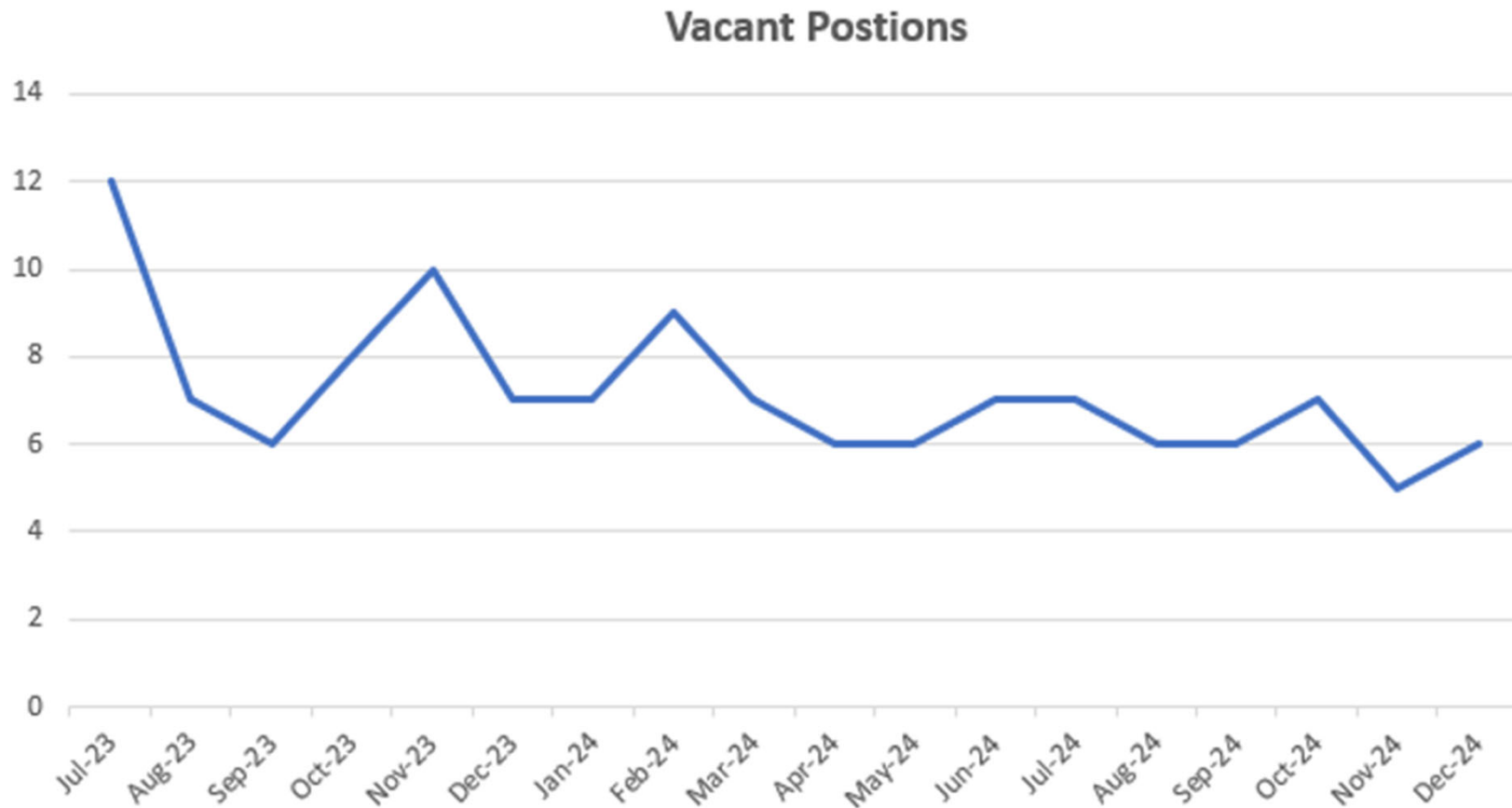


Agency Staff Turnover



Agency Vacant Positions

- \$1,285,846 removed from our 23-25 budget appropriation for the vacancy funding pool
- As of 12-1-2024, 6 vacant positions



2023-2025 One Time Funding Items

GenTax Enhancements - \$500,000

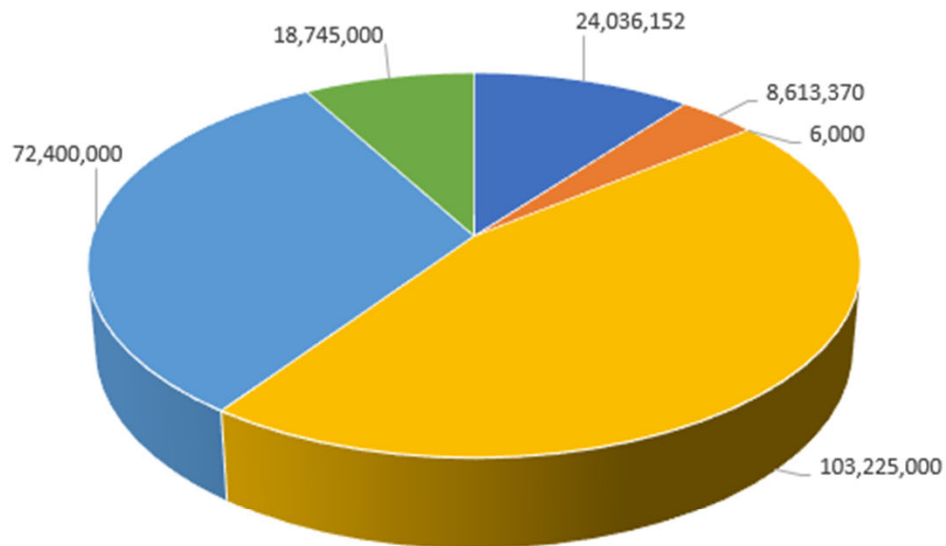
- Enhancing the administration of various tax types
 - City Motor Vehicle Tax, Electric Generation Tax, Coal Tax, Motor Vehicle Excise Tax, Airline Tax, Telecommunications Tax
- SMS (Text) implementation for taxpayer communications

Primary Residence Credit Operating Costs - \$1,500,000

- Approximately \$427,000 in marketing expense to promote the 2024 property tax credit (year 1 of 2)
- Approximately \$78,000 utilized for technology including initial programing, ongoing enhancements and updates
- Anticipate similar marketing expense to promote the 2025 credit (year 2, currently underway)

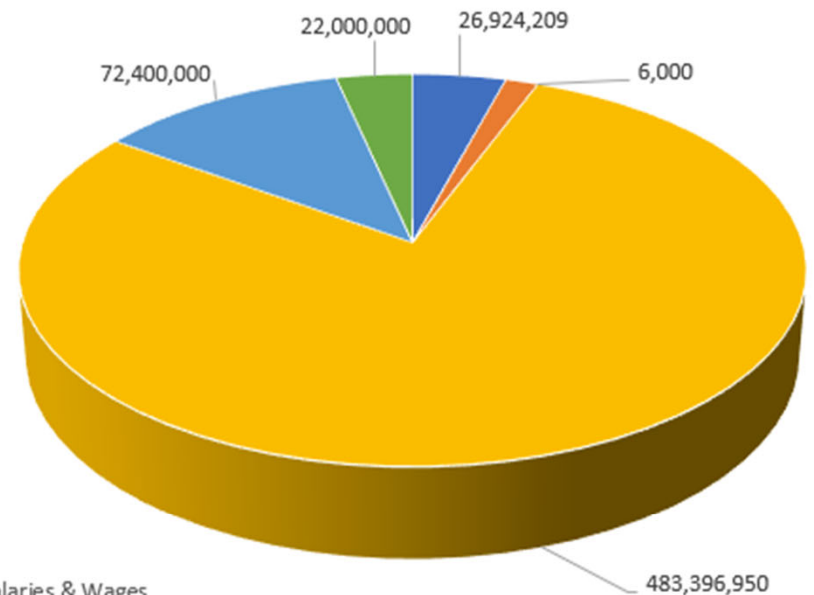
Agency Budget - Overview

2023-2025 Appropriation



- Salaries & Wages
- Operating Expenses
- Capital Assets
- Property Tax Relief
- Homestead Tax Credit
- Disabled Veterans Credit

2025-2027 Executive Recommendation



- Salaries & Wages
- Operating Expenses
- Capital Assets
- Property Tax Relief
- Homestead Tax Credit
- Disabled Veterans Credit

Change in Workload - Calendar Year Return Counts Over the Past Decade

Tax Type	2014	2019	2024	2014-2024 Increase (Decrease)	% Change over past 10 years
Sales Tax - Original returns filed	194,856	229,260	281,014	86,158	44.2%
Individual income tax withholding	148,213	153,175	181,673	33,460	22.6%
Individual income tax	480,903	472,742	474,650	(6,253)	-1.3%
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Corporate income tax	11,354	11,406	12,337	983	8.7%
Oil - Active wells	12,134	16,042	19,197	7,063	58.2%
Authorized FTE's	134	133	117	(17)	-12.7%

Agency Funding Requests 2025-2027

Software Fees – GenTax Support - \$1,200,000

- \$750,000 to reinstate the 3% reduction reflected in the executive budget
- \$450,000 to continue the level of support required to effectively serve citizens (increase over previous biennium)
 - Total cost of GenTax for 2025-2027 \$4,850,000

NDIT Fee Increases - \$455,190

- \$53,759 to reinstate the 3% reduction reflected in the executive budget
- \$332,671 to cover cost increases for NDIT services not provided for in the executive budget (\$456K total NDIT increase, \$123K granted)
- \$68,760 for two new servers provided by NDIT due to increased digital filings and increased computing resource needs

Agency Funding Requests 2025-2027 – cont.

Salary Equity Package - \$511,800

- We continue to lag behind other state agencies in compensation rates
- Will bring agency staff to comparable compensation rates of other state agencies

Capitol Rent Increase - \$37,330

- \$20,910 to reinstate 3% budget reduction
- \$16,420 to cover 2.6% rent increase for Capitol tower rent
 - Total rent paid to OMB for Capitol tower rent \$651,984

Agency Funding Requests 2025-2027 – cont.

Homestead Tax Credit - \$48,000,000

- \$48,000,000 to fund program payments to political subdivisions
- Does not include any salary or operating costs

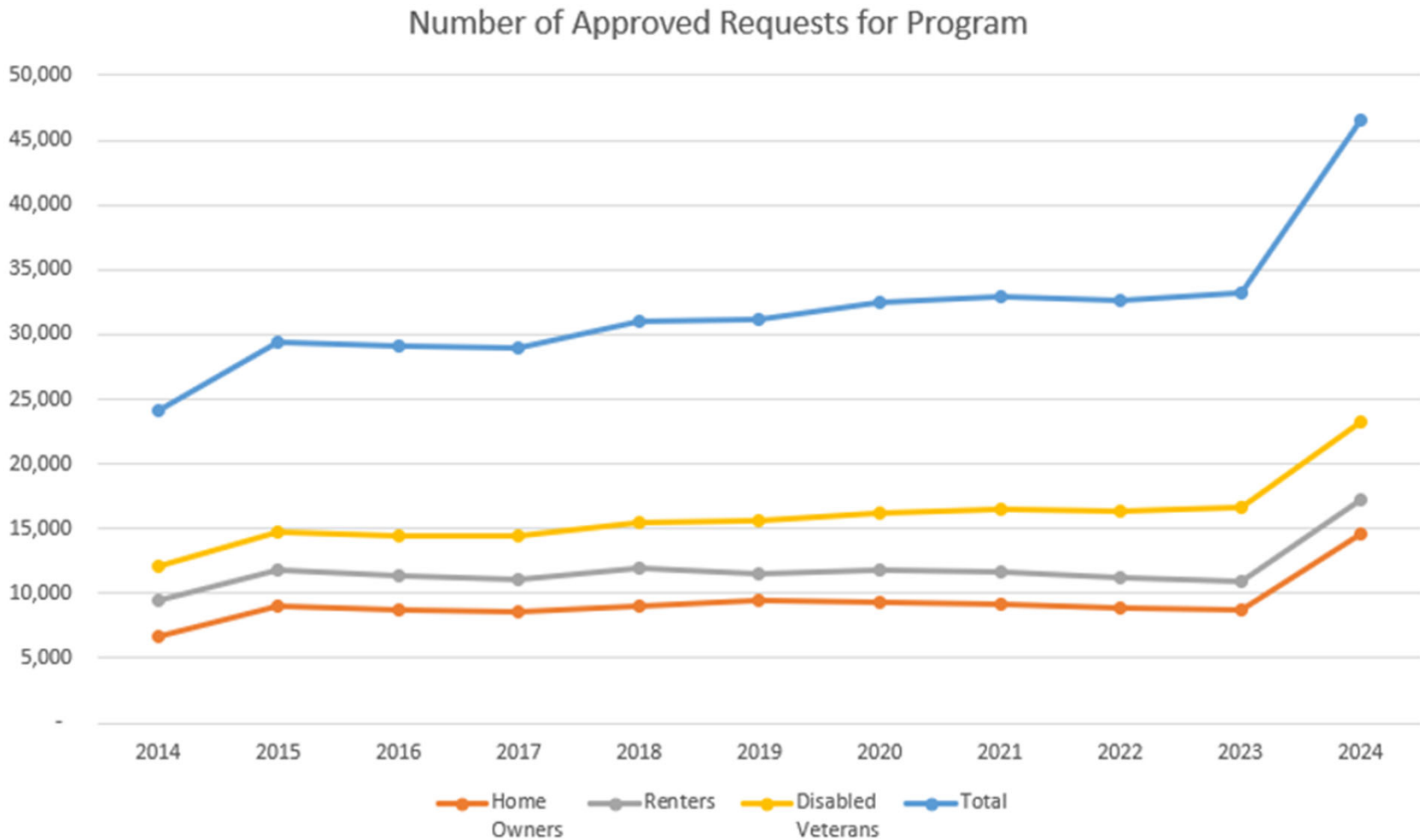
Disabled Veterans Credit - \$22,000,000

- \$22,000,000 to fund program payments to political subdivisions
- Does not include any salary or operating costs

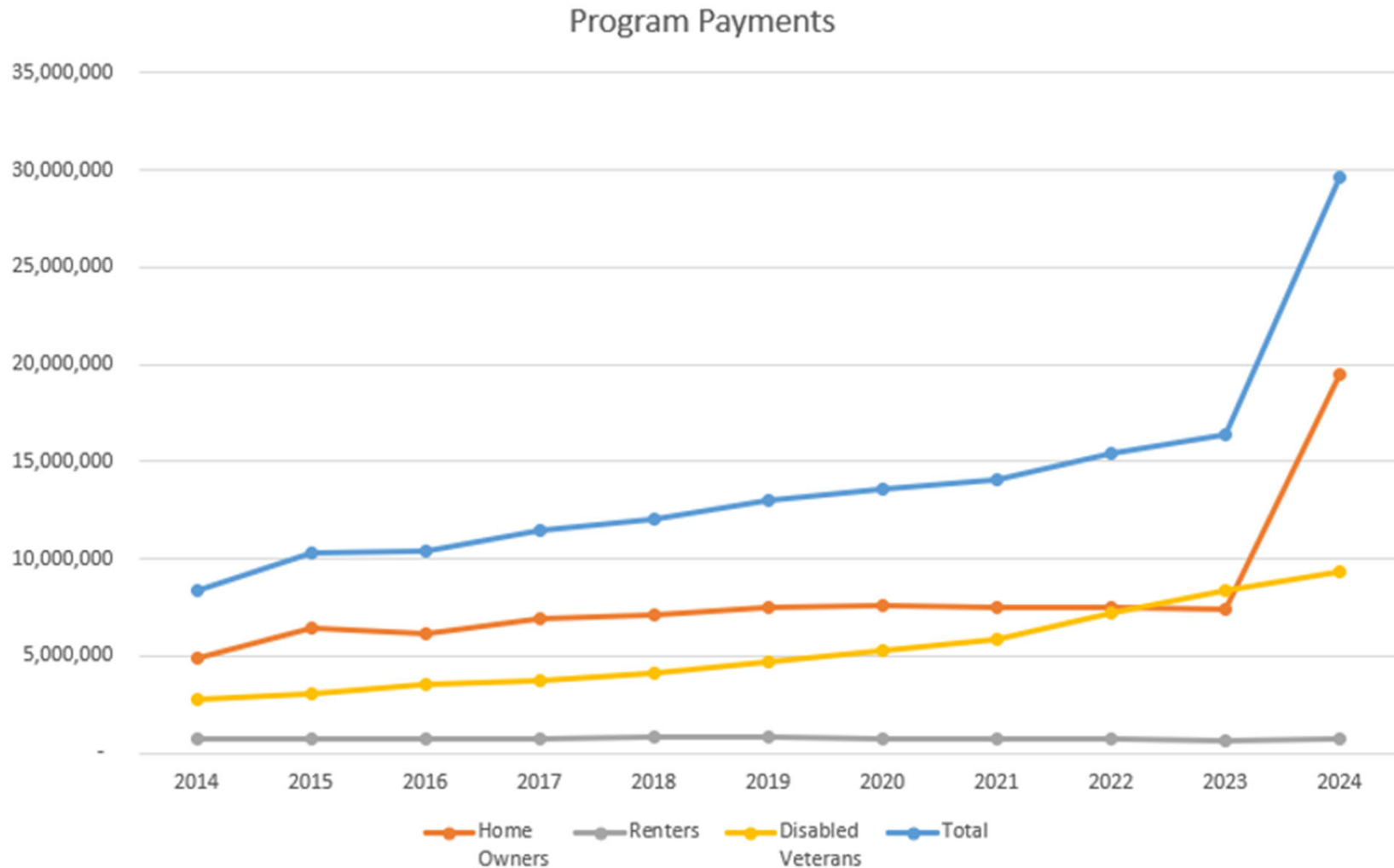
Primary Residence Tax Credit - \$77,500,000

- \$77,500,000 to fund program payments to political subdivisions
- Does not include salary or operating costs

Homestead, Disabled Veteran and Renter Refund Credit Programs - Applicant Volume



Homestead, Disabled Veteran and Renter Refund Credit Program - Payments



Agency Requested Changes - Summary

Priority	Description	Agency Request	Burgum Executive Recommendation	Armstrong Executive Recommendation	Explanation
1	GenTax Maintenance & Support	1,200,000	1,200,000	1,200,000	\$750,000 to reinstate 3% reduction \$450,000 to continue Level III Support
2	NDIT Cost Increase & Additional Services	455,190	455,190	455,190	\$53,759 to restore 3% reduction \$332,671 NDIT cost increases not provided in base budget \$68,760 two additional servers due to increased digital filings
3	Salary Equity	511,800	0	0	Equity to bring staff types to other state agency average salaries
4	Capitol Rent Increase	37,330	37,330	37,330	\$20,910 to reinstate 3% reduction \$16,420 to cover 2.6%/ rental rate increase on existing space
5	Comprehensive Tax Portal	0	5,262,753	0	\$5,000,000 operating and programming costs \$262,753 one FTE salary and benefits
6	Property Tax Relief	0	0	405,896,950	Property Tax Relief
7	Homestead Tax Credit	0	0	24,400,000	Expanding Homestead Tax Credit
Total		2,204,320	6,955,273	431,989,470	

Thank you

Questions?

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division

Brynhild Haugland Room, State Capitol

HB 1006

1/23/2025

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, disabled veterans' tax credit, and primary residence credit; to provide an exemption; and to provide for a transfer.

3:31 p.m. Chairman Monson opened the hearing.

Members Present: Chairman Monson, Vice Chairman Brandenburg, Representatives: Bosch, Fisher, Kempenich, Meier, Pyle.

Discussion Topics:

- FTE pool budget
- Cost of Continue for Tax Commissioner
- Tax Commissioner FTE requests
- Veteran Tax Exemption
- Homestead Credit

3:33 p.m. Brian Kroshus, Commissioner, ND Tax Department, testified and continued with previous testimony #29482.

3:36 p.m. Sherri Anderson, Chief Fiscal Officer, ND Tax Department, testified in favor.

3:46p.m. Brian Kroshus, Commissioner, ND Tax Department, testified in favor.

Additional written testimony:

Adam Mathiak, Fiscal Analyst, Legislative Council, submitted neutral testimony #31119.

4:38 p.m. Chairman Monson adjourned the meeting.

Madaline Cooper, Committee Clerk



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

	Burgum Budget				Armstrong Budget				Armstrong Budget Compared to Burgum Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	Increase (Decrease)			
									FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	117.00	\$226,900,522	\$125,000	\$227,025,522	117.00	\$226,900,522	\$125,000	\$227,025,522	0.00	\$0	\$0	\$0
2025-27 Ongoing Funding Changes												
Salary increase		\$1,144,862		\$1,144,862		\$926,560		\$926,560		(\$218,302)		(\$218,302)
Health insurance increase		708,623		708,623		702,618		702,618		(6,005)		(6,005)
Funding to replace the 2023-25 vacant FTE pool		1,285,846		1,285,846		1,285,846		1,285,846				0
FTE information services position	1.00	245,319		245,319				0	(1.00)	(245,319)		(245,319)
Budget reduction from salary savings		(26,967)		(26,967)		(26,967)		(26,967)				0
GenTax support		450,000		450,000		450,000		450,000				0
Information technology rate adjustments		358,321		358,321		358,321		358,321				0
Capitol rent increase		16,420		16,420		16,420		16,420				0
Homestead tax credit adjustment		(24,400,000)		(24,400,000)				0		24,400,000		24,400,000
Disabled veterans' tax credit adjustment		3,255,000		3,255,000		3,255,000		3,255,000				0
Primary residence credit adjustment		(25,725,000)		(25,725,000)		206,775,000	\$173,396,950	380,171,950		232,500,000	\$173,396,950	405,896,950
Total ongoing funding changes	1.00	(\$42,687,576)	\$0	(\$42,687,576)	0.00	\$213,742,798	\$173,396,950	\$387,139,748	(1.00)	\$256,430,374	\$173,396,950	\$429,827,324
One-Time Funding Items												
Comprehensive tax portal - SIIF			\$5,000,000	\$5,000,000				\$0			(\$5,000,000)	(\$5,000,000)
Total one-time funding changes	0.00	\$0	\$5,000,000	\$5,000,000	0.00	\$0	\$0	\$0	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)	0.00	\$213,742,798	\$173,396,950	\$387,139,748	(1.00)	\$256,430,374	\$168,396,950	\$424,827,324
2025-27 Total Funding	118.00	\$184,212,946	\$5,125,000	\$189,337,946	117.00	\$440,643,320	\$173,521,950	\$614,165,270	(1.00)	\$256,430,374	\$168,396,950	\$424,827,324
Federal funds included in other funds			\$125,000				\$125,000				\$0	
Total ongoing changes - Percentage of base level	0.9%	(18.8%)	0.0%	(18.8%)	0.0%	94.2%	138717.6%	170.5%	N/A	N/A	N/A	N/A
Total changes - Percentage of base level	0.9%	(18.8%)	4000.0%	(16.6%)	0.0%	94.2%	138717.6%	170.5%	N/A	N/A	N/A	N/A

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division

Brynhild Haugland Room, State Capitol

HB 1006

1/29/2025

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, disabled veterans' tax credit, and primary residence credit; to provide an exemption; and to provide for a transfer.

10:02 a.m. Chairman Monson opened the hearing.

Members Present: Chairman Monson, Vice Chairman Brandenburg, Representatives: Bosch, Fischer, Meier, Pyle.

Members Absent: Representative Kempenich

Discussion Topics:

- Overview of GenTax
- IT Costs for Tax Commissioner
- Renter Refund Program
- Disable Veteran Program
- Homestead Act Tax Exemptions and funds
- Paper forms and costs

10:05 a.m. Brian Kroshus, Commissioner, ND Tax Department, testified in favor.

Additional written testimony:

Grant Gader, Fiscal Analyst, Legislative Council submitted neutral testimony #32546.

10:54 a.m. Chairman Monson adjourned the meeting.

Madaline Cooper, Committee Clerk



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

	Armstrong Executive Budget				House Version				House Compared to Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	Increase (Decrease)			
									FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	117.00	\$226,900,522	\$125,000	\$227,025,522	117.00	\$226,900,522	\$125,000	\$227,025,522	0.00	\$0	\$0	\$0
2025-27 Ongoing Funding Changes												
Salary increase		\$926,560		\$926,560		\$926,560		\$926,560				\$0
Health insurance increase		702,618		702,618		702,618		702,618				0
Funding to replace the 2023-25 vacant FTE pool		1,285,846		1,285,846		1,285,846		1,285,846				0
2025-27 new and vacant FTE pool				0		(479,997)		(479,997)		(\$479,997)		(479,997)
Budget reduction from salary savings		(26,967)		(26,967)		(26,967)		(26,967)				0
GenTax support		450,000		450,000				0		(450,000)		(450,000)
Information technology rate adjustments		358,321		358,321				0		(358,321)		(358,321)
Capitol rent increase		16,420		16,420				0		(16,420)		(16,420)
Disabled veterans' tax credit adjustment		3,255,000		3,255,000		3,255,000		3,255,000				0
Primary residence credit adjustment		206,775,000	\$173,396,950	380,171,950		206,775,000	\$173,396,950	380,171,950				0
Other agency requests				0				0				0
Additional salary funding				0		362,000		362,000		362,000		362,000
Salary equity funding				0		511,800		511,800		511,800		511,800
Tax credit marketing and IT changes				0		1,500,000		1,500,000		1,500,000		1,500,000
Total ongoing funding changes	0.00	\$213,742,798	\$173,396,950	\$387,139,748	0.00	\$214,811,860	\$173,396,950	\$388,208,810	0.00	\$1,069,062	\$0	\$1,069,062
One-Time Funding Items												
No one-time funding items				\$0				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$213,742,798	\$173,396,950	\$387,139,748	0.00	\$214,811,860	\$173,396,950	\$388,208,810	0.00	\$1,069,062	\$0	\$1,069,062
2025-27 Total Funding	117.00	\$440,643,320	\$173,521,950	\$614,165,270	117.00	\$441,712,382	\$173,521,950	\$615,234,332	0.00	\$1,069,062	\$0	\$1,069,062
Federal funds included in other funds			\$125,000				\$125,000				\$0	
Total ongoing changes - Percentage of base level	0.0%	94.2%	138717.6%	170.5%	0.0%	94.7%	138717.6%	171.0%	N/A	N/A	N/A	N/A
Total changes - Percentage of base level	0.0%	94.2%	138717.6%	170.5%	0.0%	94.7%	138717.6%	171.0%	N/A	N/A	N/A	N/A

Other Sections in Tax Commissioner - Budget No. 127

Section Description	Armstrong Executive Budget	House Version
New and vacant FTE pool line item		Section 2 provides for the use of funding in the new and vacant FTE pool line item.
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 2025-27 biennium.
Motor vehicle fuel tax revenue transfer		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.

Other Sections in Tax Commissioner - Budget No. 127

Section Description	Armstrong Executive Budget	House Version	
Salary of Tax Commissioner		Section 5 provides the statutory changes necessary to increase the Tax Commissioner's salary by 3 percent on July 1, 2025, and by 3 percent on July 1, 2026.	

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division

Brynhild Haugland Room, State Capitol

HB 1006

2/5/2025

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, disabled veterans' tax credit, and primary residence credit; to provide an exemption; and to provide for a transfer.

8:31 a.m. Chairman Monson called the meeting to order.

Members Present: Chairman Monson, Vice Chairman Brandenburg, Representatives: Bosch, Fischer, Kempenich, Meier, Pyle.

Discussion Topics:

- GenTax support
- Salary equity funding
- Capital rent increase
- Homestead Tax credit
- Disabled Veterans Tax credit
- Property Tax
- Trailer home property tax

8:35 a.m. Adam Mathiak, Fiscal Analyst, Legislative Council, testified and submitted neutral testimony #35272.

8:47 a.m. Brian Kroshus, Commissioner, ND Tax Department, testified in favor.

9:06 a.m. Chairman Monson closed the meeting.

