

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1006 - Funding Summary

| | Executive Budget | Final Legislative Action | Comparison To Executive Budget |
|--------------------------|-------------------------|---------------------------------|---------------------------------------|
| State Tax Commissioner | | | |
| Salaries and wages | \$21,151,815 | \$20,138,488 | (\$1,013,327) |
| Operating expenses | 8,684,314 | 8,721,834 | 37,520 |
| Capital assets | 66,000 | 16,000 | (50,000) |
| Homestead tax credit | 30,685,000 | 20,000,000 | (10,685,000) |
| Disabled veterans credit | 7,178,000 | 7,678,000 | 500,000 |
| Accrued leave payments | | 624,818 | 624,818 |
| Total all funds | \$67,765,129 | \$57,179,140 | (\$10,585,989) |
| Less estimated income | 125,000 | 125,000 | 0 |
| General fund | \$67,640,129 | \$57,054,140 | (\$10,585,989) |
| FTE | 134.00 | 134.00 | 0.00 |
| Bill Total | | | |
| Total all funds | \$67,765,129 | \$57,179,140 | (\$10,585,989) |
| Less estimated income | 125,000 | 125,000 | 0 |
| General fund | \$67,640,129 | \$57,054,140 | (\$10,585,989) |
| FTE | 134.00 | 134.00 | 0.00 |

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

| | Executive Budget | House Changes | House Version |
|--------------------------|-------------------------|-----------------------|----------------------|
| Salaries and wages | \$21,151,815 | (\$1,393,360) | \$19,758,455 |
| Operating expenses | 8,684,314 | (77,480) | 8,606,834 |
| Capital assets | 66,000 | (50,000) | 16,000 |
| Homestead tax credit | 30,685,000 | (20,000,000) | 10,685,000 |
| Disabled veterans credit | 7,178,000 | | 7,178,000 |
| Accrued leave payments | | 624,818 | 624,818 |
| Total all funds | \$67,765,129 | (\$20,896,022) | \$46,869,107 |
| Less estimated income | 125,000 | (115,000) | 10,000 |
| General fund | \$67,640,129 | (\$20,781,022) | \$46,859,107 |
| FTE | 134.00 | 0.00 | 134.00 |

Department 127 - State Tax Commissioner - Detail of House Changes

| | Corrects Executive Compensation Package¹ | Adjusts State Employee Compensation and Benefits Package² | Provides Separate Line Item for Accrued Leave Payments³ | Removes Funding for Homestead Tax Credit Expansion⁴ | Removes Funding for Oil Impact Allowances⁵ | Removes Funding for Motor Fuels Tax Enforcement Program⁶ |
|--------------------------|--|---|---|---|--|--|
| Salaries and wages | 21,963 | (690,621) | (624,818) | | (99,884) | |
| Operating expenses | | | | | (12,480) | (65,000) |
| Capital assets | | | | | | (50,000) |
| Homestead tax credit | | | | (20,000,000) | | |
| Disabled veterans credit | | | | | | |
| Accrued leave payments | | | 624,818 | | | |
| Total all funds | \$21,963 | (\$690,621) | \$0 | (\$20,000,000) | (\$112,364) | (\$115,000) |
| Less estimated income | 0 | 0 | 0 | 0 | 0 | (115,000) |
| General fund | \$21,963 | (\$690,621) | \$0 | (\$20,000,000) | (\$112,364) | \$0 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| | Total House Changes |
|--------------------------|------------------------------------|
| Salaries and wages | (1,393,360) |
| Operating expenses | (77,480) |
| Capital assets | (50,000) |
| Homestead tax credit | (20,000,000) |
| Disabled veterans credit | |
| Accrued leave payments | 624,818 |
| Total all funds | (\$20,896,022) |
| Less estimated income | (115,000) |
| General fund | (\$20,781,022) |
| FTE | 0.00 |

¹ Funding is added due to a calculation error in the executive compensation package.

² This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 2 to 4 percent per year.
- Reduces the market component from 2 to 4 percent per year for employees below the midpoint of their salary range to up to 2 percent for employees in the first quartile of their salary range for the first year of the biennium only.
- Removes funding for additional retirement contribution increases.

³ A portion of funding for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

⁴ Funding included in the executive budget recommendation to expand the homestead tax credit program is removed.

⁵ Funding included in the executive budget recommendation to provide housing and compensation allowances for employees located in areas affected by oil development is removed.

⁶ Funding included in the executive budget recommendation for motor fuels tax enforcement program activities is removed.

Section 4 of this bill is amended to reflect the change in the Tax Commissioner's salary from a 4 percent increase each year of the biennium to a 3 percent increase each year.

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

| | Executive Budget | House Version | Senate Changes | Senate Version |
|--------------------------|-----------------------------|--------------------------|---------------------------|---------------------------|
| Salaries and wages | \$21,151,815 | \$19,758,455 | \$1,315,439 | \$21,073,894 |
| Operating expenses | 8,684,314 | 8,606,834 | 65,000 | 8,671,834 |
| Capital assets | 66,000 | 16,000 | 50,000 | 66,000 |
| Homestead tax credit | 30,685,000 | 10,685,000 | 15,500,000 | 26,185,000 |
| Disabled veterans credit | 7,178,000 | 7,178,000 | 500,000 | 7,678,000 |
| Accrued leave payments | | 624,818 | (624,818) | |
| Total all funds | \$67,765,129 | \$46,869,107 | \$16,805,621 | \$63,674,728 |
| Less estimated income | 125,000 | 10,000 | 115,000 | 125,000 |
| General fund | \$67,640,129 | \$46,859,107 | \$16,690,621 | \$63,549,728 |
| FTE | 134.00 | 134.00 | 0.00 | 134.00 |