Madaline Cooper, Committee Clerk



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

	Armstrong Executive Budget				House Version				House Compared to Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	Increase (Decrease)			
									FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	117.00	\$226,900,522	\$125,000	\$227,025,522	117.00	\$226,900,522	\$125,000	\$227,025,522	0.00	\$0	\$0	\$0
2025-27 Ongoing Funding Changes												
Salary increase		\$926,560		\$926,560		\$926,560		\$926,560				\$0
Health insurance increase		702,618		702,618		702,618		702,618				0
Funding to replace the 2023-25 vacant FTE pool		1,285,846		1,285,846		1,285,846		1,285,846				0
2025-27 new and vacant FTE pool				0		(479,997)		(479,997)		(\$479,997)		(479,997)
Budget reduction from salary savings		(26,967)		(26,967)		(26,967)		(26,967)				0
Salary funding - Cost to continue				0		362,000		362,000		362,000		362,000
GenTax support		450,000		450,000		450,000		450,000				0
Information technology rate adjustments		358,321		358,321		358,321		358,321				0
Capitol rent increase		16,420		16,420		16,420		16,420				0
Disabled veterans' tax credit adjustment		3,255,000		3,255,000		3,255,000		3,255,000				0
Primary residence credit adjustment		206,775,000	\$173,396,950	380,171,950		206,775,000	\$173,396,950	380,171,950				0
Total ongoing funding changes	0.00	\$213,742,798	\$173,396,950	\$387,139,748	0.00	\$213,624,801	\$173,396,950	\$387,021,751	0.00	(\$117,997)	\$0	(\$117,997)
One-Time Funding Items												
No one-time funding items				\$0				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$213,742,798	\$173,396,950	\$387,139,748	0.00	\$213,624,801	\$173,396,950	\$387,021,751	0.00	(\$117,997)	\$0	(\$117,997)
2025-27 Total Funding	117.00	\$440,643,320	\$173,521,950	\$614,165,270	117.00	\$440,525,323	\$173,521,950	\$614,047,273	0.00	(\$117,997)	\$0	(\$117,997)
Federal funds included in other funds	\$125,000				\$125,000				\$0			
Total ongoing changes - Percentage of base level	0.0%	94.2%	138717.6%	170.5%	0.0%	94.1%	138717.6%	170.5%	N/A	N/A	N/A	N/A
Total changes - Percentage of base level	0.0%	94.2%	138717.6%	170.5%	0.0%	94.1%	138717.6%	170.5%	N/A	N/A	N/A	N/A

Other Sections in Tax Commissioner - Budget No. 127

Section Description	Armstrong Executive Budget	House Version
New and vacant FTE pool line item		Section 2 provides for the use of funding in the new and vacant FTE pool line item.
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 2025-27 biennium.
Motor vehicle fuel tax revenue transfer		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 provides the statutory changes necessary to increase the Tax Commissioner's salary by 3 percent on July 1, 2025, and by 3 percent on July 1, 2026.

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division

Brynhild Haugland Room, State Capitol

HB 1006

2/11/2025

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, disabled veterans' tax credit, and primary residence credit; to provide an exemption; and to provide for a transfer.

3:32 p.m. Chairman Monson called the meeting to order.

Members Present: Chairman Monson, Vice Chairman Brandenburg, Representatives: Bosch, Fisher, Kempenich, Meier, Pyle.

Discussion Topics:

- Reimbursement to the General Fund explanation
- Residential and Property Tax
- Overview of Proposed Amendment

3:47 p.m. Brian Kroshus, Tax Commissioner, ND Tax Commissioner Office, testified in favor.

3:53 p.m. Representative Fisher moved to amend LC #25.0150.01001.

3:53 p.m. Representative Brandenburg seconded the motion.

Representatives	Vote
Representative David Monson	Y
Representative Mike Brandenburg	Y
Representative Glenn Bosch	Y
Representative Jay Fisher	Y
Representative Keith Kempenich	AB
Representative Lisa Meier	Y
Representative Brandy L. Pyle	Y

Motion passed 6-0-1.

3:55 p.m. Representative Fisher moved a Do Pass as Amended.

3:55 p.m. Representative Meier seconded the motion.

Representatives	Vote
Representative David Monson	Y
Representative Mike Brandenburg	Y
Representative Glenn Bosch	Y
Representative Jay Fisher	Y
Representative Keith Kempenich	AB

Representative Lisa Meier	Y
Representative Brandy L. Pyle	Y

Motion passed 6-0-1.

Representative Fisher will carry the bill.

Additional written testimony:

Brady Larson, Fiscal Analyst, Legislative Council, submitted neutral testimony #37160.

Adam Mathiak, Fiscal Analyst, Legislative Council, submitted neutral testimony #37176.

3:55 p.m. Chairman Monson adjourned the meeting.

Madaline Cooper, Committee Clerk

25.0150.01001
Title.
Fiscal No. 1

Prepared by the Legislative Council
staff for House Appropriations -
Government Operations Division
Committee

February 6, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1006

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the office of the tax
2 commissioner and for payment of state reimbursement under the homestead tax credit,
3 disabled veterans' tax credit, and primary residence credit; to amend and reenact section
4 57-01-04 of the North Dakota Century Code, relating to the salary of the state tax
5 commissioner; to provide an exemption; and to provide for a transfer.

6 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

	Base Level	Adjustments or Enhancements	Appropriation
14			
15			
16 Salaries and wages	\$24,036,152	\$0	\$24,036,152
17 Operating expenses	8,613,370	0	8,613,370
18 Capital assets	6,000	0	6,000
19 Homestead tax credit	72,400,000	0	72,400,000

Sixty-ninth
Legislative Assembly

1	Disabled veterans' tax credit	18,745,000	0	18,745,000
2	Primary residence credit	103,225,000	0	103,225,000
3	Total all funds	\$227,025,522	\$0	\$227,025,522
4	Less other funds	125,000	0	125,000
5	Total general fund	\$226,900,522	\$0	\$226,900,522
6	Full-time equivalent positions	117.00	0.00	117.00
7	Salaries and wages	\$24,036,152	\$1,650,068	\$25,686,220
8	New and vacant FTE pool	0	1,119,992	1,119,992
9	Operating expenses	8,613,370	824,741	9,438,111
10	Capital assets	6,000	0	6,000
11	Homestead tax credit	72,400,000	0	72,400,000
12	Disabled veterans' tax credit	18,745,000	3,255,000	22,000,000
13	Primary residence credit	103,225,000	(23,225,000)	80,000,000
14	Total all funds	\$227,025,522	(\$16,375,199)	\$210,650,323
15	Less other funds	125,000	0	125,000
16	Total general fund	\$226,900,522	(\$16,375,199)	\$210,525,323
17	Full-time equivalent positions	117.00	0.00	117.00

18 **SECTION 2. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST.** The
 19 tax commissioner may not spend funds appropriated in the new and vacant FTE pool line item
 20 in section 1 of this Act, but may request the office of management and budget to transfer funds
 21 from the new and vacant FTE pool line item to the salaries and wages line item in accordance
 22 with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the
 23 sixty-ninth legislative assembly.

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

30 **SECTION 4. MOTOR VEHICLE FUEL TAX REVENUE TRANSFER.** There is transferred to
 31 the general fund in the state treasury out of motor vehicle tax revenue collected pursuant to

Sixty-ninth
Legislative Assembly

1 section 57-43.1-02, the sum of \$1,761,168, for the purpose of reimbursing the general fund for
2 expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the
3 administration of these taxes, for the biennium beginning July 1, 2025, and ending June 30,
4 2027.

5 **SECTION 5. AMENDMENT.** Section 57-01-04 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **57-01-04. Salary.**

8 The annual salary of the state tax commissioner is ~~one hundred thirty-one thousand seven-~~
9 ~~hundred five~~ one hundred forty-one thousand eighty-two dollars through June 30, ~~2024~~ 2026,
10 and ~~one hundred thirty-six thousand nine hundred seventy-three~~ one hundred forty-five
11 thousand three hundred fourteen dollars thereafter.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1006 - State Tax Commissioner - House Action**

	Base Budget	House Changes	House Version
Salaries and wages	\$24,036,152	\$1,650,068	\$25,686,220
New and vacant FTE pool		1,119,992	1,119,992
Operating expenses	8,613,370	824,741	9,438,111
Capital assets	6,000		6,000
Homestead tax credit	72,400,000		72,400,000
Disabled veterans' credit	18,745,000	3,255,000	22,000,000
Primary residence credit	103,225,000	(23,225,000)	80,000,000
Total all funds	\$227,025,522	(\$16,375,199)	\$210,650,323
Less estimated income	125,000	0	125,000
General fund	\$226,900,522	(\$16,375,199)	\$210,525,323
FTE	117.00	0.00	117.00

Department 127 - State Tax Commissioner - Detail of House Changes

	Adds Funding for Salary and Benefit Increases ¹	Adds Funding to Replace 2023-25 FTE Pool ²	Transfers Funding for 2025-27 New and Vacant FTE Pool ³	Adjusts Funding for Salaries and Wages ⁴	Adds Funding for Operating Expenses ⁵	Adjusts Funding for Tax Credits ⁶
Salaries and wages	\$1,629,178	\$1,285,846		\$335,033		
New and vacant FTE pool			1,119,992			
Operating expenses					\$824,741	
Capital assets						
Homestead tax credit						
Disabled veterans' credit						\$3,255,000
Primary residence credit						(23,225,000)
Total all funds	\$1,629,178	\$1,285,846	(\$479,997)	\$335,033	\$824,741	(\$19,970,000)
Less estimated income	0	0	0	0	0	0
General fund	\$1,629,178	\$1,285,846	(\$479,997)	\$335,033	\$824,741	(\$19,970,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Total House Changes
Salaries and wages	\$1,650,068
New and vacant FTE pool	1,119,992
Operating expenses	824,741
Capital assets	
Homestead tax credit	
Disabled veterans' credit	3,255,000
Primary residence credit	(23,225,000)
Total all funds	(\$16,375,199)
Less estimated income	0
General fund	(\$16,375,199)
FTE	0.00

¹ The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from \$1,643 to \$1,893 per month:

General Fund	
Salary increase	\$926,560
Health insurance increase	<u>702,618</u>
Total	\$1,629,178

² Funding of \$1,285,846 is added to replace 2023-25 biennium new and vacant FTE pool funding for vacant FTE positions.

³ Funding of \$1,599,989 is removed for estimated savings from vacant 2025-27 FTE positions and \$1,119,992 is added for a new and vacant FTE pool, resulting in net savings of \$479,997.

⁴ Funding for salaries and wages is adjusted by \$335,033, as follows:

- Decreased by \$26,697 for budget reduction from salary savings.
- Increased by \$362,000 for cost to continue salary increases.

⁵ Operating funding is adjusted as follows:

	General Fund
GenTax support	\$450,000
IT rate adjustments	358,321
Capitol rent increase	<u>16,420</u>
Total	\$824,741

⁶ Funding for tax credit programs is adjusted as follows:

	General Fund
Disabled veterans' credit	\$3,255,000
Primary residence credit	<u>(23,225,000)</u>
Total	(\$19,970,000)

The House version:

- Adds a section regarding the use of funding in the new and vacant FTE pool line item.
- Includes a section allowing the Tax Commissioner to transfer funding between the homestead tax credit and disabled veterans' tax credit line items if one line item does not have sufficient funding.
- Includes a section to transfer \$1,761,168 from motor vehicle tax revenue to the general fund for reimbursing expenses related to the administration of the motor vehicle fuels and special fuels taxes.
- Adds a section to provide the statutory changes necessary to increase the Tax Commissioner's annual salary to \$141,082 (3 percent) effective July 1, 2025, and to \$145,314 (3 percent) effective July 1, 2026.



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

	Armstrong Executive Budget				House Version				House Compared to Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	Increase (Decrease)			
									FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	117.00	\$226,900,522	\$125,000	\$227,025,522	117.00	\$226,900,522	\$125,000	\$227,025,522	0.00	\$0	\$0	\$0
2025-27 Ongoing Funding Changes												
Salary increase		\$926,560		\$926,560		\$926,560		\$926,560				\$0
Health insurance increase		702,618		702,618		702,618		702,618				0
Funding to replace the 2023-25 vacant FTE pool		1,285,846		1,285,846		1,285,846		1,285,846				0
2025-27 new and vacant FTE pool				0		(479,997)		(479,997)				0
Budget reduction from salary savings		(26,967)		(26,967)		(26,967)		(26,967)		(\$479,997)		(479,997)
Salary funding - Cost to continue				0		362,000		362,000		362,000		0
GenTax support		450,000		450,000		450,000		450,000				362,000
Information technology rate adjustments		358,321		358,321		358,321		358,321				0
Capitol rent increase		16,420		16,420		16,420		16,420				0
Disabled veterans' tax credit adjustment		3,255,000		3,255,000		3,255,000		3,255,000				0
Primary residence credit adjustment		206,775,000	\$173,396,950	380,171,950		(23,225,000)		(23,225,000)		(230,000,000)	(\$173,396,950)	(403,396,950)
Total ongoing funding changes	0.00	\$213,742,798	\$173,396,950	\$387,139,748	0.00	(\$16,375,199)	\$0	(\$16,375,199)	0.00	(\$230,117,997)	(\$173,396,950)	(\$403,514,947)
One-Time Funding Items												
No one-time funding items				\$0				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$213,742,798	\$173,396,950	\$387,139,748	0.00	(\$16,375,199)	\$0	(\$16,375,199)	0.00	(\$230,117,997)	(\$173,396,950)	(\$403,514,947)
2025-27 Total Funding	117.00	\$440,643,320	\$173,521,950	\$614,165,270	117.00	\$210,525,323	\$125,000	\$210,650,323	0.00	(\$230,117,997)	(\$173,396,950)	(\$403,514,947)
Federal funds included in other funds			\$125,000				\$125,000				\$0	
Total ongoing changes - Percentage of base level	0.0%	94.2%	138717.6%	170.5%	0.0%	(7.2%)	0.0%	(7.2%)	N/A	N/A	N/A	N/A
Total changes - Percentage of base level	0.0%	94.2%	138717.6%	170.5%	0.0%	(7.2%)	0.0%	(7.2%)	N/A	N/A	N/A	N/A

Other Sections in Tax Commissioner - Budget No. 127

Section Description	Armstrong Executive Budget	House Version
New and vacant FTE pool line item		Section 2 provides for the use of funding in the new and vacant FTE pool line item.
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 2025-27 biennium.
Motor vehicle fuel tax revenue transfer		Section 4 provides for a transfer of \$1,761,168 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 provides the statutory changes necessary to increase the Tax Commissioner's salary by 3 percent on July 1, 2025, and by 3 percent on July 1, 2026.

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1006
2/25/2025

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, disabled veterans' tax credit, and primary residence credit; to provide an exemption; and to provide for a transfer.

9:28 a.m. Chairman Vigesaa opened the meeting.

Members Present: Chairman Vigesaa, Vice-Chairman Kempenich, and Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Swiontek, and Wagner.

Member Absent: Representative Louser

Discussion Topics:

- Committee Action

9:29 a.m. Representative Fisher introduced amendment LC #25.0150.01002, #38381.

9:31 a.m. Representative Fisher moved to adopt amendment LC #25.0150.01002.

9:31 a.m. Representative Monson seconded the motion.

Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Mike Berg	Y
Representative Glen Bosch	Y
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	AB
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative David Monson	Y
Representative Eric J. Murphy	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y

Representative David Richter	Y
Representative Mark Sanford	Y
Representative Gregory Stemen	Y
Representative Steve Swiontek	Y
Representative Scott Wagner	Y

Motion Passed 22-0-1.

9:33 a.m. Representative Fisher moved a Do Pass as Amended.

9:33 a.m. Representative Meier seconded the motion.

Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Mike Berg	Y
Representative Glen Bosch	Y
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	AB
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative David Monson	Y
Representative Eric J. Murphy	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Gregory Stemen	Y
Representative Steve Swiontek	Y
Representative Scott Wagner	Y

Motion passed 22-0-1.

Representative Fisher will carry.

9:33 a.m. Chairman Vigesaa closed the meeting.

Krystal Eberle for Risa Berube, Committee Clerk

February 24, 2025

RS 2/25/25
1 of 5

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1006

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the office of the tax
2 commissioner and for payment of state reimbursement under the homestead tax credit,
3 disabled veterans' tax credit, and primary residence credit; to amend and reenact section
4 57-01-04 of the North Dakota Century Code, relating to the salary of the state tax
5 commissioner; to provide an exemption; and to provide for a transfer.

6 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

	Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
16 Salaries and wages	\$24,036,152	\$0	\$24,036,152
17 Operating expenses	8,613,370	0	8,613,370
18 Capital assets	6,000	0	6,000
19 Homestead tax credit	72,400,000	0	72,400,000
20 Disabled veterans' tax credit	18,745,000	0	18,745,000

1	Primary residence credit	103,225,000	0	103,225,000
2	Total all funds	\$227,025,522	\$0	\$227,025,522
3	Less other funds	125,000	0	125,000
4	Total general fund	\$226,900,522	\$0	\$226,900,522
5	Full-time equivalent positions	117.00	0.00	117.00
6	Salaries and wages	\$24,036,152	\$1,650,068	\$25,686,220
7	New and vacant FTE pool	0	1,119,992	1,119,992
8	Operating expenses	8,613,370	824,741	9,438,111
9	Capital assets	6,000	0	6,000
10	Homestead tax credit	72,400,000	(11,800,000)	60,600,000
11	Disabled veterans' tax credit	18,745,000	10,655,000	29,400,000
12	Primary residence credit	103,225,000	(103,225,000)	0
13	Total all funds	\$227,025,522	(\$100,775,199)	\$126,250,323
14	Less other funds	125,000	0	125,000
15	Total general fund	\$226,900,522	(\$100,775,199)	\$126,125,323
16	Full-time equivalent positions	117.00	0.00	117.00

SECTION 2. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The tax commissioner may not spend funds appropriated in the new and vacant FTE pool line item in section 1 of this Act, but may request the office of management and budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

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 and the legislative council 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 tax revenue collected pursuant to section 57-43.1-02, the sum of \$1,761,168, for the purpose of reimbursing the general fund for

1 expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the
2 administration of these taxes, for the biennium beginning July 1, 2025, and ending June 30,
3 2027.

4 **SECTION 5. AMENDMENT.** Section 57-01-04 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **57-01-04. Salary.**

7 The annual salary of the state tax commissioner is ~~one hundred thirty-one thousand seven~~
8 ~~hundred five~~ one hundred forty-one thousand eighty-two dollars through June 30, ~~2024~~2026,
9 and ~~one hundred thirty-six thousand nine hundred seventy-three~~ one hundred forty-five
10 thousand three hundred fourteen dollars thereafter.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1006 - State Tax Commissioner - House Action**

	Base Budget	House Changes	House Version
Salaries and wages	\$24,036,152	\$1,650,068	\$25,686,220
New and vacant FTE pool		1,119,992	1,119,992
Operating expenses	8,613,370	824,741	9,438,111
Capital assets	6,000		6,000
Homestead tax credit	72,400,000	(11,800,000)	60,600,000
Disabled veterans' credit	18,745,000	10,655,000	29,400,000
Primary residence credit	103,225,000	(103,225,000)	
Total all funds	\$227,025,522	(\$100,775,199)	\$126,250,323
Less estimated income	125,000	0	125,000
General fund	\$226,900,522	(\$100,775,199)	\$126,125,323
FTE	117.00	0.00	117.00

Department 127 - State Tax Commissioner - Detail of House Changes

	Adds Funding for Salary and Benefit Increases ¹	Adds Funding to Replace 2023-25 FTE Pool ²	Transfers Funding for 2025-27 New and Vacant FTE Pool ³	Adjusts Funding for Salaries and Wages ⁴	Adds Funding for Operating Expenses ⁵	Adjusts Funding for Tax Credits ⁶
Salaries and wages	\$1,629,178	\$1,285,846	(\$1,599,989)	\$335,033		
New and vacant FTE pool			1,119,992			
Operating expenses					\$824,741	
Capital assets						
Homestead tax credit						(\$11,800,000)
Disabled veterans' credit						10,655,000
Primary residence credit						(103,225,000)
Total all funds	\$1,629,178	\$1,285,846	(\$479,997)	\$335,033	\$824,741	(\$104,370,000)
Less estimated income	0	0	0	0	0	0
General fund	\$1,629,178	\$1,285,846	(\$479,997)	\$335,033	\$824,741	(\$104,370,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Total House Changes
Salaries and wages	\$1,650,068
New and vacant FTE pool	1,119,992
Operating expenses	824,741
Capital assets	
Homestead tax credit	(11,800,000)
Disabled veterans' credit	10,655,000
Primary residence credit	(103,225,000)
Total all funds	(\$100,775,199)
Less estimated income	0
General fund	(\$100,775,199)
FTE	0.00

¹ The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from \$1,643 to \$1,893 per month:

	General Fund	Other Funds	Total
Salary increase	\$926,560	\$0	\$926,560
Health insurance increase	702,618	0	702,618
Total	\$1,629,178	\$0	\$1,629,178

² Funding of \$1,285,846 is added to replace 2023-25 biennium new and vacant FTE pool funding for vacant FTE positions.

³ Funding of \$1,599,989 is removed for estimated savings from vacant 2025-27 FTE positions and \$1,119,992 is added for a new and vacant FTE pool, resulting in net savings of \$479,997.

⁴ Funding for salaries and wages is adjusted by \$335,033, as follows:

- Decreased by \$26,697 for budget reduction from salary savings.
- Increased by \$362,000 for cost to continue salary increases.

⁵ Operating funding is adjusted as follows:

	General Fund	Other Funds	Total
GenTax support	\$450,000	\$0	\$450,000
IT rate adjustments	358,321	0	358,321
Capitol rent increase	<u>16,420</u>	<u>0</u>	<u>16,420</u>
Total	\$824,741	\$0	\$824,741

⁶ Funding from the general fund for tax credit programs is adjusted as follows:

- Decreased by \$11.8 million for the homestead tax credit program, from \$72.4 million to \$60.6 million. The \$60.6 million reflects \$48 million for the estimated cost of the program based on current law and an increase of \$12.6 million related to the expansion of the program in House Bill No. 1176 and 1575 as approved by the House.
- Increased by \$10,655,000 for the disabled veterans credit program, from \$18,745,000 to \$29,400,000. The \$29,400,000 reflects \$22,000,000 for the estimated cost of the program based on current law and an increase of \$7,400,000 related to the expansion of the program in House Bill No. 1266 as approved by the House.
- Decreased by \$103,225,000 for the primary residence tax credit to remove funding for the program. House Bill No. 1176 as approved by the House includes an appropriation of \$473,000,000 from a newly created legacy property tax relief fund for the state reimbursement under the primary residence credit. House Bill No. 1575 as approved by the House includes an appropriation of \$483,400,000 from a newly created legacy property tax relief fund for the state reimbursement of a newly created residential property, agricultural property, and commercial property taxable valuation reduction.

The House version:

- Adds a section regarding the use of funding in the new and vacant FTE pool line item.
- Includes a section allowing the Tax Commissioner to transfer funding between the homestead tax credit and disabled veterans' tax credit line items if one line item does not have sufficient funding.
- Includes a section to transfer \$1,761,168 from motor vehicle tax revenue to the general fund for reimbursing expenses related to the administration of the motor vehicle fuels and special fuels taxes.
- Adds a section to provide the statutory changes necessary to increase the Tax Commissioner's annual salary to \$141,082 (3 percent) effective July 1, 2025, and to \$145,314 (3 percent) effective July 1, 2026.

**REPORT OF STANDING COMMITTEE
HB 1006**

Appropriations Committee (Rep. Vigesaa, Chairman) recommends **AMENDMENTS** ([25.0150.01002](#)) and when so amended, recommends **DO PASS** (22 YEAS, 0 NAYS, 1 ABSENT OR EXCUSED AND NOT VOTING). HB 1006 was placed on the Sixth order on the calendar.

25.0150.01002

Title.

Fiscal No. 2

Prepared by the Legislative Council
staff for House Appropriations
Committee

February 24, 2025

Sixty-ninth
Legislative Assembly
of North Dakota**PROPOSED AMENDMENTS TO****HOUSE BILL NO. 1006**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the office of the tax
 2 commissioner and for payment of state reimbursement under the homestead tax credit,
 3 disabled veterans' tax credit, and primary residence credit; to amend and reenact section
 4 57-01-04 of the North Dakota Century Code, relating to the salary of the state tax
 5 commissioner; to provide an exemption; and to provide for a transfer.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
14 Salaries and wages	\$24,036,152	\$0	\$24,036,152
15 Operating expenses	8,613,370	0	8,613,370
16 Capital assets	6,000	0	6,000
17 Homestead tax credit	72,400,000	0	72,400,000
18 Disabled veterans' tax credit	18,745,000	0	18,745,000

Sixty-ninth
Legislative Assembly

1	Primary residence credit	103,225,000	0	103,225,000
2	Total all funds	\$227,025,522	\$0	\$227,025,522
3	Less other funds	125,000	0	125,000
4	Total general fund	\$226,900,522	\$0	\$226,900,522
5	Full-time equivalent positions	117.00	0.00	117.00
6	Salaries and wages	\$24,036,152	\$1,650,068	\$25,686,220
7	New and vacant FTE pool	0	1,119,992	1,119,992
8	Operating expenses	8,613,370	824,741	9,438,111
9	Capital assets	6,000	0	6,000
10	Homestead tax credit	72,400,000	(11,800,000)	60,600,000
11	Disabled veterans' tax credit	18,745,000	10,655,000	29,400,000
12	Primary residence credit	103,225,000	(103,225,000)	0
13	Total all funds	\$227,025,522	(\$100,775,199)	\$126,250,323
14	Less other funds	125,000	0	125,000
15	Total general fund	\$226,900,522	(\$100,775,199)	\$126,125,323
16	Full-time equivalent positions	117.00	0.00	117.00

17 **SECTION 2. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST.** The
 18 tax commissioner may not spend funds appropriated in the new and vacant FTE pool line item
 19 in section 1 of this Act, but may request the office of management and budget to transfer funds
 20 from the new and vacant FTE pool line item to the salaries and wages line item in accordance
 21 with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the
 22 sixty-ninth legislative assembly.

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

29 **SECTION 4. MOTOR VEHICLE FUEL TAX REVENUE TRANSFER.** There is transferred to
 30 the general fund in the state treasury out of motor vehicle tax revenue collected pursuant to
 31 section 57-43.1-02, the sum of \$1,761,168, for the purpose of reimbursing the general fund for

1 expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the
2 administration of these taxes, for the biennium beginning July 1, 2025, and ending June 30,
3 2027.

4 **SECTION 5. AMENDMENT.** Section 57-01-04 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **57-01-04. Salary.**

7 The annual salary of the state tax commissioner is ~~one hundred thirty-one thousand seven~~
8 ~~hundred five~~ one hundred forty-one thousand eighty-two dollars through June 30, ~~2024~~ 2026,
9 and ~~one hundred thirty-six thousand nine hundred seventy-three~~ one hundred forty-five
10 thousand three hundred fourteen dollars thereafter.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1006 - State Tax Commissioner - House Action**

	Base Budget	House Changes	House Version
Salaries and wages	\$24,036,152	\$1,650,068	\$25,686,220
New and vacant FTE pool		1,119,992	1,119,992
Operating expenses	8,613,370	824,741	9,438,111
Capital assets	6,000		6,000
Homestead tax credit	72,400,000	(11,800,000)	60,600,000
Disabled veterans' credit	18,745,000	10,655,000	29,400,000
Primary residence credit	103,225,000	(103,225,000)	
Total all funds	\$227,025,522	(\$100,775,199)	\$126,250,323
Less estimated income	125,000	0	125,000
General fund	\$226,900,522	(\$100,775,199)	\$126,125,323
FTE	117.00	0.00	117.00

Department 127 - State Tax Commissioner - Detail of House Changes

	Adds Funding for Salary and Benefit Increases ¹	Adds Funding to Replace 2023-25 FTE Pool ²	Transfers Funding for 2025-27 New and Vacant FTE Pool ³	Adjusts Funding for Salaries and Wages ⁴	Adds Funding for Operating Expenses ⁵	Adjusts Funding for Tax Credits ⁶
Salaries and wages	\$1,629,178	\$1,285,846	(\$1,599,989)	\$335,033		
New and vacant FTE pool			1,119,992			
Operating expenses					\$824,741	
Capital assets						
Homestead tax credit						(\$11,800,000)
Disabled veterans' credit						10,655,000
Primary residence credit						(103,225,000)
Total all funds	\$1,629,178	\$1,285,846	(\$479,997)	\$335,033	\$824,741	(\$104,370,000)
Less estimated income	0	0	0	0	0	0
General fund	\$1,629,178	\$1,285,846	(\$479,997)	\$335,033	\$824,741	(\$104,370,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Total House Changes
Salaries and wages	\$1,650,068
New and vacant FTE pool	1,119,992
Operating expenses	824,741
Capital assets	
Homestead tax credit	(11,800,000)
Disabled veterans' credit	10,655,000
Primary residence credit	(103,225,000)
Total all funds	(\$100,775,199)
Less estimated income	0
General fund	(\$100,775,199)
FTE	0.00

¹ The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from \$1,643 to \$1,893 per month:

	General Fund	Other Funds	Total
Salary increase	\$926,560	\$0	\$926,560
Health insurance increase	702,618	0	702,618
Total	\$1,629,178	\$0	\$1,629,178

² Funding of \$1,285,846 is added to replace 2023-25 biennium new and vacant FTE pool funding for vacant FTE positions.

³ Funding of \$1,599,989 is removed for estimated savings from vacant 2025-27 FTE positions and \$1,119,992 is added for a new and vacant FTE pool, resulting in net savings of \$479,997.

⁴ Funding for salaries and wages is adjusted by \$335,033, as follows:

- Decreased by \$26,697 for budget reduction from salary savings.
- Increased by \$362,000 for cost to continue salary increases.

⁵ Operating funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
GenTax support	\$450,000	\$0	\$450,000
IT rate adjustments	358,321	0	358,321
Capitol rent increase	<u>16,420</u>	<u>0</u>	<u>16,420</u>
Total	\$824,741	\$0	\$824,741

⁶ Funding from the general fund for tax credit programs is adjusted as follows:

- Decreased by \$11.8 million for the homestead tax credit program, from \$72.4 million to \$60.6 million. The \$60.6 million reflects \$48 million for the estimated cost of the program based on current law and an increase of \$12.6 million related to the expansion of the program in House Bill No. 1176 and 1575 as approved by the House.
- Increased by \$10,655,000 for the disabled veterans credit program, from \$18,745,000 to \$29,400,000. The \$29,400,000 reflects \$22,000,000 for the estimated cost of the program based on current law and an increase of \$7,400,000 related to the expansion of the program in House Bill No. 1266 as approved by the House.
- Decreased by \$103,225,000 for the primary residence tax credit to remove funding for the program. House Bill No. 1176 as approved by the House includes an appropriation of \$473,000,000 from a newly created legacy property tax relief fund for the state reimbursement under the primary residence credit. House Bill No. 1575 as approved by the House includes an appropriation of \$483,400,000 from a newly created legacy property tax relief fund for the state reimbursement of a newly created residential property, agricultural property, and commercial property taxable valuation reduction.

The House version:

- Adds a section regarding the use of funding in the new and vacant FTE pool line item.
- Includes a section allowing the Tax Commissioner to transfer funding between the homestead tax credit and disabled veterans' tax credit line items if one line item does not have sufficient funding.
- Includes a section to transfer \$1,761,168 from motor vehicle tax revenue to the general fund for reimbursing expenses related to the administration of the motor vehicle fuels and special fuels taxes.
- Adds a section to provide the statutory changes necessary to increase the Tax Commissioner's annual salary to \$141,082 (3 percent) effective July 1, 2025, and to \$145,314 (3 percent) effective July 1, 2026.

2025 SENATE APPROPRIATIONS

HB 1006

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

HB 1006
3/12/2025

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, disabled veterans' tax credit, and primary residence credit; to provide an exemption; and to provide for a transfer.

10:33 a.m. Chairman Wanzek opened the hearing.

Members present: Chairman Wanzek, Vice-Chair Dwyer, Senator Burckhard, Senator Erbele, and Senator Sickler.

Discussion Topics:

- Homestead tax credit
- Digital filing system -
- North Dakota's national #1 Tax Department citizen approval status
- Data security and fraud prevention
- Employee recruitment and retention
- Digital transformation and IT costs
- New and changing tax laws
- New and vacant full-time-employee (FTE) pool
- Gen-tax enhancements and fee increases
- Property tax changes and relief
- Agency collections
- Information technology cost
- Disabled veteran tax credit
- Primary residence tax credit
- Itemized, prioritized list of budget requests
- Effects of other bills upon this budget

10:33 a.m. Adam Mathiak, LC Senior Fiscal Analyst, distributed budget information, testimony #41004 and testimony #41005.

10:35 a.m. Brian Kroshus, Commissioner, ND State Tax Department, testified in favor and submitted testimony #40995 and #40996.

11:18 a.m. Adam Mathiak, LC Senior Fiscal Analyst, responded to a question about the Homestead Tax Credit.

11:30 a.m. Chairman Wanzek closed the hearing.

Carol Thompson, Committee Clerk



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
BRIAN KROSHUS, COMMISSIONER

House Bill No. 1006
March 12, 2025

BUDGET PRESENTATION

SENATE APPROPRIATIONS – GOVERNMENT OPERATIONS COMMITTEE
SENATOR TERRY WANZEK, CHAIRMAN

Agency Overview and Purpose

The mission of the North Dakota Office of State Tax Commissioner is to administer the tax laws of North Dakota fairly and effectively.

The agency is dedicated to fostering trust, transparency and accountability in the administration of tax in our state. Our office ensures the fair and efficient collection of various tax types and serves as an important resource to the public, while upholding the highest standards in integrity and professionalism.

Our office is the primary collection agency for general fund revenues for the state and statutory authority can be found in NDCC 57-01. In addition, our office has responsibilities related to the regulation of alcohol as outlined in NDCC 5-01, 5-02, 5-03.

The Office of State Tax Commissioner collects and administers over 30 tax types, including local taxes collected on behalf of and allocated to political subdivisions.

Certain tax types, including electric transmission lines, coal severance, and telecommunications are collected by the state in lieu of property taxes and are allocated back to counties, providing an important source of funding for local government.

Our objective is to support taxpayers with clear guidance, exceptional customer service, and by promoting voluntary compliance through education and outreach. We strive to implement a tax system that is equitable and responsive to the needs of citizens and businesses alike, in a manner that supports state economic growth and well-being.

Team Tax is organized into six specialized divisions, each focused on key aspects of our mission.

Commissioner Division

This division oversees the overall administration of the North Dakota Office of State Tax Commissioner, serving as the epicenter for agency operations and liaison to the public.

Fiscal Management Division

The financial cornerstone of the agency, handling revenue accounting, research, accounts payable, payroll, asset management, purchasing, and budgeting.

Information Management and Technology Division

Spearheading our technological initiatives, this division oversees digital offerings, safeguards taxpayer data and meticulously manages mail and processing operations.

Legal Division

Providing expert legal advice and services, this division ensures compliance with tax laws, offers litigation services, and supports the State Board of Equalization (SBOE) with exceptional counsel.

Tax Administration Division

Dedicated to taxpayer education and compliance, this division administers an array of tax programs including individual and corporate income, sales and use, special taxes, oil & gas, motor fuel, alcohol, cigarette & tobacco taxes, and the collection of delinquent taxes.

Property Tax Division

This division oversees property and utility taxes, coal taxes, and various tax credit programs, including the Homestead Tax Credit, Renter Refund Program, Disabled Veteran Tax Credit Program, and Primary Residence Credit Program. This team also provides exemplary administrative and technical support to the SBOE.

Audit Findings

The operational audit for the Office of State Tax Commissioner conducted by the State Auditor's Office during the 2023-2025 interim identified no significant findings and one recommendation, that our office enhance monitoring procedures to include reviewing individuals' eligibility as determined by the respective county for the Homestead Property Tax Credit and Disabled Veteran Tax Credit Programs.

Agency response: "The Office of State Tax Commissioner appreciates the recommendation. While there is no statutory requirement for the Office of the State Tax Commissioner to monitor county-determined eligibility for the Homestead Property Tax Credit and the Disabled Veteran Tax Credit Programs, we are exploring potential mechanisms to further enhance fraud and risk mitigation in this area."

Accomplishments

In addition to effectively and efficiently collecting revenue for the state, the Office of State Tax Commissioner has achieved numerous important objectives this biennium.

Digital Transformation - Automating Processes and Procedures

The agency continues to enhance digital offerings and improve electronic processes in a continuous effort to improve citizen experience, leveraging our GenTax and "Taxpayer Access Point" (TAP) tax administration systems. Taxpayers are able to utilize these offerings in a multitude of beneficial ways, at any time.

Over the past several years in particular, our agency has successfully transitioned sales tax account holders from paper to the electronic filing of monthly, quarterly and annual returns. Currently, approximately 47,000 registered accounts utilize our digital offering in this area.

One of many examples related to advancements in digital offerings includes the unclaimed/uncashed check process. Once largely manual, we transitioned to a taxpayer friendly, electronic process, through NDTAP resulting in a streamlined method for payment reissuance to taxpayers. Not only did this result in internal savings but provided a timelier means to reissue funds to citizens. Further, it has significantly reduced the amount of taxpayer dollars transferred to unclaimed property.

Our efforts have resulted in the return of \$6.2 million to taxpayers since 2022. Of the 83,919 checks issued in FY2022 only 2.34% went to unclaimed property. Our agency continues to promote electronic payments for refunds to taxpayers through education and outreach to reduce the number of physical checks issued.

The following note was received from a taxpayer on the uncashed check process who received a reminder letter for an uncashed check:

Thank You!
I was unable to deposit
your first check because
[REDACTED] Estate was one of the
2 Payees and the bank had no
account with that listing.
I'm very impressed by your
diligence in pursuing this
manner! Good for you!
Good for North Dakota!
(I shredded the original check!)

Primary Residence Credit Program

The Primary Residence Tax Credit (PRC) was established during the 2023 Legislative Session under House Bill 1158 for property tax years 2024 & 2025.

Our agency implemented a user-friendly and efficient online application process through GenTax, including real-time verification for the 138,124 applicants received, while also answering over 24,000 phone calls.

Marketing efforts included providing program brochures to counties for inclusion in property tax statements, newspaper, TV, radio and social media ad placement, demographic and geographic marketing, through a tailored approach to effectively reach ND property owners throughout the process.

The agency received a 99% approval rating of the process on surveys conducted at the completion of the application process. Comments received include:

- *Very quick and easy! Thank you!*
- ***“The application process was very easy to fill out.”***
- *“Very easy process, especially for older homeowners, thank you!”*
- *“Thank you for making submitting an application for a 2nd year so easy!!!!”*

Fraud Prevention & Data Security

The agency partners with the IRS, tax industry, and other stakeholders to ensure that all confidential information is kept secure. The most recent audit conducted by the IRS in 2022 found no critical findings. The next agency audit is scheduled for 2025.

The agency constantly utilizes fraud detection and prevention tactics to identify and investigate potentially fraudulent activity. Because fraud threats and activity are continuously changing, the agency places a very high priority on data security.

Staff Recruitment, Retention and Agency Culture

The agency is focused on retaining talent and fostering a culture that supports professional growth and development, values employee engagement, and works to be an employer of choice. The 2023 Gallup Employee Engagement Survey reflected an overall employee engagement score increase, from 3.77 to 3.91. Our 2024 score was equally strong.

Our agency recruitment efforts focus on finding the right individuals for our culture, emphasizing the importance of the work we do. As a result of these efforts, turnover has decreased significantly, with fewer open positions than in prior years.

Challenges

Future challenges affecting the Office of State Tax Commissioner include:

Employee Recruitment, Retention, and Compensation

Customer service remains a top priority. To continue to provide exceptional customer service to taxpayers, effective recruitment, training and retention is key.

Team members are required to have a thorough and specialized knowledge of the many different tax types we administer. While the Office of State Tax Commissioner received equity dollars in the 2023-2025 biennium, we still have critical positions that remain below the state compensation average for comparable positions. That scenario continues to put various positions at risk from a recruitment and retention standpoint.

The retention of experienced team members is extremely beneficial in many ways. Tenured team members serve as mentors to new employees, which in turn prepares them to become future mentors as well, enhancing our ability to continue providing the highest level of service to the citizens of North Dakota.

It is essential that we remain effectively staffed in order to:

- Provide timely and effective delivery of services provided
- Process returns in a timely manner to avoid state liability for interest due on refunds
- Conduct fair, accurate and effective audits
- Educate taxpayers to ensure compliance with North Dakota tax law

Retaining qualified and experienced team members is critical. Fewer team members resulting from a reduction in FTE's over time, has meant the absorption of essential job duties by remaining team members. Current biennium staffing challenges have required reallocating resources from audit and compliance activities to processing amended returns, issuing refunds, discovery efforts, and other administrative functions.

As the rate of digital adoption by taxpayers continues to increase, so does the skillset necessary to meet and exceed their expectations. As we embrace our digital future, transforming not only processes, but staff specialists, is essential. Effectively addressing present-day taxpayer needs and capitalizing on new opportunities through technology, will continue to be a focal point at our agency.

Digital Transformation and IT Costs

Approximately 74% of the agency's operational expense consists of IT/Technology costs for GenTax software support and North Dakota Information Technology (NDIT) provided services.

The GenTax software platform is the "nerve center" of the agency, combined with Taxpayer Access Point, giving taxpayers the opportunity to interact with and utilize services provided by our agency, in a digital manner.

GenTax played a key role in the Primary Residence Credit application process, enhancing our ability to effectively interact with taxpayers and county partners. The complexity and depth of GenTax requires ongoing support from FAST Enterprises (FAST) to maintain GenTax and NDTAP and ensure we remain current with new technology, tools, and security protocols. The GenTax maintenance support is 54% of the agency's operating budget.

In addition to GenTax costs, fees paid to NDIT represent a significant portion of the agency's operating budget to support electronic offerings and advance our digital portfolio.

Safeguarding Data and Fraud Prevention

Safeguarding taxpayer information and data is a core competency of the agency. With more taxpayers filing electronically, maintaining and developing new safeguards to protect sensitive information is critical.

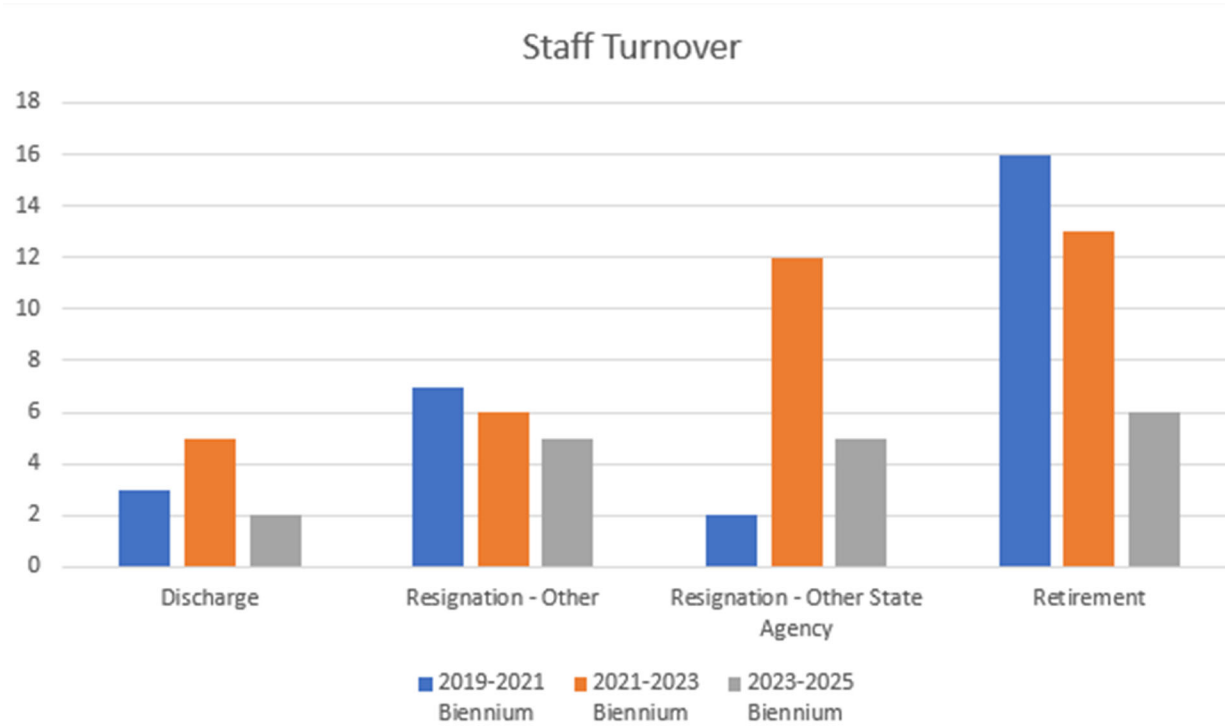
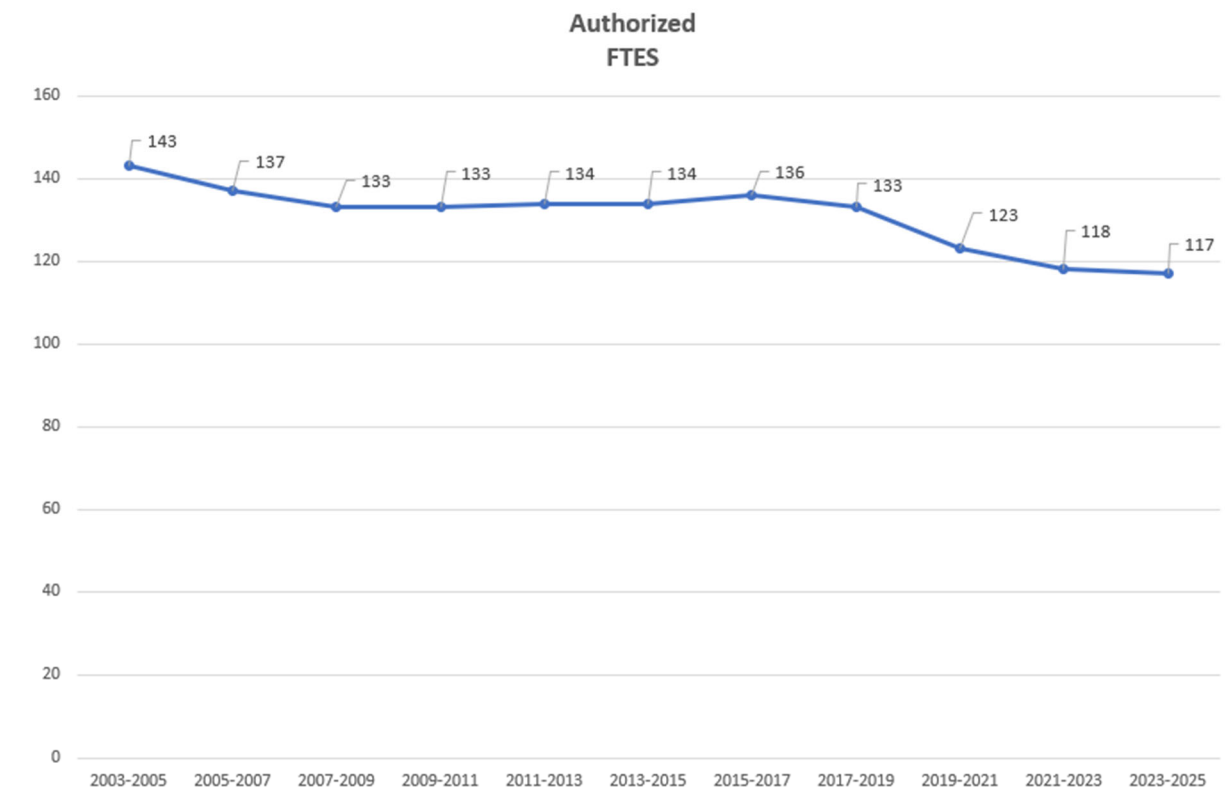
Safeguarding data is an investment in taxpayer trust. Training and retaining team members are critical to combat constantly evolving and ever-changing fraudulent activity. We continuously monitor potential threats in order to protect the taxpayers of North Dakota. Services provided by both NDIT and FAST are critical components of this effort as they provide security updates and support in this important area.

New/Changing Tax Types

The regular addition of new tax types or changes to existing ones further underscores the need to respond accordingly from a staffing and expertise standpoint including:

- 1) The need for additional staff to administer new and changing tax types.
- 2) Technology enhancements or customizations to GenTax that aren't covered under our maintenance contract and would require additional appropriated dollars to support the implementation and administration of any new tax type (ex. marijuana, changes to oil taxation, property tax, etc.).

Staffing Review

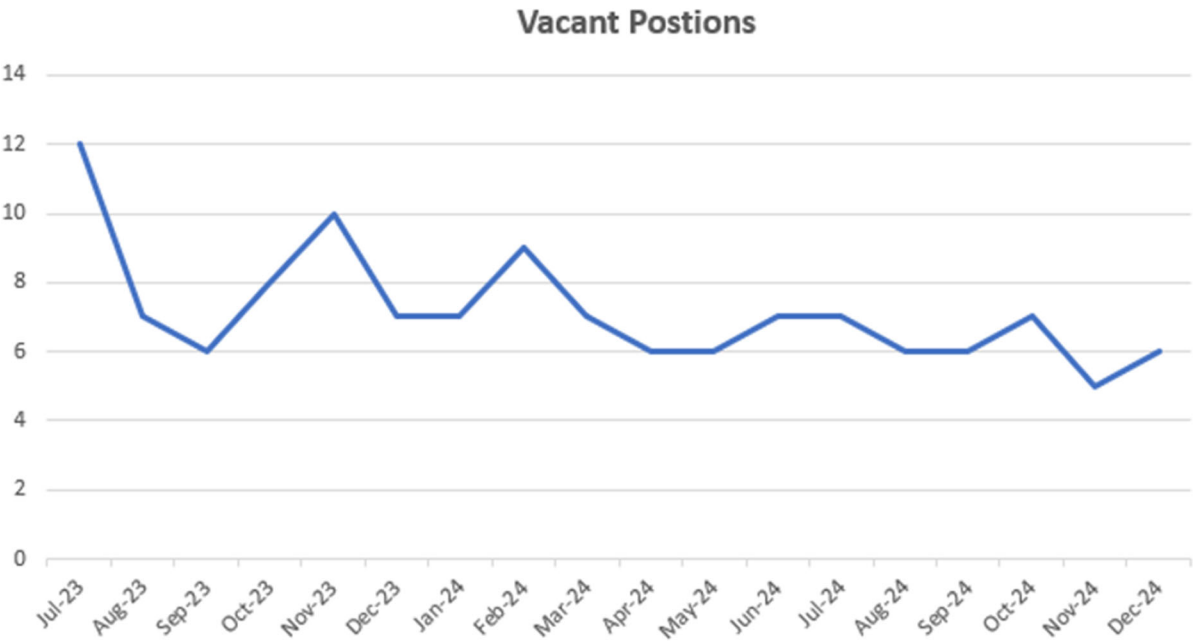


Vacant Positions & Vacancy Funding Pool

The agency had \$1,285,846 transferred to the 2023-2025 appropriations for the vacancy funding pool.

The agency has averaged 7 vacant positions throughout the 2023-2025 biennium because of staff turnover and in particular, retirements. As of 01/06/2025 the agency had 7 vacant positions which we are actively recruiting to fill.

The implementation of the vacancy funding pool has not impacted hiring practices for the agency to date.



Agency 2023-2025 Legislative Base, 2025-2027 Budget Request, and 2025-2027 Budgets

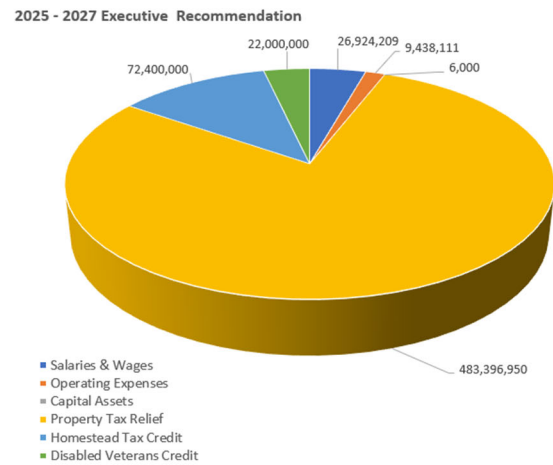
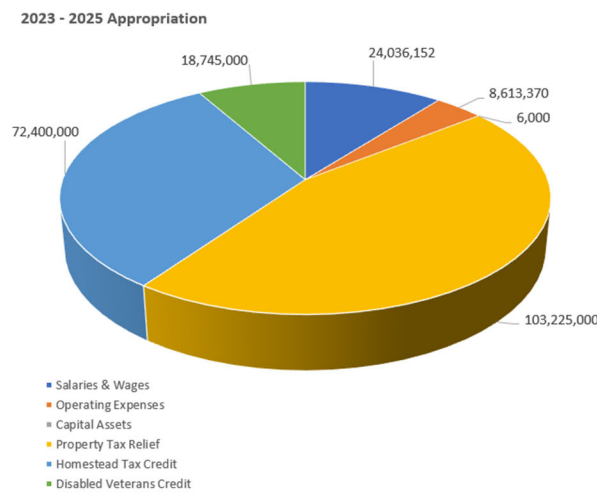
Description/ Object Series	2023 - 2025 Legislative Base	2025-2027 Budget Request	Burgum 2025-2027 Executive Recommendation	Armstrong 2025-2027 Executive Recommendation	2025-2027 House Budget
Salaries & Wages	24,036,152	25,806,831	27,393,835	26,924,209	26,806,212
Operating Expenses	8,613,370	9,438,111	14,438,111	9,438,111	9,438,111
Capital Assets	6,000	6,000	6,000	6,000	6,000
Property Tax Relief	103,225,000	77,500,000	77,500,000	483,396,950	-
Homestead Tax Credit	72,400,000	48,000,000	48,000,000	72,400,000	60,600,000
Disabled Veterans Credit	18,745,000	22,000,000	22,000,000	22,000,000	29,400,000
Total By Object	227,025,522	182,750,942	189,337,946	614,165,270	126,250,323
Less estimated Income	125,000	125,000	125,000	125,000	125,000
Total General Fund	226,900,522	182,625,942	184,212,946	440,643,320	126,125,323
Total Special Funds	-	-	5,000,000	173,396,950	-
Total Federal Funds	125,000	125,000	125,000	125,000	125,000
Total All Funds	227,025,522	182,750,942	189,337,946	614,165,270	126,250,323
# of FTE's	117	117	118	117	117

As an administrative agency we rely heavily on staff to meet our statutory obligation and perform the work the legislature has directed us to do. In direct correlation to that responsibility, approximately 74% of the current biennium operating budget is for salaries and wages. The appropriation for salaries and wages for the 2023-25 biennium is \$24 million.

The Office of State Tax Commissioner is authorized for 117 full-time equivalent positions for the 2023-25 biennium. Due to retirements of long-tenured employees and hiring delays related to a highly competitive recruiting environment, budget savings in salaries will be generated in the current biennium, although at a significantly reduced level in comparison to the previous biennium.

Budget Overview

Agency 2023-2025 Legislative Base and 2025-2027 Executive Budget



Agency Collections – Fiscal Years 2014 to 2024

DESCRIPTION	FY 2014 NET COLLECTIONS	FY 2024 NET COLLECTIONS	CHANGE
Sales & Use Tax	\$1,320,167,042	\$1,320,087,938	(\$79,104)
Motor Vehicle Excise Tax	\$225,363	\$923,530	\$698,167
Local Occupancy Tax	\$4,373,399	\$4,011,994	(\$361,405)
Local Sales Tax	\$228,776,287	\$367,978,411	\$139,202,124
Local Restaurant and Lodging Tax	\$6,327,731	\$11,061,323	\$4,733,592
Local Motor Vehicle Rental Tax	\$189,413	\$169,091	(\$20,322)
Individual Income Tax	\$516,139,885	\$356,913,752	(\$159,226,134)
Corporate Income Tax	\$239,404,247	\$277,392,914	\$37,988,667
Financial Institutions Tax	\$13,228,788	\$0	(\$13,228,788)
Cigarette Tax (Cities)	\$1,643,720	\$1,009,447	(\$634,274)
Cigarette Tax (Tribe)	\$68,792	\$74,041	\$5,249
Cigarette Tax (GF)	\$22,489,945	\$13,806,157	(\$8,683,788)
Tobacco Tax	\$7,032,346	\$6,822,401	(\$209,946)
Oil & Gas Gross Production Tax	\$1,492,982,452	\$1,694,376,429	\$201,393,977
Oil Extraction Tax	\$1,754,824,617	\$1,367,523,349	(\$387,301,268)
Telecommunications Tax	\$11,631,089	\$4,755,442	(\$6,875,646)
Wholesale Liquor/beer Tax	\$9,220,019	\$10,831,484	\$1,611,465
Estate Tax	\$14,466	\$0	(\$14,466)
Miscellaneous Remittances	\$9,399	\$20,529	\$11,129
Coal Severance Tax	\$11,233,707	\$9,465,362	(\$1,768,345)
Coal Conversion Tax	\$24,937,582	\$4,025,691	(\$20,911,891)
Electric Generation Tax	\$8,401,468	\$29,725,136	\$21,323,668
Music and Composition Tax	\$171,020	\$497,673	\$326,653
Sales & Use Tax Cash Bonds	\$494,640	(\$32,994)	(\$527,634)
Fuel Dealers & Inspection Fees	\$385,370	\$274,178	(\$111,192)
Motor Vehicle Fuel Tax	\$105,625,777	\$98,893,361	(\$6,732,416)
Special Fuel Tax	\$123,068,253	\$90,725,842	(\$32,342,411)
Motor Fuel Tax - Cash Bond	(\$108,600)	(\$495)	\$108,105
Nongame Wildlife Fund	\$29,698	\$27,989	(\$1,709)
Centennial Tree Trust Fund	\$31,226	\$33,366	\$2,140
Veterans' Postwar Trust Fund	\$0	\$28,545	\$28,545
Organ Transplant Support Fund	\$18,066	\$19,341	\$1,275
Airline Tax	\$178,594	\$228,408	\$49,813
Aircraft Excise Tax	\$0	\$12,959	\$12,959
Prepaid Wireless Emergency 911 Fee	\$135,643	\$992,686	\$857,044
Provider Assessment	\$5,901,063	\$6,780,907	\$879,844
TOTAL COLLECTIONS	\$5,909,252,509	\$5,679,456,185	(\$229,796,324)

Economic growth in the state has resulted in an increase in the number of filers and corresponding workload at our agency. The number of returns received for virtually all tax types continues to grow.

The following chart illustrates the changes in the number of returns received. Active oil rig counts are also included as our agency has administrative responsibilities for the collection of oil and gas extraction taxes, for each producing well.

Tax Type	2014	2019	2024	2014-2024 Increase (Decrease)	% Change over past 10 years
Sales Tax - Original returns filed	194,856	229,260	281,014	86,158	44.2%
Individual income tax withholding	148,213	153,175	181,673	33,460	22.6%
Individual income tax	480,903	472,742	474,650	(6,253)	-1.3%
Partnership and S Corp	38,835	43,971	48,267	9,432	24.3%
Corporate income tax	11,354	11,406	12,337	983	8.7%
Oil - Active wells	12,134	16,042	19,197	7,063	58.2%
Authorized FTE's	134	133	117	(17)	-12.7%

Potential Legislation Impacting 25-27 Budget

Various tax-related bill proposals including HB1168, HB1176, and HB1575 have the potential to significantly impact our agency if passed. Other new tax types or changes to existing tax law, may also impact agency functions. As these proposals are reviewed and discussed, we request consideration for any necessary funding to meet programming, staffing, administrative and compliance needs.

Federal Funding Changes

No changes in federal funding are expected for the 2025-27 biennium.

2023-2025 One Time Funding

Our agency received a one-time funding appropriation of \$500,000 for enhancements to GenTax, the software nerve center of the agency. Those resources have targeted city motor vehicle, electric generation, coal, motor vehicle excise, airline, and telecommunications tax types as well as SMS (Text) implementation. We anticipate utilizing the entire one-time funding appropriation received.

The agency also received a one-time funding appropriation of \$1,500,000 for the Primary Residence Credit Program for programming expenses related to the digital application and marketing costs. The agency has spent to date approximately \$524,000 on marketing

expenses and \$84,000 on technology expenses. We expect to spend an additional \$525,000 on combined marketing and technology expenses for the 2025 application period.

2025-2027 Biennium Requested Decision Packages

Priority 1 – Digital Transformation – GenTax Support

- \$4.4M for maintenance support for GenTax is included in the base budget for the 2023-2025 biennium, for Level III support, less the 3% reduction. Base funding does not include planned service increases that are part of the maintenance contract with the software provider.
 - **The total request for funding for the 2025-2027 biennium is \$1,200,000**
 - \$750,000 to reinstate 3% overall budget reduction
 - \$450,000 to maintain support at Level III for the 2025-2027 biennium. The total cost of GenTax for 2025-2027 is \$4,850,000.
 - GenTax was and continues to be used to collect and track Primary Residence Credit applications and subsequent payments to counties.

Priority 2 – NDI Cost Increases and Additional Services to Support Digital Needs

- Our agency relies heavily on technology in order to effectively serve taxpayers. The agency utilizes services provided by NDI with those costs making up 17% of the 2023-2025 biennium operating costs. NDI has increased rates for the upcoming biennium, resulting in a 31% increase to maintain current levels of service.
 - **The request for the 2025-2027 biennium for NDI provided services is \$455,190**
 - \$53,759 to restore the 3% reduction.
 - \$332,671 in funding to cover cost increases from NDI services not provided for in the base budget.
 - \$68,760 for two additional servers to support digital growth related to taxpayer services and enhancements.

Priority 3 – Cost to Continue Salaries

- Funding to continue Legislative approved 4% salary increase, and associated fringe tied to the salary amount. This funding was not included in the agency base budget.
 - **The request for salary dollars to fund the 4% Legislative approved salary increase and fringe is \$362,000**

Priority 4 – Salary Equity

- Funding to support equity increases to address hiring challenges. Requesting funding commensurate to the skillset and specialized knowledge required to effectively administer state tax law and serve citizens. While the equity package from the 2023-2025 biennium was impactful and appreciated, the agency continues to lag behind other agencies in the rate of compensation received by employees.
 - **The request for salary dollars to address equity for the 2025-2027 biennium is \$511,800**

Priority 5 – Capitol Rent Increase

- With the implementation of the rent model in the 2023-2025 biennium, the agency pays rent to the Office of Management and Budget (OMB) for the space we occupy in the capitol building.
 - **The total request to reinstate the 3% reduction and the additional per square foot rent increase paid to OMB for the 2025-2027 biennium is \$37,330**
 - \$20,910 to restore the 3% reduction for capitol tower rent paid to OMB.
 - \$16,420 to cover the 2.6% rent rate increases for capitol tower rent paid to OMB for 2025-2027 biennium that was not included in the base budget.
 - The total rent requirement by OMB for the 2025-2027 biennium is \$651,984.

Grant Programs Budget – Tax Credit Programs 2023-25 Biennium Base Level Budget and 2025-27 Biennium Homestead Tax Credit

This program provides property tax relief for qualifying individuals who are 65 years of age or older and have an income of \$70,000 or less. The credit is up to 100 percent of the taxes levied on the first \$200,000 of true and full value, for applicants with annual income at or below \$40,000 or less. A reduced level of credit of 50% is available to applicants with an annual income up to \$70,000.

The Homestead Property Tax Credit program appropriations consist of reimbursement payments to counties for taxes & special assessment installments and direct payments for the Renter's Refund program for qualified taxpayers. Responsibilities for program administration include certifying homestead tax credits for reimbursement to the State Treasurer for reimbursement to each county and certifying and paying each qualifying Renter's Refund application.

The original appropriation for the 2023-2025 biennium was \$18,900,000, increased by HB 1158 to \$72,400,000. Expenditures during the first year of the biennium totaled slightly more than \$20.2 million. Although fiscal year 2025 expenditures will not be known until close to the end of the biennium, it is estimated that the remaining appropriation will be sufficient to cover projected expenditures.

Barring any legislative changes to the Homestead Tax Credit program, the budget request for the 2025-2027 biennium is \$48,000,000. The appropriation does not include any salary or operating costs incurred by the agency to support the program.

Disabled Veteran Tax Credit

This program provides property tax relief for disabled veterans with a service-connected disability of 50 percent or greater. The credit is up to 100 percent of the taxes levied on the first \$180,000 of true and full value. The percentage of credit allowed is equal to the percentage of the disabled veteran's disability compensation rating.

The Disabled Veteran Property Tax Credit program appropriations consist of reimbursement payments to counties for tax credits distributed to qualifying individuals. Responsibilities for program administration include certifying disabled veteran tax credits to the State Treasurer for reimbursement to counties.

The appropriation for the 2023-2025 biennium for the program was \$18,745,000. Expenditures during the first year of the biennium totaled just over \$9.3 million. Although fiscal year 2025 expenditures will not be known until close to the end of the biennium, it is estimated that the remaining appropriation will be sufficient to cover projected expenditures.

Barring any legislative changes to the Disabled Veteran Tax Credit program, the budget request for the 2025-27 biennium is \$22,000,000. The appropriation does not include any salary or operating costs incurred by the agency to support the program.

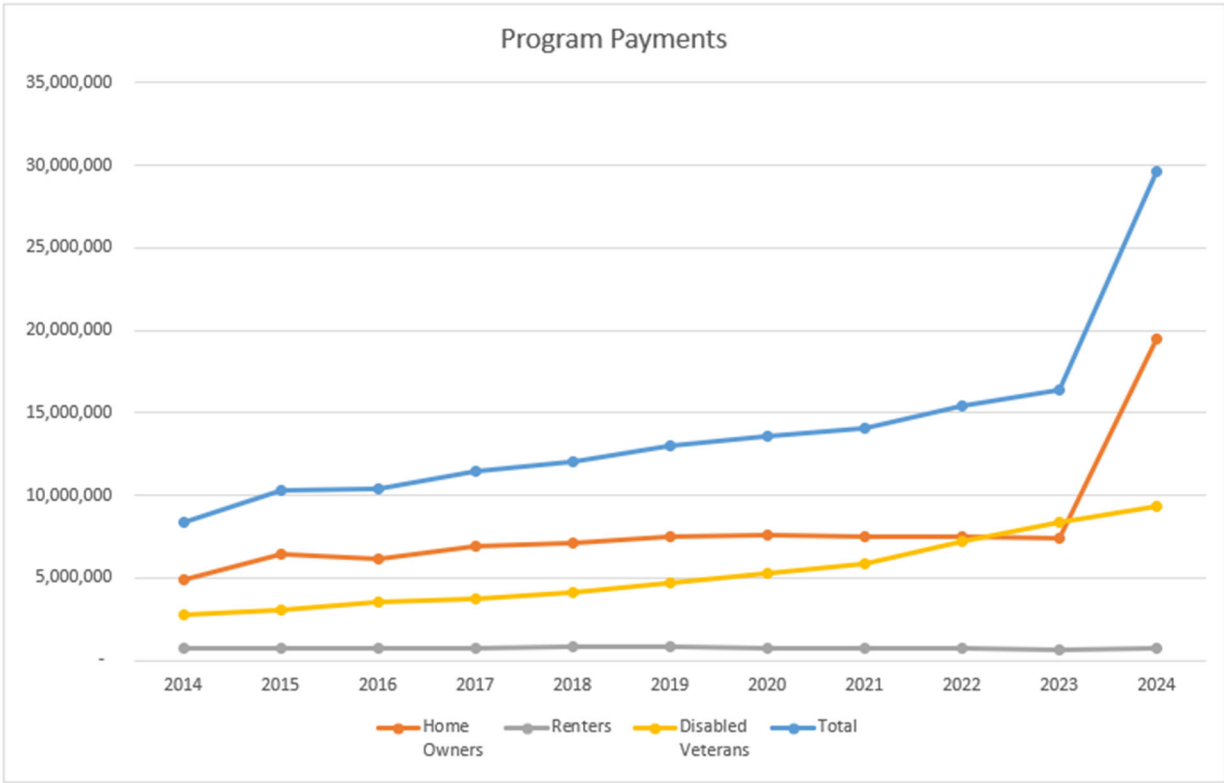
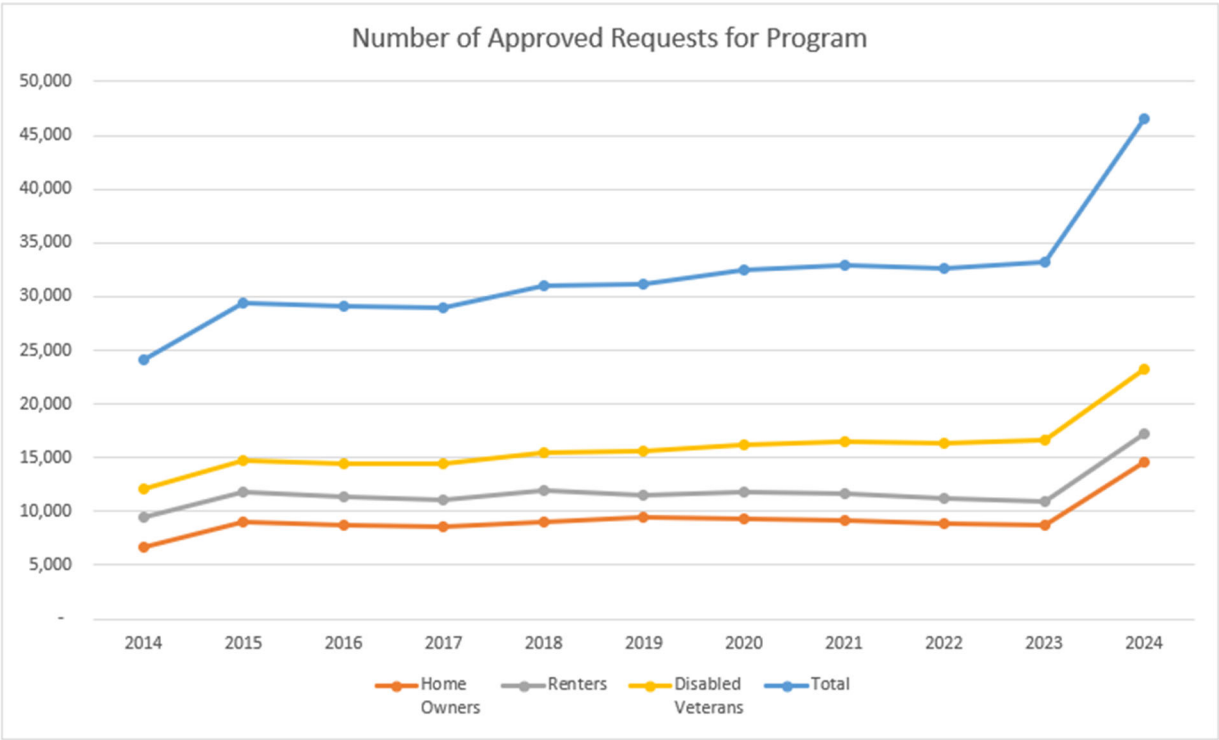
Primary Residence Property Tax Credit

The Primary Residence Property Tax Credit program appropriations consist of reimbursement payments to counties for property tax credits received by qualified homeowners. Administrative responsibilities include collecting homeowner applications, verifying applications to determine eligibility, providing a list of qualified applicants to counties, and certifying primary residence property tax credit disbursement amounts to the State Treasurer.

The appropriation for the 2023-2025 biennium for the program was \$103,225,000 for county reimbursements and \$1,500,000 in one-time funding for expenses related to software programming and marketing.

Barring any legislative changes to the Primary Residence Tax Credit program, the budget request for the 2025-2027 biennium is \$77,500,000. The appropriation does not include any salary or operating costs incurred by the agency to administer the program.

Grant Programs History – Homestead Tax Credit and Disabled Veteran’s Credit



Itemized Listing of Agency Requested Changes to Executive & House Budget

Priority	Description	Agency Request	Burgum Executive Recommendation	Armstrong Executive Recommendation	House Budget	Explanation
1	GenTax Maintenance & Support	1,200,000	1,200,000	1,200,000	1,200,000	\$750,000 to reinstate 3% reduction \$450,000 to continue Level III Support
2	NDIT Cost Increase & Additional Services	455,190	455,190	455,190	455,190	\$332,671 NDIT cost increases not provided in base budget \$68,760 two additional servers de to increased digital filings
3	Cost to Continue Salaries	362,000	-	-	362,000	Continue Legislative approved 4% salary increase
4	Salary Equity	511,800	-	-	-	Equity to bring staff types to other state agency average salaries
5	Capitol Rent Increase	37,330	37,330	37,330	37,330	\$20,910 to reinstate 3% reduction \$16,420 to cover 2.6%/ rental rate increase on existing space
Total Agency Operating Funding Requests		2,566,320	1,692,520	1,692,520	2,054,520	
	Comprehensive Tax Portal	-	5,262,753	-	-	\$5,000,000 operating and programming costs \$262,753 one FTE salary and benefits
	Property Tax Relief Program	77,500,000	77,500,000	405,896,950	-	Property Tax Relief program funding
	Homestead Tax Credit Program	48,000,000	48,000,000	48,000,000	60,600,000	Homestead Tax Credit program funding
	Disabled Veterans Credit Program	22,000,000	22,000,000	24,400,000	29,400,000	Disabled Veterans Credit program funding
Total Property Tax Relief Funding		147,500,000	152,762,753	478,296,950	90,000,000	
Total		150,066,320	154,455,273	479,989,470	92,054,520	

HB 1006

North Dakota Office of State Tax Commissioner

2025-2027 Budget

Senate Appropriations Committee
03-12-2025 10:00 AM – Red River Room



Agency Overview

- The mission of the North Dakota Office of State Tax Commissioner is to administer the tax laws of North Dakota fairly, effectively and efficiently.
- The North Dakota Office of State Tax Commissioner is dedicated to fostering trust, transparency, and accountability in the administration of tax law in our state, ensuring the fair and efficient collection of taxes, serving as an important resource to the public and upholding the highest standards of integrity and professionalism.
- Our office is the primary revenue collection agency for the state and statutory authority can be found in NDCC 57-01 and in 5-01, 5-02, 5-03 (administration of alcohol).
- Our objective is to support all taxpayer types with exceptional customer service, clear guidance and by promoting voluntary compliance through education and outreach in a manner that is responsive to the needs of those we serve.

Agency Overview - Divisions

- Commissioner's Division
- Fiscal Management Division
- Legal Division
- Tax Administration Division
- Property Tax Division
- Information Management & Technology Division

Audit Findings

- The operational audit for the Office of State Tax Commissioner conducted by the State Auditor's Office during the 2023-2025 interim was favorable and identified no significant findings. The audit contained one recommendation:
“We recommend the Office of the State Tax Commissioner enhance monitoring procedures to include review of individuals' eligibility determined by the county for the Homestead Property Tax Credit and the Disabled Veterans Tax Credit.”
- Agency Response:
“The Office of State Tax Commissioner appreciates the recommendation. While there is no statutory requirement for the Office of the State Tax Commissioner to monitor county-determined eligibility for the Homestead Property Tax Credit and the Disabled Veterans Tax Credit, we are exploring potential mechanisms to apply additional resources to further enhance fraud and risk mitigation in this area as well as others.”

Agency Accomplishments

Digital Transformation

- Taxpayer Access Point enhancements (TAP)
- Conversion of 47,000 sales tax account holders from paper to the electronic filing of monthly/quarterly/annual returns
- Unclaimed/Uncashed Checks
 - Created a digital centric process to effectively communicate with taxpayers, including automated reminder letters within 120 days of the check issuance date
 - \$6.2 million directly returned to taxpayers since 2022

Thank You!

*I was unable to deposit
your first check because*

*[REDACTED] Estate was one of the
2 Payees and the bank had no
account with that listing.*

I'm very impressed by your

*diligence in pursuing this
manner! Good for you!*

*Good for North Dakota!
(I shredded the original check!)*

Agency Accomplishments – cont.

Effectively administered the Primary Residence Credit Program

- Developed a user-friendly, online application process
- Received and effectively handled over 24,000 calls
- User-friendly software development included ease-of-use features and real-time verification for 138,124 applicants
- Marketing efforts included:
 - Program brochures provided to counties for inclusion in property tax statements
 - Newspaper, TV, radio and social media ad placement
 - Demographic and geographic marketing – tailored approach to effectively reach ND property owners throughout the process
- Received a 99% approval rating from applicants
 - *“Very quick and easy! Thank you!”*
 - *“The application process was very easy to fill out.”*
 - *“very easy process, especially for older homeowners, thank you!”*
 - *“Thank you for making submitting an application for a 2nd year so easy!!!!”*

Agency Challenges and Opportunities

Employee Recruitment, Retention and Compensation

- The addition of new tax types and increasing administrative responsibilities resulting from legislative action and taxpayer behavior requires an expanded skillset
- Positions remain below the state average compensation rate
- Agency FTE count was reduced from 118 to 117 in 2023-2025 biennium

Digital Transformation & IT Costs

- 74% of all operating costs consist of IT/technology expenditures
 - 54% GenTax
 - 17% NDIT data & phone
 - 3% software/hardware IT costs

Agency Challenges and Opportunities – cont.

Digital Transformation

- Resource constraints from a personnel, training and software development standpoint

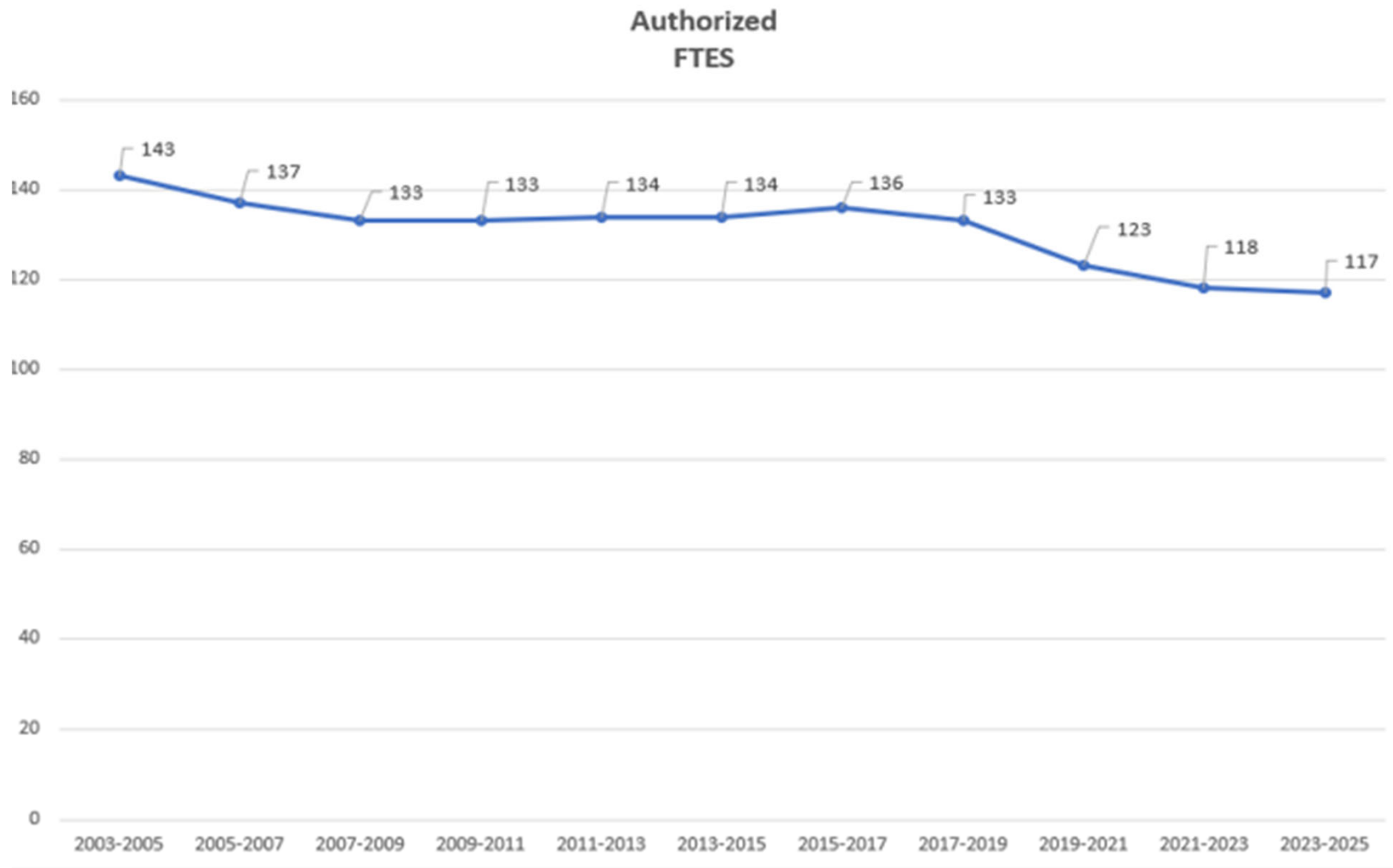
Safeguarding Data & Fraud Prevention Efforts

- Cyber threats continue to increase underscoring the continued need to adapt and remain proactive
- Staff training needs related to fraud prevention – resources required
- Continuously improving upon existing fraud prevention efforts

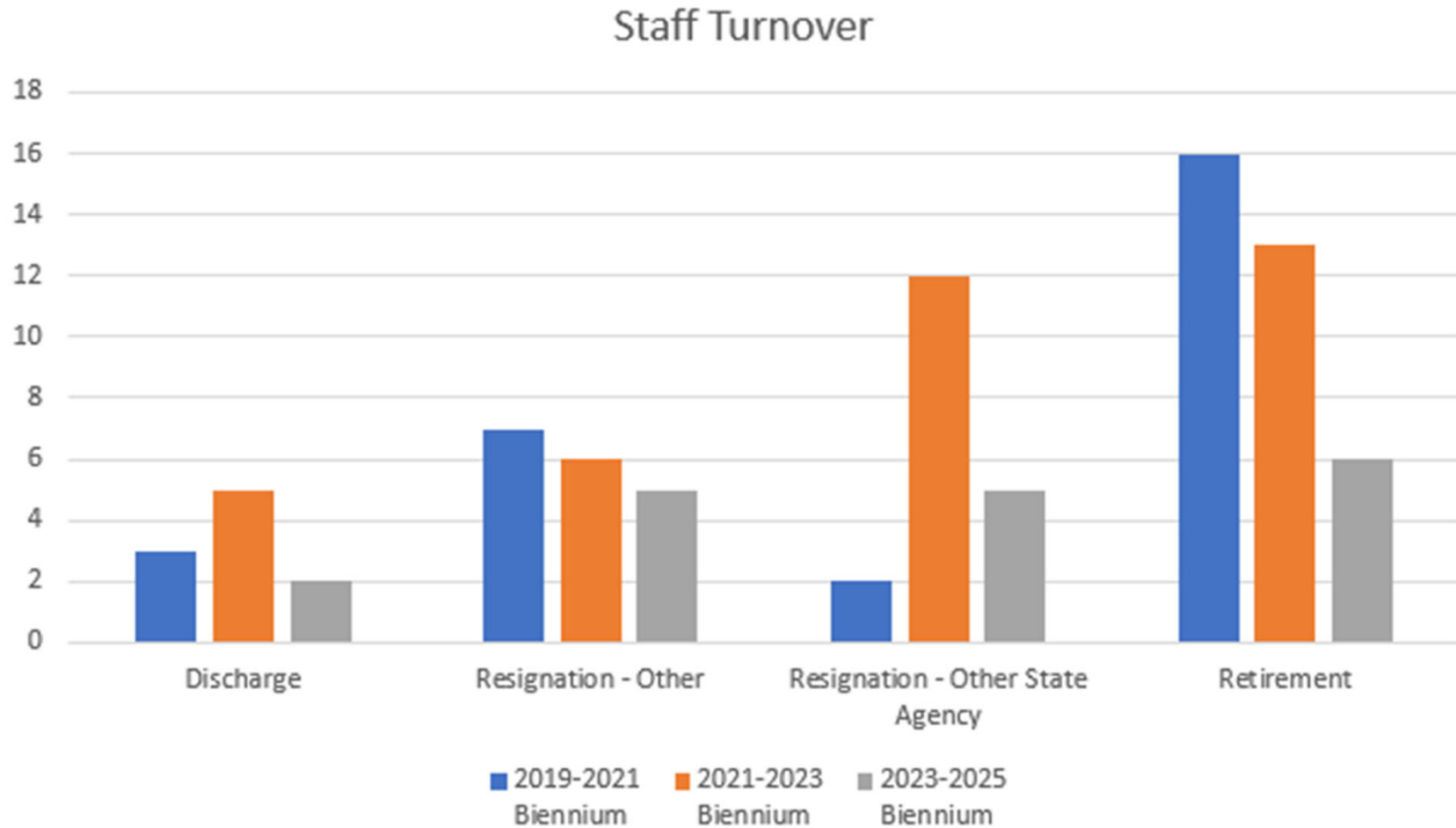
New and Emerging Tax Types

- Matching staffing needs and expertise necessary with the administration of new and emerging tax types
- Technology enhancements & customizing GenTax

History of Agency Staffing

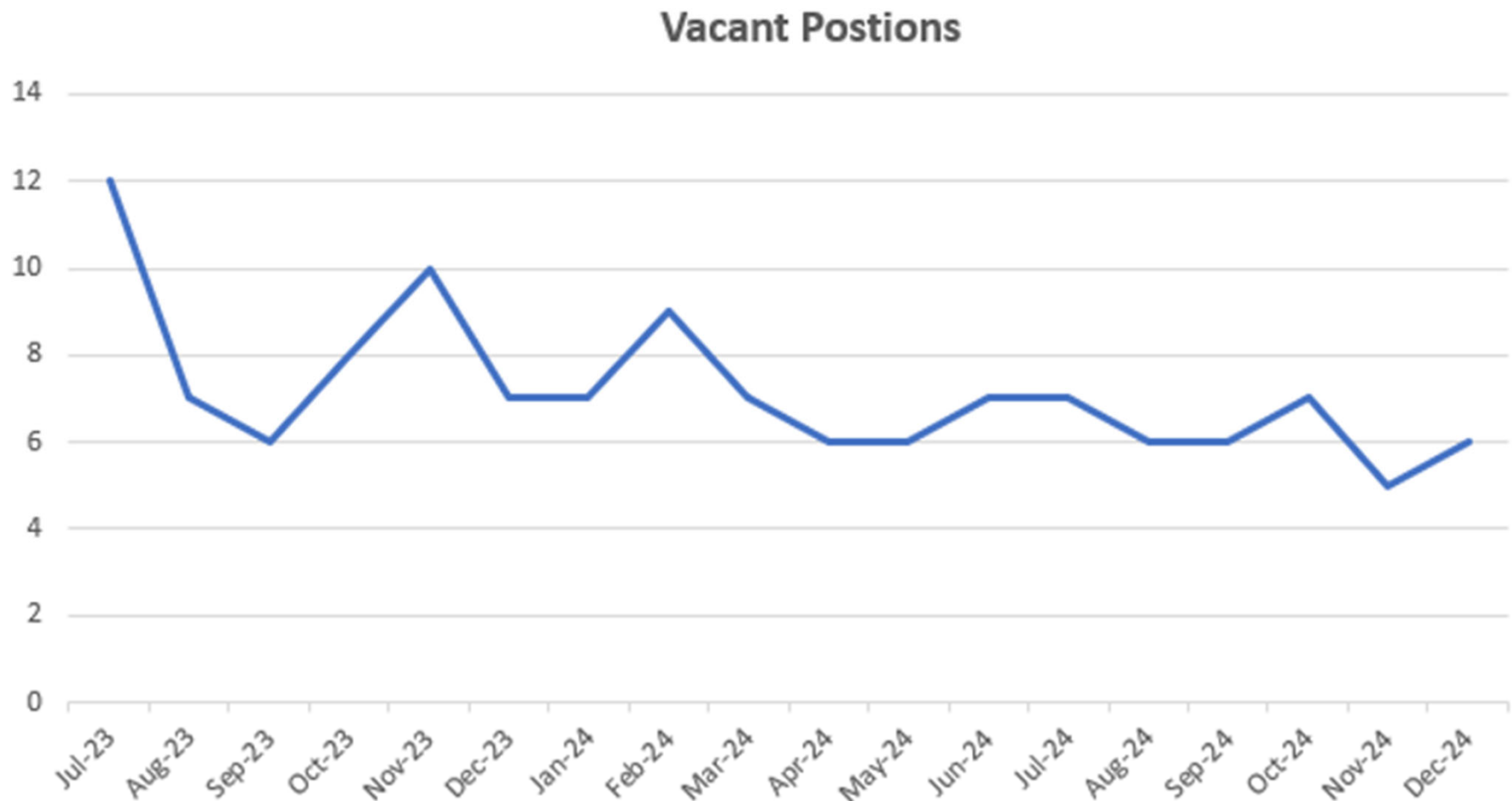


Agency Staff Turnover



Agency Vacant Positions

- \$1,285,846 removed from our 23-25 budget appropriation for the vacancy funding pool
- As of 12-1-2024, 6 vacant positions



2023-2025 One Time Funding Items

GenTax Enhancements - \$500,000

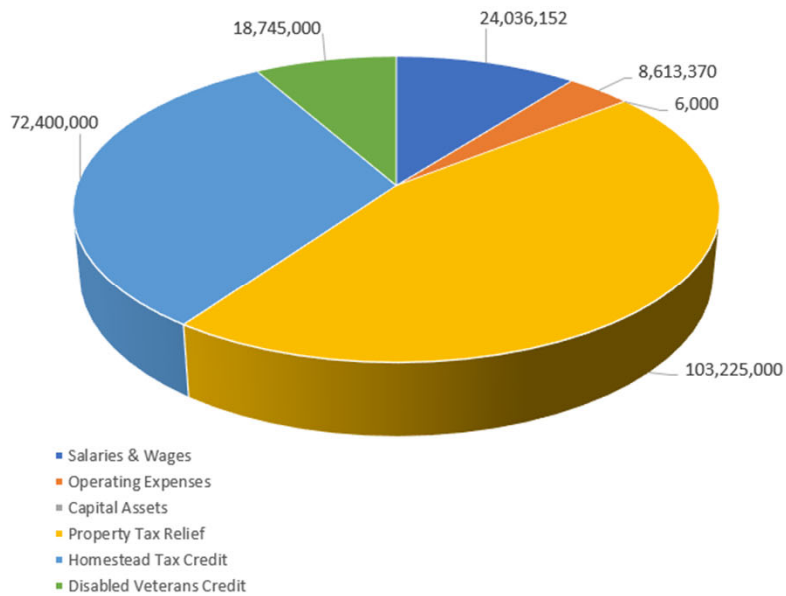
- Enhancing the administration of various tax types
 - City Motor Vehicle Tax, Electric Generation Tax, Coal Tax, Motor Vehicle Excise Tax, Airline Tax, Telecommunications Tax
- SMS (Text) implementation for taxpayer communications

Primary Residence Credit Operating Costs - \$1,500,000

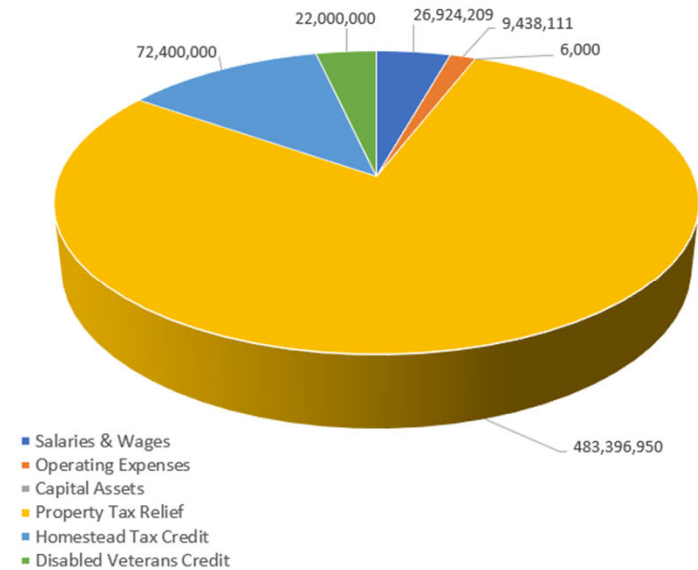
- Approximately \$524,000 in marketing expense to promote PRC to date for 2024 & 2025 property tax credit
- Approximately \$84,000 utilized for technology including initial programing, ongoing enhancements and updates
- Anticipate \$525,000 additional marketing expense to continue promotion for the 2025 credit (year 2, currently underway)

Agency Budget - Overview

2023 - 2025 Appropriation



2025 - 2027 Executive Recommendation



Change in Workload - Calendar Year Return Counts Over the Past Decade

Tax Type	2014	2019	2024	2014-2024 Increase (Decrease)	% Change over past 10 years
Sales Tax - Original returns filed	194,856	229,260	281,014	86,158	44.2%
Individual income tax withholding	148,213	153,175	181,673	33,460	22.6%
Individual income tax	480,903	472,742	474,650	(6,253)	-1.3%
Partnership and S Corp	38,835	43,971	48,267	9,432	24.3%
Corporate income tax	11,354	11,406	12,337	983	8.7%
Oil - Active wells	12,134	16,042	19,197	7,063	58.2%
Authorized FTE's	134	133	117	(17)	-12.7%

Agency Funding Requests 2025-2027

Software Fees – GenTax Support - \$1,200,000

- \$750,000 to reinstate the 3% reduction reflected in the executive budget
- \$450,000 to continue the level of support required to effectively serve citizens (increase over previous biennium)
 - Total cost of GenTax for 2025-2027 \$4,850,000

NDIT Fee Increases - \$455,190

- \$53,759 to reinstate the 3% reduction reflected in the executive budget
- \$332,671 to cover cost increases for NDIT services not provided for in the executive budget (\$456K total NDIT increase, \$123K granted)
- \$68,760 for two new servers provided by NDIT due to increased digital filings and increased computing resource needs

Agency Funding Requests 2025-2027 – cont.

Cost to Continue Salaries- \$362,000

- Continue Legislative approved 4% salary increase

Salary Equity Package - \$511,800

- We continue to lag behind other state agencies in compensation rates
- Will bring agency staff to comparable compensation rates of other state agencies

Capitol Rent Increase - \$37,330

- \$20,910 to reinstate 3% budget reduction
- \$16,420 to cover 2.6% rent increase for Capitol tower rent
 - Total rent paid to OMB for Capitol tower rent \$651,984

Agency Funding Requests 2025-2027 – cont.

Homestead Tax Credit - \$48,000,000

- \$48,000,000 to fund program payments to political subdivisions
- Does not include any salary or operating costs

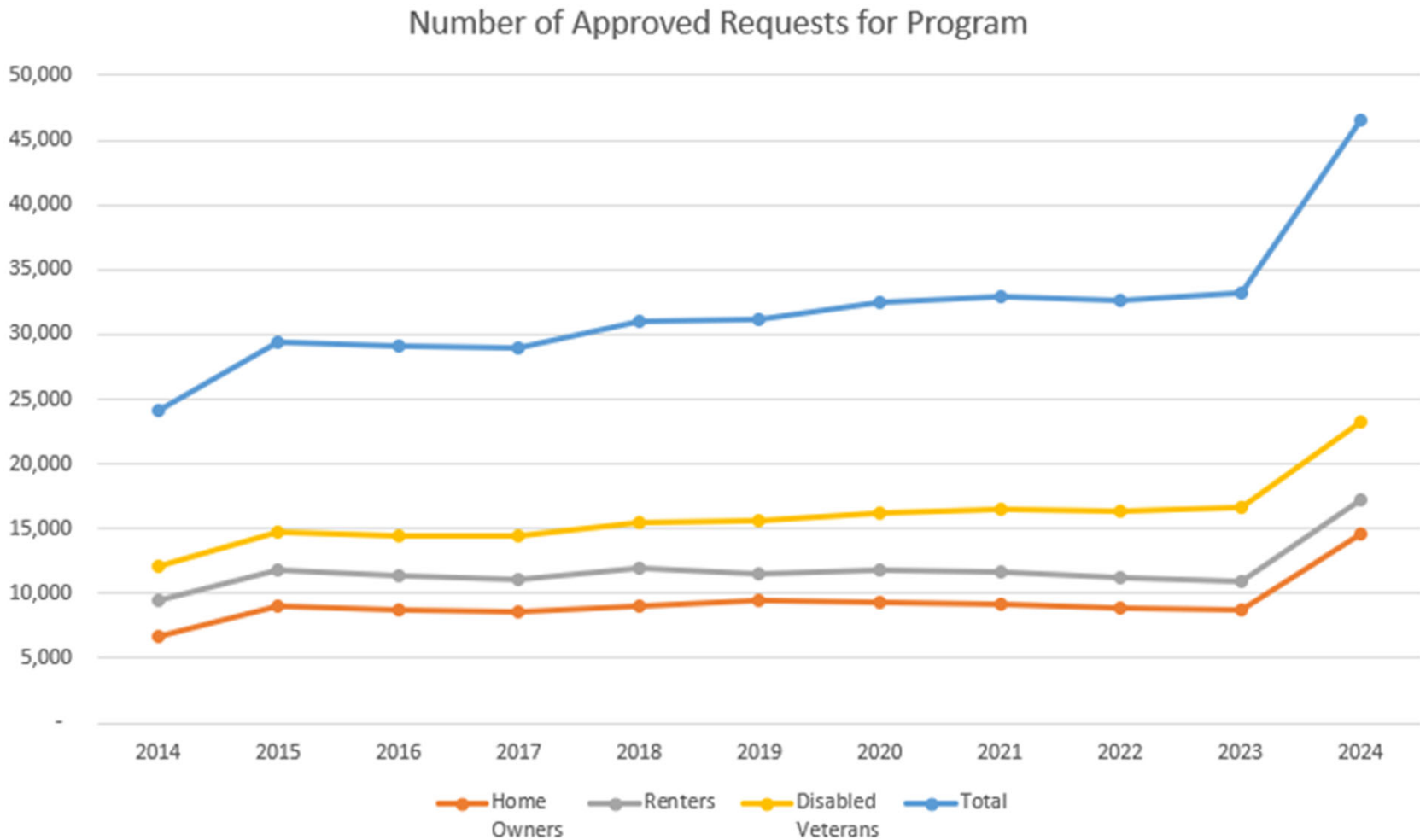
Disabled Veterans Credit - \$22,000,000

- \$22,000,000 to fund program payments to political subdivisions
- Does not include any salary or operating costs

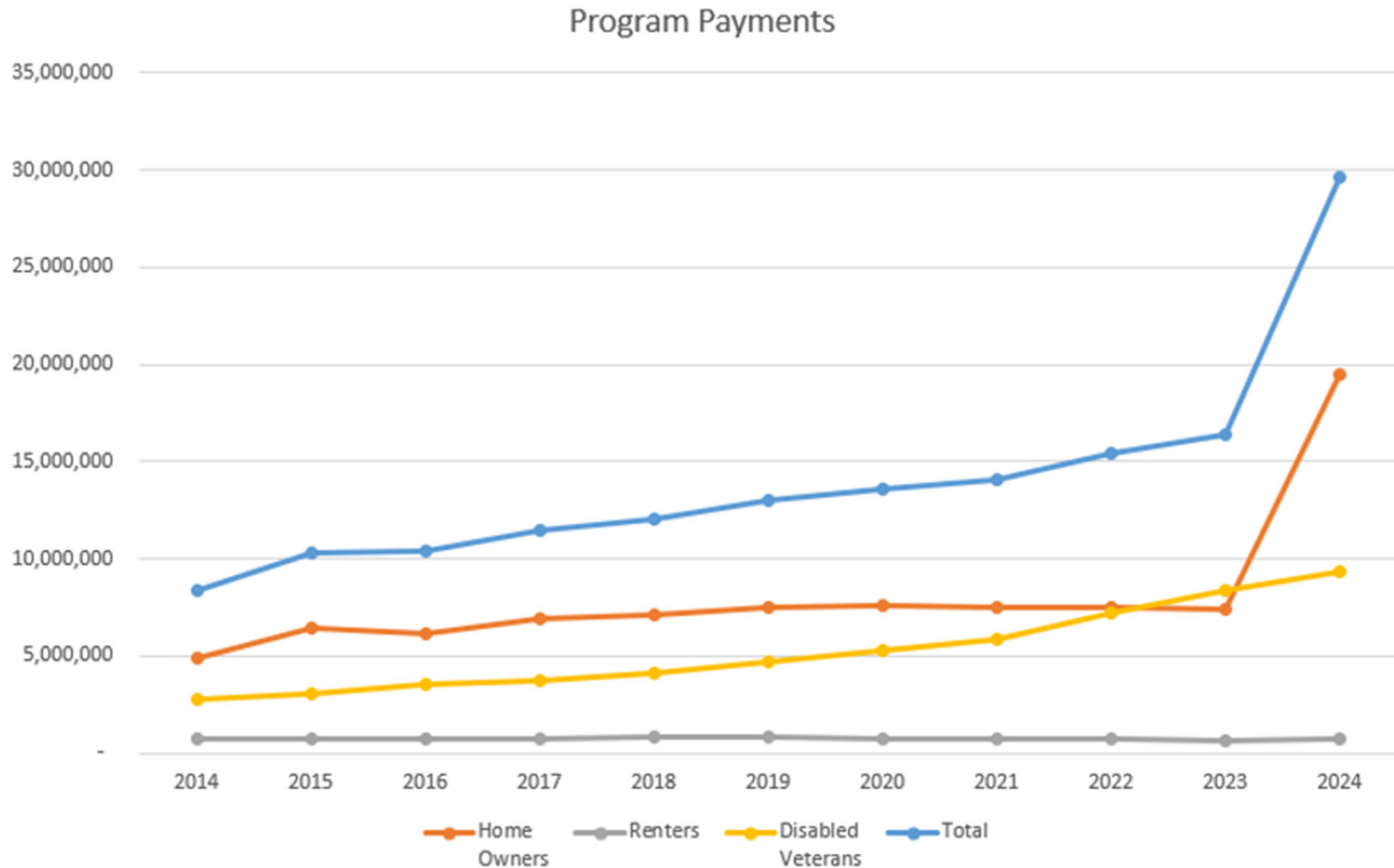
Primary Residence Tax Credit - \$77,500,000

- \$77,500,000 to fund program payments to political subdivisions
- Does not include salary or operating costs

Homestead, Disabled Veteran and Renter Refund Credit Programs - Applicant Volume



Homestead, Disabled Veteran and Renter Refund Credit Program - Payments



Agency Request & Recommendations - Summary

Priority	Description	Agency Request	Burgum Executive Recommendation	Armstrong Executive Recommendation	House Budget	Explanation
1	GenTax Maintenance & Support	1,200,000	1,200,000	1,200,000	1,200,000	\$750,000 to reinstate 3% reduction \$450,000 to continue Level III Support
2	NDIT Cost Increase & Additional Services	455,190	455,190	455,190	455,190	\$332,671 NDIT cost increases not provided in base budget \$68,760 two additional servers due to increased digital filings
3	Cost to Continue Salaries	362,000	-	-	362,000	Continue Legislative approved 4% salary increase
4	Salary Equity	511,800	-	-	-	Equity to bring staff types to other state agency average salaries
5	Capitol Rent Increase	37,330	37,330	37,330	37,330	\$20,910 to reinstate 3% reduction \$16,420 to cover 2.6% rental rate increase on existing space
Total Agency Operating Funding Requests		2,566,320	1,692,520	1,692,520	2,054,520	
	Comprehensive Tax Portal	-	5,262,753	-	-	\$5,000,000 operating and programming costs \$262,753 one FTE salary and benefits
	Property Tax Relief Program	77,500,000	77,500,000	405,896,950	-	Property Tax Relief program funding
	Homestead Tax Credit Program	48,000,000	48,000,000	48,000,000	60,600,000	Homestead Tax Credit program funding
	Disabled Veterans Credit Program	22,000,000	22,000,000	24,400,000	29,400,000	Disabled Veterans Credit program funding
Total Property Tax Relief Funding		147,500,000	152,762,753	478,296,950	90,000,000	
Total		150,066,320	154,455,273	479,989,470	92,054,520	

Thank you

Questions?

3-12-25



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

	Armstrong Executive Budget				House Version				House Compared to Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	Increase (Decrease)			
									FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	117.00	\$226,900,522	\$125,000	\$227,025,522	117.00	\$226,900,522	\$125,000	\$227,025,522	0.00	\$0	\$0	\$0
2025-27 Ongoing Funding Changes												\$0
Salary increase		\$926,560		\$926,560		\$926,560		\$926,560				0
Health insurance increase		702,618		702,618		702,618		702,618				0
Funding to replace the 2023-25 vacant FTE pool		1,285,846		1,285,846		1,285,846		1,285,846				0
2025-27 new and vacant FTE pool				0		(479,997)		(479,997)		(\$479,997)		(479,997)
Budget reduction from salary savings		(26,967)		(26,967)		(26,967)		(26,967)				0
Salary funding - Cost to continue				0		362,000		362,000		362,000		362,000
GenTax support		450,000		450,000		450,000		450,000				0
Information technology rate adjustments		358,321		358,321		358,321		358,321				0
Capitol rent increase		16,420		16,420		16,420		16,420				0
Homestead tax credit adjustment				0		(11,800,000)		(11,800,000)		(11,800,000)		(11,800,000)
Disabled veterans' tax credit adjustment		3,255,000		3,255,000		10,655,000		10,655,000		7,400,000		7,400,000
Primary residence credit adjustment		206,775,000	\$173,396,950	380,171,950		(103,225,000)		(103,225,000)		(310,000,000)	(\$173,396,950)	(483,396,950)
Total ongoing funding changes	0.00	\$213,742,798	\$173,396,950	\$387,139,748	0.00	(\$100,775,199)	\$0	(\$100,775,199)	0.00	(\$314,517,997)	(\$173,396,950)	(\$487,914,947)
One-Time Funding Items												\$0
No one-time funding items				\$0				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$213,742,798	\$173,396,950	\$387,139,748	0.00	(\$100,775,199)	\$0	(\$100,775,199)	0.00	(\$314,517,997)	(\$173,396,950)	(\$487,914,947)
2025-27 Total Funding	117.00	\$440,643,320	\$173,521,950	\$614,165,270	117.00	\$126,125,323	\$125,000	\$126,250,323	0.00	(\$314,517,997)	(\$173,396,950)	(\$487,914,947)
Federal funds included in other funds			\$125,000					\$125,000		\$0		
Total ongoing changes - Percentage of base level	0.0%	94.2%	138717.6%	170.5%	0.0%	(44.4%)	0.0%	(44.4%)	N/A	N/A	N/A	N/A
Total changes - Percentage of base level	0.0%	94.2%	138717.6%	170.5%	0.0%	(44.4%)	0.0%	(44.4%)	N/A	N/A	N/A	N/A

Other Sections in Tax Commissioner - Budget No. 127

Section Description	Armstrong Executive Budget	House Version
New and vacant FTE pool line item		Section 2 provides for the use of funding in the new and vacant FTE pool line item.
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 2025-27 biennium.
Motor vehicle fuel tax revenue transfer		Section 4 provides for a transfer of \$1,761,168 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 provides the statutory changes necessary to increase the Tax Commissioner's salary by 3 percent on July 1, 2025, and by 3 percent on July 1, 2026.

3-12-25 HB1006



North Dakota Legislative Council

Prepared for the Senate Appropriations Committee
March 12, 2025

MAJOR RELATED LEGISLATION AFFECTING THE TAX COMMISSIONER AS OF CROSSOVER

This memorandum provides information on major related legislation affecting the Tax Commissioner as of Crossover:

House Bill No. 1176 - This bill expands the primary residence credit and provides an appropriation from a newly created legacy property tax relief fund to the Tax Commissioner for the state reimbursement of the primary residence credit.

House Bill No. 1266 - This bill expands the disabled veterans' tax credit by increasing the taxable valuation limit to align the limit with the homestead tax credit.

House Bill No. 1572 - This bill requires the Tax Commissioner to develop a uniform reporting system for taxing district financial and property tax related data.

House Bill No. 1575 - This bill creates a new property tax relief credit to reduce the taxable valuation of agricultural, residential, and commercial property and provides an appropriation from a newly created legacy property tax relief fund to the Tax Commissioner for the credit.

Senate Bill No. 2201 - This bill expands the eligibility for the primary residence tax credit to include properties held in trusts. **(Passed Both Chambers)**

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

HB 1006
3/21/2025

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, disabled veterans' tax credit, and primary residence credit; to provide an exemption; and to provide for a transfer.

9:57 a.m. Chairman Wanzek opened the hearing.

Members present: Chairman Wanzek, Vice-Chair Dwyer, Senator Burckhard, Senator Erbele, and Senator Sickler.

Discussion Topics:

- Salaries - Tax Department employee attrition rate
- Consistency of salary cost to continue
- House changes to this budget
- Veteran's tax credit
- Increasing number of primary residences
- Equity package - parity
- ND Tax rated #1 in the nation for customer service

10:00 a.m. Sheri Anderson, Chief Fiscal Officer, ND Tax Office of the Tax Commissioner, testified in favor, responded to committee questions, and referenced testimony #41004, submitted on 3/12/2025 at 10:33 a.m.

10:05 a.m. Stephanie Johnson, OMB Analyst, answered budget questions.

10:12 a.m. Brian Kroshus, ND Tax Commission, answered committee questions

10:50 a.m. Vice-Chairman Dwyer closed the meeting.

Carol Thompson, Committee Clerk

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

HB 1006
3/25/2025

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, disabled veterans' tax credit, and primary residence credit; to provide an exemption; and to provide for a transfer.

8:38 a.m. Chairman Wanzek opened the hearing.

Members present: Chairman Wanzek, Vice-Chair Dwyer, Senator Burckhard, Senator Erbele, and Senator Sickler.

Discussion Topics:

- Budgetary reductions requested by the Governor
- Changes made to the budget by the House
- Cost to continue increases
- Capitol rent costs
- GEN TAX program cost increase negotiation
- ND IT cost increases
- Full-time employee (FTE) and equity requests
- Disabled veteran's tax credit

8:40 a.m. Adam Mathiak, LC Senior Fiscal Analyst, supplied budget information, responded to questions and referenced testimony #41004, submitted on 3/12/2025 at 10:33 a.m., and Governor Armstrong's proposed budget, the "blue sheet."

8:50 a.m. Brian Kroshus, ND Tax Commissioner, testified in favor and responded to questions.

9:22 a.m. Sherri Anderson, Chief Fiscal Officer, ND Tax Office of the Tax Commissioner, testified in favor, responded to committee questions, and submitted testimony #43735.

9:40 a.m. Chairman Wanzek directed Adam Mathiak to have the discussed amendments drafted.

9:45 a.m. Chairman Wanzek closed the hearing.

Carol Thompson, Committee Clerk

Office of State Tax Commissioner - HB1006 -2025-2027 Equity Request									
Tax Department Positions					Market Value - PRC Related Adjustments				
Position Title	Grade	Count	Average Salary	Annual Avg Salary	Title	Count	Average Salary	Annual Avg Salary	Total Need
Property Tax Specialist	105	4	5,851	70,212	Property Tax Specialist	*	6,827	81,924	118,395
Customer Service Specialist I & Tax Services Specialist I	103	12	3,824	45,888	Fiscal Services II	24	4,216	50,592	142,771
Tax Services Specialist II	104	1	4,488	53,856	Fiscal Services III	24	4,742	56,904	7,719
FTE conversion	105	1	4,500	54,000	Paper to digital/content support	**	6,500	78,000	60,677
FTE conversion	104	1	4,600	55,200	Admin to Property Tax Specialist	**	6,827	81,924	67,569
FTE conversion	103	1	3640	43,680	Office Assistant III to Fraud Resources	**	6,500	78,000	86,765
PRC Increased Workloads					PRC Reconciliations/Audits/Reporting				27,904
					Total PRC Administration				511,800

*No other state agencies have Property Tax Specialists - Market Data from Job Service ND for Appraiser & Assessors used for comparison
 **Convent current FTE positions to support expanded PRC program

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

HB 1006
3/26/2025

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, disabled veterans' tax credit, and primary residence credit; to provide an exemption; and to provide for a transfer.

10:10 a.m. Chairman Wanzek opened the hearing.

Members present: Chairman Wanzek, Vice-Chair Dwyer, Senator Burckhard, Senator Erbele, and Senator Sickler.

Discussion Topics:

- Salary / equity funding and language to explain breakdown of that line
- New tax relief program administration

10:19 a.m. Adam Mathiak, LC Senior Fiscal Analyst, supplied budget information and submitted testimony #44154 (long sheet) and #44166 (proposed amendments).

10:29 a.m. Senator Dwyer moved to Adopt the Amendments, 25.0150.02001, to HB 1006. with a language adjustment to clarify on the Salary equity funding line, what portion is salary and what portion is equity/reclassification of positions.

10:20 a.m. Senator Sickler seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Randy A. Burckhard	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jonathan Sickler	Y

Motion passed 5-0-0.

10:30 a.m. Senator Erbele moved a Do Pass as Amended for HB 1006.

10:30 a.m. Senator Burckhard seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Randy A. Burckhard	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jonathan Sickler	Y

Motion passed 5-0-0.

Senator Wanzek will carry the bill.

Senate Appropriations Government Operations Division

HB 1006

03/26/2025

Page 2

10:31 a.m. Chairman Wanzek closed the hearing.

Carol Thompson, Committee Clerk

3.26 Adam



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

	House Version				Senate Version				Senate Compared to House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	Increase (Decrease)			
									FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	117.00	\$226,900,522	\$125,000	\$227,025,522	117.00	\$226,900,522	\$125,000	\$227,025,522	0.00	\$0	\$0	\$0
2025-27 Ongoing Funding Changes												
Salary increase		\$926,560		\$926,560		\$926,560		\$926,560				\$0
Health insurance increase		702,618		702,618		702,618		702,618				0
Funding to replace the 2023-25 vacant FTE pool		1,285,846		1,285,846		1,285,846		1,285,846				0
2025-27 new and vacant FTE pool		(479,997)		(479,997)		(479,997)		(479,997)				0
Budget reduction from salary savings		(26,967)		(26,967)		(26,967)		(26,967)				0
Salary funding - Cost to continue		362,000		362,000		362,000		362,000				0
Salary equity funding				0		511,800		511,800		\$511,800		511,800
GenTax support		450,000		450,000		450,000		450,000				0
Information technology rate adjustments		358,321		358,321		358,321		358,321				0
Capitol rent increase		16,420		16,420		16,420		16,420				0
Homestead tax credit adjustment		(11,800,000)		(11,800,000)		(11,800,000)		(11,800,000)				0
Disabled veterans' tax credit adjustment		10,655,000		10,655,000		10,655,000		10,655,000				0
Primary residence credit adjustment		(103,225,000)		(103,225,000)		(103,225,000)		(103,225,000)				0
Total ongoing funding changes	0.00	(\$100,775,199)	\$0	(\$100,775,199)	0.00	(\$100,263,399)	\$0	(\$100,263,399)	0.00	\$511,800	\$0	\$511,800
One-Time Funding Items												
Tax relief program administration - Advertising and IT				\$0		\$1,500,000		\$1,500,000		\$1,500,000		\$1,500,000
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$1,500,000	\$0	\$1,500,000	0.00	\$1,500,000	\$0	\$1,500,000
Total Changes to Base Level Funding	0.00	(\$100,775,199)	\$0	(\$100,775,199)	0.00	(\$98,763,399)	\$0	(\$98,763,399)	0.00	\$2,011,800	\$0	\$2,011,800
2025-27 Total Funding	117.00	\$126,125,323	\$125,000	\$126,250,323	117.00	\$128,137,123	\$125,000	\$128,262,123	0.00	\$2,011,800	\$0	\$2,011,800
Federal funds included in other funds			\$125,000				\$125,000				\$0	
Total ongoing changes - Percentage of base level	0.0%	(44.4%)	0.0%	(44.4%)	0.0%	(44.2%)	0.0%	(44.2%)	N/A	N/A	N/A	N/A
Total changes - Percentage of base level	0.0%	(44.4%)	0.0%	(44.4%)	0.0%	(43.5%)	0.0%	(43.5%)	N/A	N/A	N/A	N/A

Other Sections in Tax Commissioner - Budget No. 127

Section Description	House Version	Senate Version
New and vacant FTE pool line item	Section 2 provides for the use of funding in the new and vacant FTE pool line item.	Section 3 provides for the use of funding in the new and vacant FTE pool line item.
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 2025-27 biennium.	Section 4 authorizes 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 provides for a transfer of \$1,761,168 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 5 provides for a transfer of \$1,761,168 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 provides the statutory changes necessary to increase the Tax Commissioner's salary by 3 percent on July 1, 2025, and by 3 percent on July 1, 2026.	Section 6 provides the statutory changes necessary to increase the Tax Commissioner's salary by 3 percent on July 1, 2025, and by 3 percent on July 1, 2026.

3-26 ADAM materials

25.0150.02001
Title.
Fiscal No. 1

Prepared by the Legislative Council
staff for Senate Appropriations -
Government Operations Division
Committee
March 25, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

**PROPOSED AMENDMENTS TO
FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1006**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the office of the tax
2 commissioner and for payment of state reimbursement under the homestead tax credit,
3 disabled veterans' tax credit, and primary residence credit; to amend and reenact section
4 57-01-04 of the North Dakota Century Code, relating to the salary of the state tax
5 commissioner; to provide an exemption; and to provide for a transfer.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

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

		Adjustments or		
	Base Level	Enhancements	Appropriation	
16	Salaries and wages	\$24,036,152	\$1,650,068	\$25,686,220
17	Salaries and wages	\$24,036,152	\$2,161,868	\$26,198,020
18	New and vacant FTE pool	0	1,119,992	1,119,992
19	Operating expenses	8,613,370	824,741	9,438,111

1	<u>Operating expenses</u>	<u>8,613,370</u>	<u>2,324,741</u>	<u>10,938,111</u>
2	Capital assets	6,000	0	6,000
3	Homestead tax credit	72,400,000	(11,800,000)	60,600,000
4	Disabled veterans' tax credit	18,745,000	10,655,000	29,400,000
5	Primary residence credit	<u>103,225,000</u>	<u>(103,225,000)</u>	<u>0</u>
6	Total all funds	\$227,025,522	(\$100,775,199)	\$126,250,323
7	Less other funds	125,000	0	125,000
8	Total general fund	\$226,900,522	(\$100,775,199)	\$126,125,323
9	<u>Total all funds</u>	<u>\$227,025,522</u>	<u>(\$98,763,399)</u>	<u>\$128,262,123</u>
10	<u>Less other funds</u>	<u>125,000</u>	<u>0</u>	<u>125,000</u>
11	<u>Total general fund</u>	<u>\$226,900,522</u>	<u>(\$98,763,399)</u>	<u>\$128,137,123</u>
12	Full-time equivalent positions	117.00	0.00	117.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act which are not included in the entity's base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

<u>One-Time Funding Description</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Property tax relief administration	<u>\$1,500,000</u>	<u>\$0</u>	<u>\$1,500,000</u>
Total	<u>\$1,500,000</u>	<u>\$0</u>	<u>\$1,500,000</u>

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The tax commissioner may not spend funds appropriated in the new and vacant FTE pool line item in section 1 of this Act, but may request the office of management and budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

SECTION 4. 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

1 notify the office of management and budget and the legislative council of any transfers made
2 pursuant to this section.

3 **SECTION 5. MOTOR VEHICLE FUEL TAX REVENUE TRANSFER.** There is transferred to
4 the general fund in the state treasury out of motor vehicle tax revenue collected pursuant to
5 section 57-43.1-02, the sum of \$1,761,168, for the purpose of reimbursing the general fund for
6 expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the
7 administration of these taxes, for the biennium beginning July 1, 2025, and ending June 30,
8 2027.

9 **SECTION 6. AMENDMENT.** Section 57-01-04 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **57-01-04. Salary.**

12 The annual salary of the state tax commissioner is ~~one hundred thirty-one thousand seven~~
13 ~~hundred five~~ one hundred forty-one thousand eighty-two dollars through June 30, ~~2024~~2026,
14 and ~~one hundred thirty-six thousand nine hundred seventy-three~~ one hundred forty-five
15 thousand three hundred fourteen dollars thereafter.

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1006 - State Tax Commissioner - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$24,036,152	\$25,686,220	\$511,800	\$26,198,020
New and vacant FTE pool		1,119,992		1,119,992
Operating expenses	8,613,370	9,438,111	1,500,000	10,938,111
Capital assets	6,000	6,000		6,000
Homestead tax credit	72,400,000	60,600,000		60,600,000
Disabled veterans' credit	18,745,000	29,400,000		29,400,000
Primary residence credit	103,225,000			
Total all funds	\$227,025,522	\$126,250,323	\$2,011,800	\$128,262,123
Less estimated income	125,000	125,000	0	125,000
General fund	\$226,900,522	\$126,125,323	\$2,011,800	\$128,137,123
FTE	117.00	117.00	0.00	117.00

Department 127 - State Tax Commissioner - Detail of Senate Changes

	Adds Funding for Salary Equity Increases ¹	Adds One- Time Funding Item ²	Total Senate Changes
Salaries and wages	\$511,800		\$511,800
New and vacant FTE pool			
Operating expenses		\$1,500,000	1,500,000
Capital assets			
Homestead tax credit			
Disabled veterans' credit			
Primary residence credit			
Total all funds	\$511,800	\$1,500,000	\$2,011,800
Less estimated income	0	0	0
General fund	\$511,800	\$1,500,000	\$2,011,800
FTE	0.00	0.00	0.00

¹ Funding of \$511,800 from the general fund is added for salary equity increases. The House version did not include this funding.

² One-time funding of \$1.5 million is added from the general fund for tax relief program administrative costs related to operating expenses for advertising and information technology costs. The House version did not include this funding.

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1006
4/17/2025

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, disabled veterans' tax credit, and primary residence 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.

4:06 p.m. Chairman Bekkedahl opened the hearing.

Members Present: Chairman Bekkedahl, Vice-Chairman Erbele, and Senators Burckhard, Cleary, Conley, Davison, Dever, Dwyer, Magrum, Mathern, Meyer, Schaible, Sickler, Sorvaag, Thomas, Wanzek.

Discussion Topics:

- Cooperative Unit
- Cooperative vs. Rental Structure
- Public Advertising Dollars
- Tax Credit, Relief, and Reform

4:07 p.m. Chairman Bekkedahl introduced amendment LC 25.0150.02003 and submitted testimony #45072.

4:09 p.m. Senator Wanzek introduced the bill.

4:12 p.m. Senator Wanzek moved to adopt amendment 25.0150.02003.

4:13 p.m. Senator Erbele seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Jeffery J. Magrum	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Jonathan Sickler	Y
Senator Ronald Sorvaag	Y

Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 16-0-0.

4:14 p.m. Brian Kroshus, ND Tax Commissioner, testified in favor.

4:30 p.m. Senator Wanzek moved a Do Pass as Amended.

4:30 p.m. Senator Erbele seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Jeffery J. Magrum	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Jonathan Sickler	Y
Senator Ronald Sorvaag	Y
Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 16-0-0.

Senator Wanzek will carry the bill.

4:31 p.m. Chairman Bekkedahl adjourned the meeting.

Elizabeth Reiten, Committee Clerk

April 17, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

**PROPOSED AMENDMENTS TO
FIRST ENGROSSMENT**

VC 4/17/25
1 of 9

ENGROSSED HOUSE BILL NO. 1006

Introduced by

Appropriations Committee

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, disabled veterans' tax credit, and primary residence credit; to create and enact a new section to chapter 57-02 of the North Dakota Century Code, relating to the primary residence certification; to amend and reenact section 57-01-04 and subsection 4 of section 57-02-08.9, as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, of the North Dakota Century Code, relating to the salary of the state tax commissioner and the primary residence credit; to provide an exemption; ~~and~~ to provide for a transfer; to provide a contingent effective date; and to declare an emergency.

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 other funds derived from federal funds, 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, disabled veterans' tax credit, and primary residence credit, for the biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	\$24,036,152	\$1,650,068	\$25,686,220

1	Salaries and wages	\$24,036,152	\$2,161,868	\$26,198,020
2	New and vacant FTE pool	0	1,119,992	1,119,992
3	Operating expenses	8,613,370	824,741	9,438,111
4	Operating expenses	8,613,370	2,324,741	10,938,111
5	Capital assets	6,000	0	6,000
6	Homestead tax credit	72,400,000	(11,800,000)	60,600,000
7	Disabled veterans' tax credit	18,745,000	10,655,000	29,400,000
8	Primary residence credit	103,225,000	(103,225,000)	0
9	Total all funds	\$227,025,522	(\$100,775,199)	\$126,250,323
10	Less other funds	125,000	0	125,000
11	Total general fund	\$226,900,522	(\$100,775,199)	\$126,125,323
12	Total all funds	\$227,025,522	(\$98,763,399)	\$128,262,123
13	Less other funds	125,000	0	125,000
14	Total general fund	\$226,900,522	(\$98,763,399)	\$128,137,123
15	Full-time equivalent positions	117.00	0.00	117.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act which are not included in the entity's base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

One-Time Funding Description	General Fund	Other Funds	Total
Property tax relief administration	\$1,500,000	\$0	\$1,500,000
Total	\$1,500,000	\$0	\$1,500,000

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The tax commissioner may not spend funds appropriated in the new and vacant FTE pool line item in section 1 of this Act, but may request the office of management and budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

SECTION 4. 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 and the legislative council of any transfers made pursuant to this section.

SECTION 5. MOTOR VEHICLE FUEL TAX REVENUE TRANSFER. There is transferred to the general fund in the state treasury out of motor vehicle tax revenue collected pursuant to section 57-43.1-02, the sum of \$1,761,168, 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 6. 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 thousand seven hundred fifty~~ one hundred forty-one thousand eighty-two dollars through June 30, ~~2024~~2026, and ~~one hundred thirty-six thousand nine hundred seventy-three~~ one hundred forty-five thousand three hundred fourteen dollars thereafter.

SECTION 7. AMENDMENT. Subsection 4 of section 57-02-08.9 of the North Dakota Century Code, as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, is amended and reenacted as follows:

4. Only one credit under this section may be applied against the property taxes levied against any primary residence, except for property held by a cooperative entity. A trust may not claim a credit for more than one primary residence under this section. All credits earned by the individuals residing in property owned by a cooperative entity must be applied against the property taxes levied against the cooperative. The tax commissioner may require a cooperative entity to furnish any documentation needed for the purpose of ensuring compliance with this section.

SECTION 8. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

**Primary residence certification - Eligibility for primary residential property
classification - Application.**

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.

2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.

3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.

a. An application for primary residence certification must be filed by February first of each year to request a primary residence certification for:

(1) The taxable year during which the application is filed for a primary residence taxed as real estate under this title.

(2) The taxable year succeeding the taxable year during which the application is filed for a primary residence taxed as a mobile home under chapter 57-55.

b. As soon as practicable after receiving the applications, no later than February twenty-eighth of each year, the tax commissioner shall:

(1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and

(2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.

1 c. Within fifteen days of receipt of the applications from the tax commissioner under
2 paragraph 2 of subdivision b, no later than March fifteenth of each year, the
3 county director of tax equalization shall notify the applicant of the approval or
4 denial of the application and reflect the appropriate classification of the property
5 on the assessment list.

6 d. The tax commissioner may request additional documentation from the applicant
7 when making the determination of eligibility.

8 e. Determinations of eligibility under this subsection may be appealed through the
9 informal equalization process and formal abatement process.

10 4. A primary residence certification under this section is valid for the entire taxable year
11 for which the application for certification was approved, without regard to any change
12 of ownership of the property which occurs after the application for certification was
13 approved.

14 5. The tax commissioner shall prescribe, design, and make available all forms necessary
15 to effectuate this section. Application forms must include the full name and address of
16 the applicant and any other information prescribed by the tax commissioner. The
17 county director of tax equalization shall make these forms available to applicants upon
18 request.

19 6. For purposes of this section:

20 a. "Owned" means the individual holds a present ownership interest, including
21 ownership in fee simple, holds a present life estate or other terminable present
22 ownership interest, holds a beneficial interest in a qualifying trust, has an
23 ownership interest in a cooperative entity that owns the property, or is a
24 purchaser under a contract for deed. The term does not include a mere right of
25 occupancy or a tenancy under a lease.

26 b. (1) "Primary residence" means a dwelling in this state, including the land,
27 appurtenances, and improvements used in the residential occupancy of the
28 dwelling, which is not exempt from property taxes as a farm residence and,
29 subject to subsection 2 and paragraph 2, as of the assessment date of the
30 taxable year, is:

- (a) Owned by one or more individuals directly, through a beneficial interest in a qualifying trust, or through an ownership interest in a cooperative entity;
- (b) Designed or adapted for human residence;
- (c) Used as a residence; and
- (d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, by an individual who holds an ownership interest in a cooperative entity, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the certification.

(2) For purposes of the term:

- (a) An individual may not have more than one primary residence.
- (b) A primary residence includes a primary residence taxed under chapter 57-55.
- (c) A primary residence includes each unit of a cooperatively owned building occupied as a primary place of residence by an individual with an ownership interest in the cooperative entity.

c. "Qualifying trust" means a trust:

- (1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:
 - (a) For life;
 - (b) For the lesser of life or a term of years; or
 - (c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order

that:

(a) Describes the property with sufficient certainty to identify it and the interest acquired; and

(b) Is recorded in the real property records of the county in which the property is located.

d. "Trustor" means an individual who transfers an interest in real or personal property to a qualifying trust, whether during the individual's lifetime or at death, or the individual's spouse.

**SECTION 9. EXEMPTION - PRIMARY RESIDENCE CREDIT - ABATEMENT AND
EXTENDED DEADLINE - COOPERATIVES.**

1. Notwithstanding the qualification criteria and application requirements and deadlines for a primary residence credit against taxes levied in taxable year 2024 under section 57-02-08.9, an individual who occupies a unit of a cooperatively owned building as a primary residence and has an ownership interest in the cooperative entity that owns the property may file an abatement claim no later than May 31, 2025, on behalf of the cooperative entity that owns the property for a refund of taxes paid by the cooperative entity equal to the amount of the credit allowed under section 57-02-08.9 in taxable year 2024. All refunds of taxes issued as a result of abatement claims under this subsection must be issued to the cooperative entity that owned the property and paid taxes levied on the property in taxable year 2024.
2. Notwithstanding the qualification criteria and application requirements and deadlines for a primary residence credit against taxes levied in taxable year 2025 under section 57-02-08.9, an individual who occupies a unit of a cooperatively owned building as a primary residence and has an ownership interest in the cooperative entity that owns the property may file an application for a primary residence credit under section 57-02-08.9 by May 31, 2025, to be applied against the property taxes levied against the cooperatively owned building in taxable year 2025. The county auditor shall apply the credit against the property taxes levied against the cooperatively owned building according to the procedures in section 57-02-08.9.

- 1 3. The tax commissioner may require a cooperative entity to furnish any documentation
- 2 needed for the purpose of ensuring compliance with this section.
- 3 4. Notwithstanding the dates prescribed in section 57-02-08.10, supplemental
- 4 certifications and payments shall be made and distributed according to the procedures
- 5 provided under section 57-02-08.10.

6 **SECTION 10. CONTINGENT EFFECTIVE DATE.** If House Bill No. 1176 is approved by the
7 sixty-ninth legislative assembly and becomes effective, sections 7 and 8 of this Act are effective
8 for taxable years beginning after December 31, 2025.

9 **SECTION 11. EMERGENCY.** Section 9 of this Act is declared to be an emergency
10 measure.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1006 - State Tax Commissioner - Senate Action**

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$24,036,152	\$25,686,220	\$511,800	\$26,198,020
New and vacant FTE pool		1,119,992		1,119,992
Operating expenses	8,613,370	9,438,111	1,500,000	10,938,111
Capital assets	6,000	6,000		6,000
Homestead tax credit	72,400,000	60,600,000		60,600,000
Disabled veterans' credit	18,745,000	29,400,000		29,400,000
Primary residence credit	103,225,000			
Total all funds	\$227,025,522	\$126,250,323	\$2,011,800	\$128,262,123
Less estimated income	125,000	125,000	0	125,000
General fund	\$226,900,522	\$126,125,323	\$2,011,800	\$128,137,123
FTE	117.00	117.00	0.00	117.00

Department 127 - State Tax Commissioner - Detail of Senate Changes

	Adds Funding for Salary Adjustments ¹	Adds One- Time Funding Item ²	Total Senate Changes
Salaries and wages	\$511,800		\$511,800
New and vacant FTE pool			
Operating expenses		\$1,500,000	1,500,000
Capital assets			
Homestead tax credit			
Disabled veterans' credit			
Primary residence credit			
Total all funds	\$511,800	\$1,500,000	\$2,011,800
Less estimated income	0	0	0
General fund	\$511,800	\$1,500,000	\$2,011,800
FTE	0.00	0.00	0.00

¹ Funding of \$511,800 from the general fund is added for salary adjustments, including \$215,011 for the reclassification of FTE positions and \$296,789 for equity adjustments related to additional responsibilities for administering property tax relief programs. The House version did not include this funding.

² One-time funding of \$1.5 million is added from the general fund for tax relief program administrative costs related to operating expenses for advertising and information technology costs. The House version did not include this funding.

This amendment also expands the primary residence credit to include properties owned through a cooperative. The estimated fiscal impact for the remainder of the 2023-25 biennium and for the 2025-27 biennium is unknown but is anticipated to be relatively minimal.

**REPORT OF STANDING COMMITTEE
ENGROSSED HB 1006**

Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **AMENDMENTS** ([25.0150.02003](#)) and when so amended, recommends **DO PASS** (16 YEAS, 0 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). Engrossed HB 1006 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

25.0150.02003
Title.
Fiscal No. 3

Prepared by the Legislative Council
staff for Senator Bekkedahl

April 17, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1006

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the office of the tax
2 commissioner and for payment of state reimbursement under the homestead tax credit,
3 disabled veterans' tax credit, and primary residence credit; to create and enact a new section to
4 chapter 57-02 of the North Dakota Century Code, relating to the primary residence certification;
5 to amend and reenact section 57-01-04 and subsection 4 of section 57-02-08.9, as amended by
6 section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, of the
7 North Dakota Century Code, relating to the salary of the state tax commissioner and the primary
8 residence credit; to provide an exemption; and to provide for a transfer; to provide a contingent
9 effective date; and to declare an emergency.

10 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

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

	Base Level	Adjustments or Enhancements	Appropriation
18			
19			
20	Salaries and wages	\$24,036,152	\$1,650,068
			\$25,686,220

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1	<u>Salaries and wages</u>	<u>\$24,036,152</u>	<u>\$2,161,868</u>	<u>\$26,198,020</u>
2	New and vacant FTE pool	0	1,119,992	1,119,992
3	Operating expenses	8,613,370	824,741	9,438,111
4	<u>Operating expenses</u>	<u>8,613,370</u>	<u>2,324,741</u>	<u>10,938,111</u>
5	Capital assets	6,000	0	6,000
6	Homestead tax credit	72,400,000	(11,800,000)	60,600,000
7	Disabled veterans' tax credit	18,745,000	10,655,000	29,400,000
8	Primary residence credit	<u>103,225,000</u>	<u>(103,225,000)</u>	<u>0</u>
9	Total all funds	\$227,025,522	(\$100,775,199)	\$126,250,323
10	Less other funds	125,000	0	125,000
11	Total general fund	\$226,900,522	(\$100,775,199)	\$126,125,323
12	<u>Total all funds</u>	<u>\$227,025,522</u>	<u>(\$98,763,399)</u>	<u>\$128,262,123</u>
13	<u>Less other funds</u>	<u>125,000</u>	<u>0</u>	<u>125,000</u>
14	<u>Total general fund</u>	<u>\$226,900,522</u>	<u>(\$98,763,399)</u>	<u>\$128,137,123</u>
15	Full-time equivalent positions	117.00	0.00	117.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act which are not included in the entity's base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

21	<u>One-Time Funding Description</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
22	Property tax relief administration	<u>\$1,500,000</u>	<u>\$0</u>	<u>\$1,500,000</u>
23	Total	<u>\$1,500,000</u>	<u>\$0</u>	<u>\$1,500,000</u>

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The tax commissioner may not spend funds appropriated in the new and vacant FTE pool line item in section 1 of this Act, but may request the office of management and budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

SECTION 4. EXEMPTION - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the state tax commissioner may transfer funds between the homestead tax credit and disabled

1 veterans' tax credit line items in section 1 of this Act if one line item does not have sufficient
2 funds available for state reimbursement of eligible tax credits. The state tax commissioner shall
3 notify the office of management and budget and the legislative council of any transfers made
4 pursuant to this section.

5 **SECTION 5. MOTOR VEHICLE FUEL TAX REVENUE TRANSFER.** There is transferred to
6 the general fund in the state treasury out of motor vehicle tax revenue collected pursuant to
7 section 57-43.1-02, the sum of \$1,761,168, for the purpose of reimbursing the general fund for
8 expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the
9 administration of these taxes, for the biennium beginning July 1, 2025, and ending June 30,
10 2027.

11 **SECTION 6. AMENDMENT.** Section 57-01-04 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **57-01-04. Salary.**

14 The annual salary of the state tax commissioner is ~~one hundred thirty-one thousand seven-~~
15 ~~hundred five~~ one hundred forty-one thousand eighty-two dollars through June 30, ~~2024~~ 2026,
16 and ~~one hundred thirty-six thousand nine hundred seventy-three~~ one hundred forty-five
17 thousand three hundred fourteen dollars thereafter.

18 **SECTION 7. AMENDMENT.** Subsection 4 of section 57-02-08.9 of the North Dakota
19 Century Code, as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth
20 legislative assembly, is amended and reenacted as follows:

- 21 4. Only one credit under this section may be applied against the property taxes levied
22 against any primary residence, except for property held by a cooperative entity. A trust
23 may not claim a credit for more than one primary residence under this section. All
24 credits earned by the individuals residing in property owned by a cooperative entity
25 must be applied against the property taxes levied against the cooperative. The tax
26 commissioner may require a cooperative entity to furnish any documentation needed
27 for the purpose of ensuring compliance with this section.

28 **SECTION 8.** A new section to chapter 57-02 of the North Dakota Century Code is created
29 and enacted as follows:

Primary residence certification - Eligibility for primary residential property
classification - Application.

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.

2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.

3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.

a. An application for primary residence certification must be filed by February first of each year to request a primary residence certification for:

(1) The taxable year during which the application is filed for a primary residence taxed as real estate under this title.

(2) The taxable year succeeding the taxable year during which the application is filed for a primary residence taxed as a mobile home under chapter 57-55.

b. As soon as practicable after receiving the applications, no later than February twenty-eighth of each year, the tax commissioner shall:

(1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and

(2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.

1 c. Within fifteen days of receipt of the applications from the tax commissioner under
2 paragraph 2 of subdivision b, no later than March fifteenth of each year, the
3 county director of tax equalization shall notify the applicant of the approval or
4 denial of the application and reflect the appropriate classification of the property
5 on the assessment list.

6 d. The tax commissioner may request additional documentation from the applicant
7 when making the determination of eligibility.

8 e. Determinations of eligibility under this subsection may be appealed through the
9 informal equalization process and formal abatement process.

10 4. A primary residence certification under this section is valid for the entire taxable year
11 for which the application for certification was approved, without regard to any change
12 of ownership of the property which occurs after the application for certification was
13 approved.

14 5. The tax commissioner shall prescribe, design, and make available all forms necessary
15 to effectuate this section. Application forms must include the full name and address of
16 the applicant and any other information prescribed by the tax commissioner. The
17 county director of tax equalization shall make these forms available to applicants upon
18 request.

19 6. For purposes of this section:

20 a. "Owned" means the individual holds a present ownership interest, including
21 ownership in fee simple, holds a present life estate or other terminable present
22 ownership interest, holds a beneficial interest in a qualifying trust, has an
23 ownership interest in a cooperative entity that owns the property, or is a
24 purchaser under a contract for deed. The term does not include a mere right of
25 occupancy or a tenancy under a lease.

26 b. (1) "Primary residence" means a dwelling in this state, including the land,
27 appurtenances, and improvements used in the residential occupancy of the
28 dwelling, which is not exempt from property taxes as a farm residence and,
29 subject to subsection 2 and paragraph 2, as of the assessment date of the
30 taxable year, is:

- 1 (a) Owned by one or more individuals directly, through a beneficial
2 interest in a qualifying trust, or through an ownership interest in a
3 cooperative entity;
4 (b) Designed or adapted for human residence;
5 (c) Used as a residence; and
6 (d) Occupied as a primary place of residence by an owner, by an
7 individual who has a life estate in the property, by an individual who
8 holds an ownership interest in a cooperative entity, or, for property
9 owned through a beneficial interest in a qualifying trust, by a trustor or
10 beneficiary of the trust who qualifies for the certification.
11 (2) For purposes of the term:
12 (a) An individual may not have more than one primary residence.
13 (b) A primary residence includes a primary residence taxed under
14 chapter 57-55.
15 (c) A primary residence includes each unit of a cooperatively owned
16 building occupied as a primary place of residence by an individual
17 with an ownership interest in the cooperative entity.
18 c. "Qualifying trust" means a trust:
19 (1) In which the agreement, will, or court order creating the trust, an instrument
20 transferring property to the trust, or any other agreement that is binding on
21 the trustee provides that the trustor of the trust or a beneficiary of the trust
22 has the right to use and occupy as the trustor's or beneficiary's primary
23 residence rent free and without charge except for taxes and other costs and
24 expenses specified in the instrument or court order;
25 (a) For life;
26 (b) For the lesser of life or a term of years; or
27 (c) Until the date the trust is revoked or terminated by an instrument or
28 court order that describes the property with sufficient certainty to
29 identify it and is recorded in the real property records of the county in
30 which the property is located; and

1 (2) That acquires the property in an instrument of title or under a court order

2 that:

3 (a) Describes the property with sufficient certainty to identify it and the
4 interest acquired; and

5 (b) Is recorded in the real property records of the county in which the
6 property is located.

7 (c) A primary residence includes each unit of a cooperatively owned
8 building occupied as a primary place of residence by an individual
9 with an ownership interest in the cooperative.

10 d. "Trustor" means an individual who transfers an interest in real or personal
11 property to a qualifying trust, whether during the individual's lifetime or at death,
12 or the individual's spouse.

13 **SECTION 9. EXEMPTION - PRIMARY RESIDENCE CREDIT - ABATEMENT AND**
14 **EXTENDED DEADLINE - COOPERATIVES.**

15 1. Notwithstanding the qualification criteria and application requirements and deadlines
16 for a primary residence credit against taxes levied in taxable year 2024 under section
17 57-02-08.9, an individual who occupies a unit of a cooperatively owned building as a
18 primary residence and has an ownership interest in the cooperative entity that owns
19 the property may file an abatement claim no later than May 31, 2025, on behalf of the
20 cooperative entity that owns the property for a refund of taxes paid by the cooperative
21 entity equal to the amount of the credit allowed under section 57-02-08.9 in taxable
22 year 2024. All refunds of taxes issued as a result of abatement claims under this
23 subsection must be issued to the cooperative entity that owned the property and paid
24 taxes levied on the property in taxable year 2024.

25 2. Notwithstanding the qualification criteria and application requirements and deadlines
26 for a primary residence credit against taxes levied in taxable year 2025 under section
27 57-02-08.9, an individual who occupies a unit of a cooperatively owned building as a
28 primary residence and has an ownership interest in the cooperative entity that owns
29 the property may file an application for a primary residence credit under section
30 57-02-08.9 by May 31, 2025, to be applied against the property taxes levied against
31 the cooperatively owned building in taxable year 2025. The county auditor shall apply

1 the credit against the property taxes levied against the cooperatively owned building
2 according to the procedures in 57-02-08.9.

3 3. The tax commissioner may require a cooperative entity to furnish any documentation
4 needed for the purpose of ensuring compliance with this section.

5 4. Notwithstanding the dates prescribed in section 57-02-08.10, supplemental
6 certifications and payments shall be made and distributed according to the procedures
7 provided under section 57-02-08.10.

8 **SECTION 10. CONTINGENT EFFECTIVE DATE.** If House Bill No. 1176 is approved by the
9 sixty-ninth legislative assembly and becomes effective, sections 7 and 8 of this Act are effective
10 for taxable years beginning after December 31, 2025.

11 **SECTION 11. EMERGENCY.** Section 9 of this Act is declared to be an emergency
12 measure.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1006 - State Tax Commissioner - Senate Action**

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$24,036,152	\$25,686,220	\$511,800	\$26,198,020
New and vacant FTE pool		1,119,992		1,119,992
Operating expenses	8,613,370	9,438,111	1,500,000	10,938,111
Capital assets	6,000	6,000		6,000
Homestead tax credit	72,400,000	60,600,000		60,600,000
Disabled veterans' credit	18,745,000	29,400,000		29,400,000
Primary residence credit	103,225,000			
Total all funds	\$227,025,522	\$126,250,323	\$2,011,800	\$128,262,123
Less estimated income	125,000	125,000	0	125,000
General fund	\$226,900,522	\$126,125,323	\$2,011,800	\$128,137,123
FTE	117.00	117.00	0.00	117.00

Department 127 - State Tax Commissioner - Detail of Senate Changes

	Adds Funding for Salary Adjustments ¹	Adds One- Time Funding Item ²	Total Senate Changes
Salaries and wages	\$511,800		\$511,800
New and vacant FTE pool			
Operating expenses		\$1,500,000	1,500,000
Capital assets			
Homestead tax credit			
Disabled veterans' credit			
Primary residence credit			
Total all funds	\$511,800	\$1,500,000	\$2,011,800
Less estimated income	0	0	0
General fund	\$511,800	\$1,500,000	\$2,011,800
FTE	0.00	0.00	0.00

¹ Funding of \$511,800 from the general fund is added for salary adjustments, including \$215,011 for the reclassification of FTE positions and \$296,789 for equity adjustments related to additional responsibilities for administering property tax relief programs. The House version did not include this funding.

² One-time funding of \$1.5 million is added from the general fund for tax relief program administrative costs related to operating expenses for advertising and information technology costs. The House version did not include this funding.

This amendment also expands the primary residence credit to include properties owned through a cooperative. The estimated fiscal impact for the remainder of the 2023-25 biennium and for the 2025-27 biennium is unknown but is anticipated to be relatively minimal.

2025 CONFERENCE COMMITTEE

HB 1006

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division

Brynhild Haugland Room, State Capitol

HB 1006

4/25/2025

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, disabled veterans' tax credit, and primary residence credit; to provide an exemption; and to provide for a transfer.

9:02 a.m. Chairwoman Pyle called the meeting to order.

Members Present: Chairwoman Pyle, Representatives: Kempenich, Meier, Senators: Wanzek, Sickler, and Dwyer.

Discussion Topics:

- Homestead Tax Credit
- Disabled Veteran's Tax Credit
- Primary Residence Credit
- Potential Fiscal Impact
- Salary Equity Increase
- Reclassified Positions
- Other Bill Impacts
- Property Tax Relief

9:03 a.m. Senator Wanzek reviewed the long sheet testimony #45185.

9:07 a.m. Sherri Anderson, Chief Fiscal Officer, Office of Tax Commissioner, answered questions for the committee.

9:20 a.m. Adam Mathiak, Fiscal Analyst, Legislative Council, answered questions for the committee and submitted testimony in neutral #45174, #45175, and #45185.

9:41 a.m. Chairwoman Pyle adjourned the meeting.

Madaline Cooper, Committee Clerk

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Fiscal No. 3

Prepared by the Legislative Council
staff for Senator Bekkedahl

April 17, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1006

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the office of the tax
2 commissioner and for payment of state reimbursement under the homestead tax credit,
3 disabled veterans' tax credit, and primary residence credit; to create and enact a new section to
4 chapter 57-02 of the North Dakota Century Code, relating to the primary residence certification;
5 to amend and reenact section 57-01-04 and subsection 4 of section 57-02-08.9, as amended by
6 section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, of the
7 North Dakota Century Code, relating to the salary of the state tax commissioner and the primary
8 residence credit; to provide an exemption; and to provide for a transfer; to provide a contingent
9 effective date; and to declare an emergency.

10 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

	Base Level	Adjustments or Enhancements	Appropriation
20 Salaries and wages	\$24,036,152	\$1,650,068	\$25,686,220

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1	Salaries and wages	\$24,036,152	\$2,161,868	\$26,198,020
2	New and vacant FTE pool	0	1,119,992	1,119,992
3	Operating expenses	8,613,370	824,741	9,438,111
4	Operating expenses	8,613,370	2,324,741	10,938,111
5	Capital assets	6,000	0	6,000
6	Homestead tax credit	72,400,000	(11,800,000)	60,600,000
7	Disabled veterans' tax credit	18,745,000	10,655,000	29,400,000
8	Primary residence credit	103,225,000	(103,225,000)	0
9	Total all funds	\$227,025,522	(\$100,775,199)	\$126,250,323
10	Less other funds	125,000	0	125,000
11	Total general fund	\$226,900,522	(\$100,775,199)	\$126,125,323
12	Total all funds	\$227,025,522	(\$98,763,399)	\$128,262,123
13	Less other funds	125,000	0	125,000
14	Total general fund	\$226,900,522	(\$98,763,399)	\$128,137,123
15	Full-time equivalent positions	117.00	0.00	117.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO

SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act which are not included in the entity's base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

21	<u>One-Time Funding Description</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
22	Property tax relief administration	\$1,500,000	\$0	\$1,500,000
23	Total	\$1,500,000	\$0	\$1,500,000

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The tax commissioner may not spend funds appropriated in the new and vacant FTE pool line item in section 1 of this Act, but may request the office of management and budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

SECTION 4. EXEMPTION - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the state tax commissioner may transfer funds between the homestead tax credit and disabled

1 veterans' tax credit line items in section 1 of this Act if one line item does not have sufficient
2 funds available for state reimbursement of eligible tax credits. The state tax commissioner shall
3 notify the office of management and budget and the legislative council of any transfers made
4 pursuant to this section.

5 **SECTION 5. MOTOR VEHICLE FUEL TAX REVENUE TRANSFER.** There is transferred to
6 the general fund in the state treasury out of motor vehicle tax revenue collected pursuant to
7 section 57-43.1-02, the sum of \$1,761,168, for the purpose of reimbursing the general fund for
8 expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the
9 administration of these taxes, for the biennium beginning July 1, 2025, and ending June 30,
10 2027.

11 **SECTION 6. AMENDMENT.** Section 57-01-04 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **57-01-04. Salary.**

14 The annual salary of the state tax commissioner is ~~one hundred thirty-one thousand seven-~~
15 ~~hundred five~~ one hundred forty-one thousand eighty-two dollars through June 30, ~~2024~~2026,
16 and ~~one hundred thirty-six thousand nine hundred seventy-three~~ one hundred forty-five
17 thousand three hundred fourteen dollars thereafter.

18 **SECTION 7. AMENDMENT.** Subsection 4 of section 57-02-08.9 of the North Dakota
19 Century Code, as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth
20 legislative assembly, is amended and reenacted as follows:

- 21 4. Only one credit under this section may be applied against the property taxes levied
22 against any primary residence, except for property held by a cooperative entity. A trust
23 may not claim a credit for more than one primary residence under this section. All
24 credits earned by the individuals residing in property owned by a cooperative entity
25 must be applied against the property taxes levied against the cooperative. The tax
26 commissioner may require a cooperative entity to furnish any documentation needed
27 for the purpose of ensuring compliance with this section.

28 **SECTION 8.** A new section to chapter 57-02 of the North Dakota Century Code is created
29 and enacted as follows:

**Primary residence certification - Eligibility for primary residential property
classification - Application.**

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.
2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.
3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.
 - a. An application for primary residence certification must be filed by February first of each year to request a primary residence certification for:
 - (1) The taxable year during which the application is filed for a primary residence taxed as real estate under this title.
 - (2) The taxable year succeeding the taxable year during which the application is filed for a primary residence taxed as a mobile home under chapter 57-55.
 - b. As soon as practicable after receiving the applications, no later than February twenty-eighth of each year, the tax commissioner shall:
 - (1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and
 - (2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.

- 1 c. Within fifteen days of receipt of the applications from the tax commissioner under
2 paragraph 2 of subdivision b, no later than March fifteenth of each year, the
3 county director of tax equalization shall notify the applicant of the approval or
4 denial of the application and reflect the appropriate classification of the property
5 on the assessment list.
- 6 d. The tax commissioner may request additional documentation from the applicant
7 when making the determination of eligibility.
- 8 e. Determinations of eligibility under this subsection may be appealed through the
9 informal equalization process and formal abatement process.
- 10 4. A primary residence certification under this section is valid for the entire taxable year
11 for which the application for certification was approved, without regard to any change
12 of ownership of the property which occurs after the application for certification was
13 approved.
- 14 5. The tax commissioner shall prescribe, design, and make available all forms necessary
15 to effectuate this section. Application forms must include the full name and address of
16 the applicant and any other information prescribed by the tax commissioner. The
17 county director of tax equalization shall make these forms available to applicants upon
18 request.
- 19 6. For purposes of this section:
- 20 a. "Owned" means the individual holds a present ownership interest, including
21 ownership in fee simple, holds a present life estate or other terminable present
22 ownership interest, holds a beneficial interest in a qualifying trust, has an
23 ownership interest in a cooperative entity that owns the property, or is a
24 purchaser under a contract for deed. The term does not include a mere right of
25 occupancy or a tenancy under a lease.
- 26 b. (1) "Primary residence" means a dwelling in this state, including the land,
27 appurtenances, and improvements used in the residential occupancy of the
28 dwelling, which is not exempt from property taxes as a farm residence and,
29 subject to subsection 2 and paragraph 2, as of the assessment date of the
30 taxable year, is:

- 1 (a) Owned by one or more individuals directly, through a beneficial
2 interest in a qualifying trust, or through an ownership interest in a
3 cooperative entity;
4 (b) Designed or adapted for human residence;
5 (c) Used as a residence; and
6 (d) Occupied as a primary place of residence by an owner, by an
7 individual who has a life estate in the property, by an individual who
8 holds an ownership interest in a cooperative entity, or, for property
9 owned through a beneficial interest in a qualifying trust, by a trustor or
10 beneficiary of the trust who qualifies for the certification.
11 (2) For purposes of the term:
12 (a) An individual may not have more than one primary residence.
13 (b) A primary residence includes a primary residence taxed under
14 chapter 57-55.
15 (c) A primary residence includes each unit of a cooperatively owned
16 building occupied as a primary place of residence by an individual
17 with an ownership interest in the cooperative entity.
18 c. "Qualifying trust" means a trust:
19 (1) In which the agreement, will, or court order creating the trust, an instrument
20 transferring property to the trust, or any other agreement that is binding on
21 the trustee provides that the trustor of the trust or a beneficiary of the trust
22 has the right to use and occupy as the trustor's or beneficiary's primary
23 residence rent free and without charge except for taxes and other costs and
24 expenses specified in the instrument or court order:
25 (a) For life;
26 (b) For the lesser of life or a term of years; or
27 (c) Until the date the trust is revoked or terminated by an instrument or
28 court order that describes the property with sufficient certainty to
29 identify it and is recorded in the real property records of the county in
30 which the property is located; and

(2) That acquires the property in an instrument of title or under a court order

that:

(a) Describes the property with sufficient certainty to identify it and the interest acquired; and

(b) Is recorded in the real property records of the county in which the property is located.

d. "Trustor" means an individual who transfers an interest in real or personal property to a qualifying trust, whether during the individual's lifetime or at death, or the individual's spouse.

**SECTION 9. EXEMPTION - PRIMARY RESIDENCE CREDIT - ABATEMENT AND
EXTENDED DEADLINE - COOPERATIVES.**

1. Notwithstanding the qualification criteria and application requirements and deadlines for a primary residence credit against taxes levied in taxable year 2024 under section 57-02-08.9, an individual who occupies a unit of a cooperatively owned building as a primary residence and has an ownership interest in the cooperative entity that owns the property may file an abatement claim no later than May 31, 2025, on behalf of the cooperative entity that owns the property for a refund of taxes paid by the cooperative entity equal to the amount of the credit allowed under section 57-02-08.9 in taxable year 2024. All refunds of taxes issued as a result of abatement claims under this subsection must be issued to the cooperative entity that owned the property and paid taxes levied on the property in taxable year 2024.
2. Notwithstanding the qualification criteria and application requirements and deadlines for a primary residence credit against taxes levied in taxable year 2025 under section 57-02-08.9, an individual who occupies a unit of a cooperatively owned building as a primary residence and has an ownership interest in the cooperative entity that owns the property may file an application for a primary residence credit under section 57-02-08.9 by May 31, 2025, to be applied against the property taxes levied against the cooperatively owned building in taxable year 2025. The county auditor shall apply the credit against the property taxes levied against the cooperatively owned building according to the procedures in section 57-02-08.9.

- 1 3. The tax commissioner may require a cooperative entity to furnish any documentation
2 needed for the purpose of ensuring compliance with this section.
- 3 4. Notwithstanding the dates prescribed in section 57-02-08.10, supplemental
4 certifications and payments shall be made and distributed according to the procedures
5 provided under section 57-02-08.10.

6 **SECTION 10. CONTINGENT EFFECTIVE DATE.** If House Bill No. 1176 is approved by the
7 sixty-ninth legislative assembly and becomes effective, sections 7 and 8 of this Act are effective
8 for taxable years beginning after December 31, 2025.

9 **SECTION 11. EMERGENCY.** Section 9 of this Act is declared to be an emergency
10 measure.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1006 - State Tax Commissioner - Senate Action**

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$24,036,152	\$25,686,220	\$511,800	\$26,198,020
New and vacant FTE pool		1,119,992		1,119,992
Operating expenses	8,613,370	9,438,111	1,500,000	10,938,111
Capital assets	6,000	6,000		6,000
Homestead tax credit	72,400,000	60,600,000		60,600,000
Disabled veterans' credit	18,745,000	29,400,000		29,400,000
Primary residence credit	103,225,000			
Total all funds	\$227,025,522	\$126,250,323	\$2,011,800	\$128,262,123
Less estimated income	125,000	125,000	0	125,000
General fund	\$226,900,522	\$126,125,323	\$2,011,800	\$128,137,123
FTE	117.00	117.00	0.00	117.00

Department 127 - State Tax Commissioner - Detail of Senate Changes

	Adds Funding for Salary Adjustments ¹	Adds One- Time Funding Item ²	Total Senate Changes
Salaries and wages	\$511,800		\$511,800
New and vacant FTE pool			
Operating expenses		\$1,500,000	1,500,000
Capital assets			
Homestead tax credit			
Disabled veterans' credit			
Primary residence credit			
Total all funds	\$511,800	\$1,500,000	\$2,011,800
Less estimated income	0	0	0
General fund	\$511,800	\$1,500,000	\$2,011,800
FTE	0.00	0.00	0.00

¹ Funding of \$511,800 from the general fund is added for salary adjustments, including \$215,011 for the reclassification of FTE positions and \$296,789 for equity adjustments related to additional responsibilities for administering property tax relief programs. The House version did not include this funding.

² One-time funding of \$1.5 million is added from the general fund for tax relief program administrative costs related to operating expenses for advertising and information technology costs. The House version did not include this funding.

This amendment also expands the primary residence credit to include properties owned through a cooperative. The estimated fiscal impact for the remainder of the 2023-25 biennium and for the 2025-27 biennium is unknown but is anticipated to be relatively minimal.

25.0150.03000

Sixty-ninth
Legislative Assembly
of North Dakota

**FIRST ENGROSSMENT
with Senate Amendments**

ENGROSSED HOUSE BILL NO. 1006

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the office of the tax
2 commissioner and for payment of state reimbursement under the homestead tax credit,
3 disabled veterans' tax credit, and primary residence credit; to create and enact a new section to
4 chapter 57-02 of the North Dakota Century Code, relating to the primary residence certification;
5 to amend and reenact section 57-01-04 and subsection 4 of section 57-02-08.9, as amended by
6 section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, of the
7 North Dakota Century Code, relating to the salary of the state tax commissioner and the primary
8 residence credit; to provide an exemption; to provide for a transfer; to provide a contingent
9 effective date; and to declare an emergency.

10 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

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

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
20 Salaries and wages	\$24,036,152	\$2,161,868	\$26,198,020
21 New and vacant FTE pool	0	1,119,992	1,119,992
22 Operating expenses	8,613,370	2,324,741	10,938,111

Sixty-ninth
Legislative Assembly

1	Capital assets	6,000	0	6,000
2	Homestead tax credit	72,400,000	(11,800,000)	60,600,000
3	Disabled veterans' tax credit	18,745,000	10,655,000	29,400,000
4	Primary residence credit	<u>103,225,000</u>	<u>(103,225,000)</u>	<u>0</u>
5	Total all funds	\$227,025,522	(\$98,763,399)	\$128,262,123
6	Less other funds	<u>125,000</u>	<u>0</u>	<u>125,000</u>
7	Total general fund	\$226,900,522	(\$98,763,399)	\$128,137,123
8	Full-time equivalent positions	117.00	0.00	117.00

9 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

10 **SEVENTIETH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
11 items included in the appropriation in section 1 of this Act which are not included in the entity's
12 base budget for the 2027-29 biennium and which the entity shall report to the appropriations
13 committees of the seventieth legislative assembly regarding the use of this funding:

14	<u>One-Time Funding Description</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
15	Property tax relief administration	<u>\$1,500,000</u>	<u>\$0</u>	<u>\$1,500,000</u>
16	Total	\$1,500,000	\$0	\$1,500,000

17 **SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST.** The
18 tax commissioner may not spend funds appropriated in the new and vacant FTE pool line item
19 in section 1 of this Act, but may request the office of management and budget to transfer funds
20 from the new and vacant FTE pool line item to the salaries and wages line item in accordance
21 with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the
22 sixty-ninth legislative assembly.

23 **SECTION 4. EXEMPTION - LINE ITEM TRANSFERS.** Notwithstanding section 54-16-04,
24 the state tax commissioner may transfer funds between the homestead tax credit and disabled
25 veterans' tax credit line items in section 1 of this Act if one line item does not have sufficient
26 funds available for state reimbursement of eligible tax credits. The state tax commissioner shall
27 notify the office of management and budget and the legislative council of any transfers made
28 pursuant to this section.

29 **SECTION 5. MOTOR VEHICLE FUEL TAX REVENUE TRANSFER.** There is transferred to
30 the general fund in the state treasury out of motor vehicle tax revenue collected pursuant to
31 section 57-43.1-02, the sum of \$1,761,168, for the purpose of reimbursing the general fund for

1 expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the
2 administration of these taxes, for the biennium beginning July 1, 2025, and ending June 30,
3 2027.

4 **SECTION 6. AMENDMENT.** Section 57-01-04 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **57-01-04. Salary.**

7 The annual salary of the state tax commissioner is ~~one hundred thirty-one thousand seven-~~
8 ~~hundred five~~one hundred forty-one thousand eighty-two dollars through June 30, ~~2024~~2026,
9 and ~~one hundred thirty-six thousand nine hundred seventy-three~~one hundred forty-five
10 thousand three hundred fourteen dollars thereafter.

11 **SECTION 7. AMENDMENT.** Subsection 4 of section 57-02-08.9 of the North Dakota
12 Century Code, as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth
13 legislative assembly, is amended and reenacted as follows:

- 14 4. Only one credit under this section may be applied against the property taxes levied
15 against any primary residence, except for property held by a cooperative entity. A trust
16 may not claim a credit for more than one primary residence under this section. All
17 credits earned by the individuals residing in property owned by a cooperative entity
18 must be applied against the property taxes levied against the cooperative. The tax
19 commissioner may require a cooperative entity to furnish any documentation needed
20 for the purpose of ensuring compliance with this section.

21 **SECTION 8.** A new section to chapter 57-02 of the North Dakota Century Code is created
22 and enacted as follows:

23 **Primary residence certification - Eligibility for primary residential property**
24 **classification - Application.**

- 25 1. To be eligible for a primary residential property classification under this chapter, a
26 primary residence must be certified by the county director of tax equalization as
27 provided in this section.
28 2. A dwelling does not lose its character as a primary residence if the owner of the
29 dwelling does not reside in the primary residence because the individual is confined in
30 a nursing home, hospital, or other care facility, for as long as that confinement lasts

1 and the portion of the primary residence previously occupied by the individual is not
2 rented to another person.

3 3. To be certified as a primary residence and eligible for the primary residential property
4 classification under this chapter, an owner shall sign and file with the tax commissioner
5 an application containing a verified statement of facts establishing the owner's
6 property meets the eligibility requirements to be considered a primary residence under
7 this section as of the date of the application on a form and in the manner prescribed by
8 the tax commissioner.

9 a. An application for primary residence certification must be filed by February first of
10 each year to request a primary residence certification for:

11 (1) The taxable year during which the application is filed for a primary residence
12 taxed as real estate under this title.

13 (2) The taxable year succeeding the taxable year during which the application
14 is filed for a primary residence taxed as a mobile home under chapter
15 57-55.

16 b. As soon as practicable after receiving the applications, no later than February
17 twenty-eighth of each year, the tax commissioner shall:

18 (1) Review the applications received under this subsection and determine
19 which applicants qualify for the primary residence certification; and

20 (2) Provide to each county director of tax equalization a copy of each approved
21 or rejected application received under this subsection which identifies
22 property located in the county.

23 c. Within fifteen days of receipt of the applications from the tax commissioner under
24 paragraph 2 of subdivision b, no later than March fifteenth of each year, the
25 county director of tax equalization shall notify the applicant of the approval or
26 denial of the application and reflect the appropriate classification of the property
27 on the assessment list.

28 d. The tax commissioner may request additional documentation from the applicant
29 when making the determination of eligibility.

30 e. Determinations of eligibility under this subsection may be appealed through the
31 informal equalization process and formal abatement process.

- 1 4. A primary residence certification under this section is valid for the entire taxable year
2 for which the application for certification was approved, without regard to any change
3 of ownership of the property which occurs after the application for certification was
4 approved.
- 5 5. The tax commissioner shall prescribe, design, and make available all forms necessary
6 to effectuate this section. Application forms must include the full name and address of
7 the applicant and any other information prescribed by the tax commissioner. The
8 county director of tax equalization shall make these forms available to applicants upon
9 request.
- 10 6. For purposes of this section:
- 11 a. "Owned" means the individual holds a present ownership interest, including
12 ownership in fee simple, holds a present life estate or other terminable present
13 ownership interest, holds a beneficial interest in a qualifying trust, has an
14 ownership interest in a cooperative entity that owns the property, or is a
15 purchaser under a contract for deed. The term does not include a mere right of
16 occupancy or a tenancy under a lease.
- 17 b. (1) "Primary residence" means a dwelling in this state, including the land,
18 appurtenances, and improvements used in the residential occupancy of the
19 dwelling, which is not exempt from property taxes as a farm residence and,
20 subject to subsection 2 and paragraph 2, as of the assessment date of the
21 taxable year, is:
- 22 (a) Owned by one or more individuals directly, through a beneficial
23 interest in a qualifying trust, or through an ownership interest in a
24 cooperative entity;
- 25 (b) Designed or adapted for human residence;
- 26 (c) Used as a residence; and
- 27 (d) Occupied as a primary place of residence by an owner, by an
28 individual who has a life estate in the property, by an individual who
29 holds an ownership interest in a cooperative entity, or, for property
30 owned through a beneficial interest in a qualifying trust, by a trustor or
31 beneficiary of the trust who qualifies for the certification.

(2) For purposes of the term:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

(c) A primary residence includes each unit of a cooperatively owned building occupied as a primary place of residence by an individual with an ownership interest in the cooperative entity.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order that:

(a) Describes the property with sufficient certainty to identify it and the interest acquired; and

(b) Is recorded in the real property records of the county in which the property is located.

d. "Trustor" means an individual who transfers an interest in real or personal property to a qualifying trust, whether during the individual's lifetime or at death, or the individual's spouse.

**SECTION 9. EXEMPTION - PRIMARY RESIDENCE CREDIT - ABATEMENT AND
EXTENDED DEADLINE - COOPERATIVES.**

- 1 1. Notwithstanding the qualification criteria and application requirements and deadlines
2 for a primary residence credit against taxes levied in taxable year 2024 under section
3 57-02-08.9, an individual who occupies a unit of a cooperatively owned building as a
4 primary residence and has an ownership interest in the cooperative entity that owns
5 the property may file an abatement claim no later than May 31, 2025, on behalf of the
6 cooperative entity that owns the property for a refund of taxes paid by the cooperative
7 entity equal to the amount of the credit allowed under section 57-02-08.9 in taxable
8 year 2024. All refunds of taxes issued as a result of abatement claims under this
9 subsection must be issued to the cooperative entity that owned the property and paid
10 taxes levied on the property in taxable year 2024.
- 11 2. Notwithstanding the qualification criteria and application requirements and deadlines
12 for a primary residence credit against taxes levied in taxable year 2025 under section
13 57-02-08.9, an individual who occupies a unit of a cooperatively owned building as a
14 primary residence and has an ownership interest in the cooperative entity that owns
15 the property may file an application for a primary residence credit under section
16 57-02-08.9 by May 31, 2025, to be applied against the property taxes levied against
17 the cooperatively owned building in taxable year 2025. The county auditor shall apply
18 the credit against the property taxes levied against the cooperatively owned building
19 according to the procedures in section 57-02-08.9.
- 20 3. The tax commissioner may require a cooperative entity to furnish any documentation
21 needed for the purpose of ensuring compliance with this section.
- 22 4. Notwithstanding the dates prescribed in section 57-02-08.10, supplemental
23 certifications and payments shall be made and distributed according to the procedures
24 provided under section 57-02-08.10.

25 **SECTION 10. CONTINGENT EFFECTIVE DATE.** If House Bill No. 1176 is approved by the
26 sixty-ninth legislative assembly and becomes effective, sections 7 and 8 of this Act are effective
27 for taxable years beginning after December 31, 2025.

28 **SECTION 11. EMERGENCY.** Section 9 of this Act is declared to be an emergency
29 measure.



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

	House Version				Senate Version				Senate Compared to House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	Increase (Decrease)			
									FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	117.00	\$226,900,522	\$125,000	\$227,025,522	117.00	\$226,900,522	\$125,000	\$227,025,522	0.00	\$0	\$0	\$0
2025-27 Ongoing Funding Changes												
Salary increase		\$926,560		\$926,560		\$926,560		\$926,560				\$0
Health insurance increase		702,618		702,618		702,618		702,618				0
Funding to replace the 2023-25 vacant FTE pool		1,285,846		1,285,846		1,285,846		1,285,846				0
2025-27 new and vacant FTE pool		(479,997)		(479,997)		(479,997)		(479,997)				0
Budget reduction from salary savings		(26,967)		(26,967)		(26,967)		(26,967)				0
Salary funding - Cost to continue		362,000		362,000		362,000		362,000				0
Salary funding - Reclassification of positions				0		215,011		215,011		\$215,011		215,011
Salary funding - Equity				0		296,789		296,789		296,789		296,789
GenTax support		450,000		450,000		450,000		450,000				0
Information technology rate adjustments		358,321		358,321		358,321		358,321				0
Capitol rent increase		16,420		16,420		16,420		16,420				0
Homestead tax credit adjustment		(11,800,000)		(11,800,000)		(11,800,000)		(11,800,000)				0
Disabled veterans' tax credit adjustment		10,655,000		10,655,000		10,655,000		10,655,000				0
Primary residence credit adjustment		(103,225,000)		(103,225,000)		(103,225,000)		(103,225,000)				0
Total ongoing funding changes	0.00	(\$100,775,199)	\$0	(\$100,775,199)	0.00	(\$100,263,399)	\$0	(\$100,263,399)	0.00	\$511,800	\$0	\$511,800
One-Time Funding Items												
Tax relief program administration - Advertising and IT costs				\$0		\$1,500,000		\$1,500,000		\$1,500,000		\$1,500,000
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$1,500,000	\$0	\$1,500,000	0.00	\$1,500,000	\$0	\$1,500,000
Total Changes to Base Level Funding	0.00	(\$100,775,199)	\$0	(\$100,775,199)	0.00	(\$98,763,399)	\$0	(\$98,763,399)	0.00	\$2,011,800	\$0	\$2,011,800
2025-27 Total Funding	117.00	\$126,125,323	\$125,000	\$126,250,323	117.00	\$128,137,123	\$125,000	\$128,262,123	0.00	\$2,011,800	\$0	\$2,011,800
Federal funds included in other funds			\$125,000				\$125,000				\$0	
Total ongoing changes - Percentage of base level	0.0%	(44.4%)	0.0%	(44.4%)	0.0%	(44.2%)	0.0%	(44.2%)	N/A	N/A	N/A	N/A
Total changes - Percentage of base level	0.0%	(44.4%)	0.0%	(44.4%)	0.0%	(43.5%)	0.0%	(43.5%)	N/A	N/A	N/A	N/A

Other Sections in Tax Commissioner - Budget No. 127

Section Description	House Version	Senate Version
New and vacant FTE pool line item	Section 2 provides for the use of funding in the new and vacant FTE pool line item.	Section 3 provides for the use of funding in the new and vacant FTE pool line item.
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 2025-27 biennium.	Section 4 authorizes 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 provides for a transfer of \$1,761,168 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 5 provides for a transfer of \$1,761,168 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.

Other Sections in Tax Commissioner - Budget No. 127

Section Description	House Version	Senate Version	
Salary of Tax Commissioner	Section 5 provides the statutory changes necessary to increase the Tax Commissioner's salary by 3 percent on July 1, 2025, and by 3 percent on July 1, 2026.	Section 6 provides the statutory changes necessary to increase the Tax Commissioner's salary by 3 percent on July 1, 2025, and by 3 percent on July 1, 2026.	
Primary residence credit - Properties owned through a cooperative		Sections 7, 8, 9, 10, and 11 amend provisions of the primary residence credit to allow properties owned through a cooperative to qualify for the credit, including effective dates and an emergency clause allowing the taxpayers to claim the credit retroactively.	

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division

Brynhild Haugland Room, State Capitol

HB 1006

4/28/2025

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, disabled veterans' tax credit, and primary residence credit; to provide an exemption; and to provide for a transfer.

3:00 p.m. Chairman Pyle called the meeting to order.

Members Present: Chairman Pyle, Representatives: Kempenich, Meier, Senators: Wanzek, Sickler, and Dwyer.

Discussion Topics:

- Cooperative Entity Tax
- Tax codes
- Primary Residence Tax
- Tax Relief Funding
- Equity Adjustments Funding
- Salary Adjustments for Tax Commissioner Office
- Reclassification of Positions

3:00 p.m. Chairman Pyle explained differences between House and Senate with LC# 25.0150.02003, previous testimony #45174.

3:13 p.m. General Discussion on the long sheet previous testimony #45185.

3:21 p.m. Sherri Anderson, Chief Fiscal Officer, Office of Tax Commissioner, answered questions for the committee.

3:38 p.m. Chairman Pyle adjourned the meeting.

Madaline Cooper, Committee Clerk

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division

Brynhild Haugland Room, State Capitol

HB 1006

4/29/2025

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, disabled veterans' tax credit, and primary residence credit; to provide an exemption; and to provide for a transfer.

3:34 p.m. Chairman Pyle called the meeting to order.

Members Present: Chairman Pyle, Representatives: Kempenich, Meier, Senators: Wanzek, Sickler, and Burckhard.

Discussion Topics:

- Cooperative Ownerships
- Primary Residence Tax
- Zoning of Cooperative
- Property Tax Credit on Commercial Property
- Grade Classifications for FTEs
- Homestead Tax Credit
- Disable Veteran's Credit

3:35 p.m. Representative Pyle provided testimony #45313 and #45321 and reviewed previous testimony #45185.

3:49 p.m. Representative Kempenich moved to verbal amend to change 1.5 million to advertising and IT costs to 1 million, Equity increase would move from \$296,000 to \$196,000, and to remove section 7 the cooperative language from the primary resident tax.

3:52 p.m. Representative Meier seconded the motion.

Roll call vote 6-0-0.

3:54 p.m. Adam Mathiak, Fiscal Analyst, Legislative Council, answered questions for the committee.

4:06 p.m. Chairman Pyle adjourned the meeting.

Madaline Cooper, Committee Clerk

HB 1006 042925 1552 PM Roll Call Vote

Amendment

HB 1006

Date Submitted: April 29, 2025, 3:52 p.m.

Action: Passed

Amendment LC #: Pending LC #

Motioned By: Kempenich, Keith

Seconded By: Meier, Lisa

Emergency Clause: None

Vote Results: 6 - 0 - 0

Description: N/A

Rep. Pyle, Brandy	Yea
Rep. Kempenich, Keith	Yea
Rep. Meier, Lisa	Yea
Sen. Wanzek, Terry M.	Yea
Sen. Sickler, Jonathan	Yea
Sen. Burckhard, Randy A.	Yea

Property Detail Report

	01-8795-00200-000	Newest Statement (2024 - #240135489)
Owner:	VILLAGE COOPERATIVE OF FARGO	Mill Levy Rate: 273.47
Address:	2501 55 ST S FARGO ND 58104	Consolidated: \$152,869.73
Mail To:	VILLAGE COOPERATIVE OF FARGO 2501 55TH ST S FARGO ND 58104-5566	Specials: \$517.83
Jurisdiction:	Fargo City	Drains: \$860.86
Mortgage Company:		Other: \$0.00
		Discounts: \$7,643.49
		Pen/Int: \$0.00
		1st Due: \$0.00
		2nd Due: \$76,434.86
		Amount Due: \$76,434.86
		Grand Total Due: \$76,434.86

Legal Description

Lot: 2 Block: 1 AMBER VALLEY WEST 6TH LT 2 BLK 1 **9-28-21 REPLAT FRM 01-8439-00011-000 & 01-8529 -00200-000 PER PLAT DOC#1646055 FOR 2021

Statement: #240135489 Year: 2024

Type:	Real Estate	Ag Land:	\$0.00
Mill Levy Rate:	273.47	Res Land:	\$0.00
Tax:	\$154,248.42	Res Building:	\$0.00
Penalty:	\$0.00	Comm Land:	\$1,816,000.00
Interest:	\$0.00	Comm Building:	\$9,364,000.00
Discount:	\$7,643.49	Total:	\$11,180,000.00
Paid:	\$77,813.56	Taxable Value Before Credits:	\$559,000.00
Balance:	\$76,434.86	Homestead Credits:	\$0.00
		Veteran Credits:	\$0.00
		Total Credits:	\$0.00
		Net Taxable Value:	\$559,000.00

Type	Description	Amount
Consolidated County		\$25,630.15
Consolidated State		\$559.00
Consolidated County Soil Conservation		\$626.08
Consolidated <u>City of Fargo</u>		\$31,863.00
Consolidated Undefined tax item code: G		\$559.00
Consolidated Fargo Park District		\$19,889.22
Consolidated West Fargo Public School District #6		\$72,345.78
Consolidated Southeast Water Resource District		\$1,397.50
Special <u>City of Fargo Specials</u>		\$517.83
Drain <u>Southeast Cass SC-2</u>		\$860.86

Pyle, Brandy L.

From: Headland, Craig A.
Sent: Tuesday, April 29, 2025 2:03 PM
To: Pyle, Brandy L.
Subject: Fw: Village Cooperative
Attachments: Letter to Ms. Myers.pdf; 2024 Village Cooperative Tax Statement.pdf

From: Myers, Shelli L. <slmyers@nd.gov>
Sent: Tuesday, April 29, 2025 12:42 PM
To: Headland, Craig A. <cheadland@ndlegis.gov>
Subject: Village Cooperative

Representative Headland,

Thank you for stopping by to talk about Village Cooperative in Fargo. One of your questions was what the benefit of the cooperative would be. According to the Village Cooperative's website ([What's A Co-Op? | Village Cooperative](#)) it states, "The Cooperative Corporation holds title to the entire property that includes dwelling units, land and common areas, and assumes the mortgage, tax and other obligations necessary to finance and operate the facility. A cooperative is operated on a democratic basis and the governing body is its Board of Directors, which consists of elected members from the co-op community. Each equity share enables members to occupy one home and receive one vote when electing the Board. The Board oversees and directs the policies, expenditures and operations of the cooperative."

You also asked if there was a way to compare a 1500 square foot condominium to a 1500 square foot unit of the cooperative. I am unable to find a share cost for a 1500 square foot unit in the cooperative. Making some assumptions, it is reasonable to have a sale price of \$250,000 for a two-bedroom, two-bathroom condo in the Fargo/Moorehead area. That would give a taxable value of \$11,250 which with the Fargo mill rate yields a tax obligation of \$3,0769.54. Assuming each of the 52 units were equal (1500 square foot, a two-bedroom, two-bathroom) using the taxable value of \$559,000 (tax statement attached) with the Fargo mill rate for a tax obligation of \$76,434.86 divided by 52 equal units, the tax obligation per door would be \$1,469.90.

I have attached a letter from the president of the cooperative for your review as well.

Please let me know if there is anything else I can provide for you.

Shelli Myers
 State Supervisor of Assessments & Property Tax Division Director
NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER
 600 E Boulevard Ave., Dept. 127
 Bismarck, ND 58505-0599
 Phone: 701-328-3127 | Fax: 701-328-3048 | www.tax.nd.gov

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division

Brynhild Haugland Room, State Capitol

HB 1006

5/2/2025

Conference Committee

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, disabled veterans' tax credit, and primary residence credit; to provide an exemption; and to provide for a transfer.

1:32 p.m. Madam Chair Pyle called the meeting to order.

Members Present: Chair Pyle, Representatives: Kempenich, Meier, Senators: Wanzek, Sickler, and Burckhard.

Discussion Topics:

- Committee Action

1:33 p.m. Madam Chair Pyle introduced LC Amendment #25.0150.02004, #45373.

1:33 p.m. Senator Wanzek initiated discussion on Full Time Employee increase.

1:43 p.m. Representative Meier moved to amend equity increases.

1:44 p.m. Representative Kempenich seconded the motion.

1:46 p.m. Representative Kempenich withdrew the second.

1:46 p.m. Representative Meier withdrew the motion to amend.

1:46 p.m. Representative Meier moved to amend for higher increase in equity.

1:47 p.m. Senator Sickler seconded the motion.

1:51 p.m. Senator Sickler withdrew the second.

1:51 p.m. Representative Meier withdrew the motion to amend to increase the equity.

1:52 p.m. Senator Wanzek moved to amend to increase the equity in Place of amendment LC #25.0150.02003.

1:52 p.m. Representative Meier seconded the motion.

1:52 p.m. Roll Call Vote. Motion passed 6-0-0. Representative Pyle and Senator Wanzek will carry the bill.

1:52 p.m. Madam Chair Pyle adjourned the meeting.

Krystal Eberle for Madaline Cooper, Committee Clerk

May 2, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

**PROPOSED AMENDMENTS TO
FIRST ENGROSSMENT**

VC 5/2/25
1 of 4

ENGROSSED HOUSE BILL NO. 1006

Introduced by

Appropriations Committee

In place of amendment (25.0150.02003) adopted by the Senate, Engrossed House Bill No. 1006 is amended by amendment (25.0150.02005) as follows:

1 A BILL for an Act to provide an appropriation for defraying the expenses of the office of the tax
2 commissioner and for payment of state reimbursement under the homestead tax credit,
3 disabled veterans' tax credit, and primary residence credit; to amend and reenact section
4 57-01-04 of the North Dakota Century Code, relating to the salary of the state tax
5 commissioner; to provide an exemption; and to provide for a transfer.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
14			
15			
16	Salaries and wages	\$24,036,152	\$1,650,068
17	New and vacant FTE pool	0	1,119,992
18	Operating expenses	8,613,370	9,438,111
19	Capital assets	6,000	0

1	Homestead tax credit	72,400,000	(11,800,000)	60,600,000
2	Disabled veterans' tax credit	18,745,000	10,655,000	29,400,000
3	Primary residence credit	103,225,000	(103,225,000)	0
4	Total all funds	\$227,025,522	(\$100,775,199)	\$126,250,323
5	Less other funds	125,000	0	125,000
6	Total general fund	\$226,900,522	(\$100,775,199)	\$126,125,323
7	Salaries and wages	\$24,036,152	\$2,111,868	\$26,148,020
8	New and vacant FTE pool	0	1,119,992	1,119,992
9	Operating expenses	8,613,370	1,824,741	10,438,111
10	Capital assets	6,000	0	6,000
11	Homestead tax credit	72,400,000	(11,800,000)	60,600,000
12	Disabled veterans' tax credit	18,745,000	10,655,000	29,400,000
13	Primary residence credit	103,225,000	(103,225,000)	0
14	Total all funds	\$227,025,522	(\$99,313,399)	\$127,712,123
15	Less other funds	125,000	0	125,000
16	Total general fund	\$226,900,522	(\$99,313,399)	\$127,587,123
17	Full-time equivalent positions	117.00	0.00	117.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO

SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act which are not included in the entity's base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

One-Time Funding Description	General Fund	Other Funds	Total
Property tax relief administration	\$1,000,000	\$0	\$1,000,000
Total	\$1,000,000	\$0	\$1,000,000

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The tax commissioner may not spend funds appropriated in the new and vacant FTE pool line item in section 1 of this Act, but may request the office of management and budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

1 **SECTION 4. EXEMPTION - LINE ITEM TRANSFERS.** Notwithstanding section 54-16-04,
2 the state tax commissioner may transfer funds between the homestead tax credit and disabled
3 veterans' tax credit line items in section 1 of this Act if one line item does not have sufficient
4 funds available for state reimbursement of eligible tax credits. The state tax commissioner shall
5 notify the office of management and budget and the legislative council of any transfers made
6 pursuant to this section.

7 **SECTION 5. MOTOR VEHICLE FUEL TAX REVENUE TRANSFER.** There is transferred to
8 the general fund in the state treasury out of motor vehicle tax revenue collected pursuant to
9 section 57-43.1-02, the sum of \$1,761,168, for the purpose of reimbursing the general fund for
10 expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the
11 administration of these taxes, for the biennium beginning July 1, 2025, and ending June 30,
12 2027.

13 **SECTION 6. AMENDMENT.** Section 57-01-04 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **57-01-04. Salary.**

16 The annual salary of the state tax commissioner is ~~one hundred thirty-one thousand seven~~
17 ~~hundred five~~ one hundred forty-one thousand eighty-two dollars through June 30, ~~2024~~2026,
18 and ~~one hundred thirty-six thousand nine hundred seventy-three~~ one hundred forty-five
19 thousand three hundred fourteen dollars thereafter.

4 of 4

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1006 - State Tax Commissioner - Conference Committee Action**

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$24,036,152	\$25,686,220	\$461,800	\$26,148,020	\$26,198,020	(\$50,000)
New and vacant FTE pool		1,119,992		1,119,992	1,119,992	
Operating expenses	8,613,370	9,438,111	1,000,000	10,438,111	10,938,111	(500,000)
Capital assets	6,000	6,000		6,000	6,000	
Homestead tax credit	72,400,000	60,600,000		60,600,000	60,600,000	
Disabled veterans' credit	18,745,000	29,400,000		29,400,000	29,400,000	
Primary residence credit	103,225,000					
Total all funds	\$227,025,522	\$126,250,323	\$1,461,800	\$127,712,123	\$128,262,123	(\$550,000)
Less estimated income	125,000	125,000	0	125,000	125,000	0
General fund	\$226,900,522	\$126,125,323	\$1,461,800	\$127,587,123	\$128,137,123	(\$550,000)
FTE	117.00	117.00	0.00	117.00	117.00	0.00

Department 127 - State Tax Commissioner - Detail of Conference Committee Changes

	Adds Funding for Salary Adjustments ¹	Adds One- Time Funding Item ²	Total Conference Committee Changes
Salaries and wages	\$461,800		\$461,800
New and vacant FTE pool			
Operating expenses		\$1,000,000	1,000,000
Capital assets			
Homestead tax credit			
Disabled veterans' credit			
Primary residence credit			
Total all funds	\$461,800	\$1,000,000	\$1,461,800
Less estimated income	0	0	0
General fund	\$461,800	\$1,000,000	\$1,461,800
FTE	0.00	0.00	0.00

¹ Funding of \$461,800 from the general fund is added for salary adjustments, including \$215,011 for the reclassification of FTE positions and \$246,789 for equity adjustments related to additional responsibilities for administering property tax relief programs. The House version did not include this funding, but the Senate version included \$511,800, of which \$215,011 was for reclassifications and \$296,789 was for equity.

² One-time funding of \$1 million is added from the general fund for tax relief program administrative costs related to operating expenses for advertising and information technology costs. The House version did not include this funding, but the Senate version included \$1.5 million of one-time funding from the general fund.

This amendment does not include sections added by the Senate to expand the primary residence credit to include properties owned through a cooperative.

HB 1006 050225 1352 PM Roll Call Vote

Final Recommendation

HB 1006

Date Submitted: May 2, 2025, 1:52 p.m.

Recommendation: In Place Of

Amendment LC #: 25.0150.02005

Engrossed LC #: N/A

Motioned By: Wanzek, Terry M.

Seconded By: Meier, Lisa

House Carrier: Pyle, Brandy

Senate Carrier: Wanzek, Terry M.

Emergency Clause: None

Vote Results: 6 - 0 - 0

Description: N/A

Rep. Pyle, Brandy	Yea
Rep. Kempenich, Keith	Yea
Rep. Meier, Lisa	Yea
Sen. Wanzek, Terry M.	Yea
Sen. Sickler, Jonathan	Yea
Sen. Burckhard, Randy A.	Yea

**REPORT OF CONFERENCE COMMITTEE
ENGROSSED HB 1006**

Your conference committee (Sens. Wanzek, Sickler, Burckhard and Reps. Pyle, Kempenich, Meier) recommends that in place of amendment [25.0150.02003](#) adopted by the Senate, Engrossed HB 1006 is amended by amendment [25.0150.02005](#).

Engrossed HB 1006 was placed on the Seventh order of business on the calendar.

25.0150.02004
Title.
Fiscal No. 1

Prepared by the Legislative Council
staff for Conference Committee

May 2, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1006

Introduced by

Appropriations Committee

In place of amendment (25.0150.02003) adopted by the Senate, Engrossed House Bill No. 1006 is amended by amendment (25.0150.02004) as follows:

- 1 A BILL for an Act to provide an appropriation for defraying the expenses of the office of the tax
- 2 commissioner and for payment of state reimbursement under the homestead tax credit,
- 3 disabled veterans' tax credit, and primary residence credit; to amend and reenact section
- 4 57-01-04 of the North Dakota Century Code, relating to the salary of the state tax
- 5 commissioner; to provide an exemption; and to provide for a transfer.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

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

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
16 Salaries and wages	\$24,036,152	\$1,650,068	\$25,686,220
17 New and vacant FTE pool	0	1,119,992	1,119,992
18 Operating expenses	8,613,370	824,741	9,438,111
19 Capital assets	6,000	0	6,000

Sixty-ninth
Legislative Assembly

1	Homestead tax credit	72,400,000	(11,800,000)	60,600,000
2	Disabled veterans' tax credit	18,745,000	10,655,000	29,400,000
3	Primary residence credit	103,225,000	(103,225,000)	0
4	Total all funds	\$227,025,522	(\$100,775,199)	\$126,250,323
5	Less other funds	125,000	0	125,000
6	Total general fund	\$226,900,522	(\$100,775,199)	\$126,125,323
7	Salaries and wages	\$24,036,152	\$2,061,868	\$26,098,020
8	New and vacant FTE pool	0	1,119,992	1,119,992
9	Operating expenses	8,613,370	1,824,741	10,438,111
10	Capital assets	6,000	0	6,000
11	Homestead tax credit	72,400,000	(11,800,000)	60,600,000
12	Disabled veterans' tax credit	18,745,000	10,655,000	29,400,000
13	Primary residence credit	103,225,000	(103,225,000)	0
14	Total all funds	\$227,025,522	(\$99,363,399)	\$127,662,123
15	Less other funds	125,000	0	125,000
16	Total general fund	\$226,900,522	(\$99,363,399)	\$127,537,123
17	Full-time equivalent positions	117.00	0.00	117.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO

SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act which are not included in the entity's base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

One-Time Funding Description	General Fund	Other Funds	Total
Property tax relief administration	\$1,000,000	\$0	\$1,000,000
Total	\$1,000,000	\$0	\$1,000,000

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The

tax commissioner may not spend funds appropriated in the new and vacant FTE pool line item in section 1 of this Act, but may request the office of management and budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

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5 notify the office of management and budget and the legislative council of any transfers made
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7 **SECTION 5. MOTOR VEHICLE FUEL TAX REVENUE TRANSFER.** There is transferred to
8 the general fund in the state treasury out of motor vehicle tax revenue collected pursuant to
9 section 57-43.1-02, the sum of \$1,761,168, for the purpose of reimbursing the general fund for
10 expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the
11 administration of these taxes, for the biennium beginning July 1, 2025, and ending June 30,
12 2027.

13 **SECTION 6. AMENDMENT.** Section 57-01-04 of the North Dakota Century Code is
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15 **57-01-04. Salary.**

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17 ~~hundred five~~one hundred forty-one thousand eighty-two dollars through June 30, ~~2024~~2026,
18 and ~~one hundred thirty-six thousand nine hundred seventy-three~~one hundred forty-five
19 thousand three hundred fourteen dollars thereafter.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1006 - State Tax Commissioner - Conference Committee Action**

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$24,036,152	\$25,686,220	\$411,800	\$26,098,020	\$26,198,020	(\$100,000)
New and vacant FTE pool		1,119,992		1,119,992	1,119,992	
Operating expenses	8,613,370	9,438,111	1,000,000	10,438,111	10,938,111	(500,000)
Capital assets	6,000	6,000		6,000	6,000	
Homestead tax credit	72,400,000	60,600,000		60,600,000	60,600,000	
Disabled veterans' credit	18,745,000	29,400,000		29,400,000	29,400,000	
Primary residence credit	103,225,000					
Total all funds	\$227,025,522	\$126,250,323	\$1,411,800	\$127,662,123	\$128,262,123	(\$600,000)
Less estimated income	125,000	125,000	0	125,000	125,000	0
General fund	\$226,900,522	\$126,125,323	\$1,411,800	\$127,537,123	\$128,137,123	(\$600,000)
FTE	117.00	117.00	0.00	117.00	117.00	0.00

Department 127 - State Tax Commissioner - Detail of Conference Committee Changes

	Adds Funding for Salary Adjustments ¹	Adds One- Time Funding Item ²	Total Conference Committee Changes
Salaries and wages	\$411,800		\$411,800
New and vacant FTE pool			
Operating expenses		\$1,000,000	1,000,000
Capital assets			
Homestead tax credit			
Disabled veterans' credit			
Primary residence credit			
Total all funds	\$411,800	\$1,000,000	\$1,411,800
Less estimated income	0	0	0
General fund	\$411,800	\$1,000,000	\$1,411,800
FTE	0.00	0.00	0.00

¹ Funding of \$411,800 from the general fund is added for salary adjustments, including \$215,011 for the reclassification of FTE positions and \$196,789 for equity adjustments related to additional responsibilities for administering property tax relief programs. The House version did not include this funding, but the Senate version included \$511,800, of which \$215,011 was for reclassifications and \$296,789 was for equity.

² One-time funding of \$1 million is added from the general fund for tax relief program administrative costs related to operating expenses for advertising and information technology costs. The House version did not include this funding, but the Senate version included \$1.5 million of one-time funding from the general fund.

House Bill No. 1006 - Other Changes - Conference Committee Action

This amendment does not include sections added by the Senate to expand the primary residence credit to include properties owned through a cooperative.