Department 127 - State Tax Commissioner - Detail of Senate Changes

| | Restores Executive Compensation Package¹ | Removes Separate Line Item for Accrued Leave Payments² | Restores Funding for Homestead Tax Credit Expansion³ | Adds Funding for the Disabled Veterans Credit⁴ | Restores Funding for Motor Fuel Tax Enforcement⁵ | Total Senate Changes |
|--------------------------|--|--|--|--|--|-------------------------------------|
| Salaries and wages | 690,621 | 624,818 | | | | 1,315,439 |
| Operating expenses | | | | | 65,000 | 65,000 |
| Capital assets | | | | | 50,000 | 50,000 |
| Homestead tax credit | | | 15,500,000 | | | 15,500,000 |
| Disabled veterans credit | | | | 500,000 | | 500,000 |
| Accrued leave payments | | (624,818) | | | | (624,818) |
| Total all funds | \$690,621 | \$0 | \$15,500,000 | \$500,000 | \$115,000 | \$16,805,621 |
| Less estimated income | 0 | 0 | 0 | 0 | 115,000 | 115,000 |
| General fund | \$690,621 | \$0 | \$15,500,000 | \$500,000 | \$0 | \$16,690,621 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

¹ Funding reductions made by the House to the state employee compensation and benefits package are restored to the Governor's recommended level.

² The accrued leave payments line item added by the House is removed and the associated funding returned to line items with salaries and wages funding.

³ Funding is provided for expanding the homestead tax credit program. The executive budget recommendation included \$20 million for the expansion which the House removed.

⁴ Funding is added for the disabled veterans' tax credit program to provide for a total of \$7,678,000.

⁵ Funding removed by the House for motor fuels tax enforcement program activities is restored to the Governor's recommended level.

A section is added to allow carryover authority for general fund expenditures relating to a grant to North Dakota State University for software conversion.

Section 4 of the bill is amended to provide 4 percent annual salary increases for the Tax Commissioner, the same as the executive budget recommendation. The House provided 3 percent annual increases.

House Bill No. 1006 - State Tax Commissioner - Conference Committee Action

| | Executive Budget | House Version | Conference Committee Changes | Conference Committee Version | Senate Version | Comparison to Senate |
|--------------------------|-----------------------------|--------------------------|---|---|---------------------------|---------------------------------|
| Salaries and wages | \$21,151,815 | \$19,758,455 | \$380,033 | \$20,138,488 | \$21,073,894 | (\$935,406) |
| Operating expenses | 8,684,314 | 8,606,834 | 115,000 | 8,721,834 | 8,671,834 | 50,000 |
| Capital assets | 66,000 | 16,000 | | 16,000 | 66,000 | (50,000) |
| Homestead tax credit | 30,685,000 | 10,685,000 | 9,315,000 | 20,000,000 | 26,185,000 | (6,185,000) |
| Disabled veterans credit | 7,178,000 | 7,178,000 | 500,000 | 7,678,000 | 7,678,000 | |
| Accrued leave payments | | 624,818 | | 624,818 | | 624,818 |
| Total all funds | \$67,765,129 | \$46,869,107 | \$10,310,033 | \$57,179,140 | \$63,674,728 | (\$6,495,588) |
| Less estimated income | 125,000 | 10,000 | 115,000 | 125,000 | 125,000 | 0 |
| General fund | \$67,640,129 | \$46,859,107 | \$10,195,033 | \$57,054,140 | \$63,549,728 | (\$6,495,588) |
| FTE | 134.00 | 134.00 | 0.00 | 134.00 | 134.00 | 0.00 |

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

| | Removes House Changes to Executive Compensation Package¹ | Adjusts State Employee Compensation and Benefits Package² | Restores Funding for Homestead Tax Credit Expansion³ | Adds Funding for the Disabled Veterans Credit⁴ | Restores Funding for Motor Fuel Tax Enforcement⁵ | Total Conference Committee Changes |
|--------------------------|--|---|--|--|--|---|
| Salaries and wages | 690,621 | (310,588) | | | | 380,033 |
| Operating expenses | | | | | 115,000 | 115,000 |
| Capital assets | | | | | | |
| Homestead tax credit | | | 9,315,000 | | | 9,315,000 |
| Disabled veterans credit | | | | 500,000 | | 500,000 |
| Accrued leave payments | | | | | | |
| Total all funds | \$690,621 | (\$310,588) | \$9,315,000 | \$500,000 | \$115,000 | \$10,310,033 |
| Less estimated income | 0 | 0 | 0 | 0 | 115,000 | 115,000 |
| General fund | \$690,621 | (\$310,588) | \$9,315,000 | \$500,000 | \$0 | \$10,195,033 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

¹ Changes made by the House to the executive compensation package are removed.

² This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

³ Funding is provided for expanding the homestead tax credit program due to provisions for the tax credit included in Senate Bill No. 2171. The Senate version included \$15.5 million for the expansion. The executive budget recommendation included \$20 million for the expansion which the House removed.

⁴ Funding is added for the disabled veterans' tax credit program to provide for a total of \$7,678,000, the same as the Senate version. This funding was not included in the House version.

⁵ Funding removed by the House for motor fuels tax enforcement program activities is restored to the Governor's recommended level, except that \$50,000 included in the capital assets line item in the executive budget recommendation is moved to the operating expenses line item. The Senate version included \$65,000 in the operating expenses line item and \$50,000 in the capital assets line item.

A section is added to allow general fund carryover authority of up to \$50,000 to provide as a grant to North Dakota State University for software conversion, the same as the Senate version.

Section 4 of the bill is amended to provide a 4 percent annual salary increase for the first year and a 3 percent annual salary increase for the second year for the Tax Commissioner. The executive budget recommendation and the Senate version provided 4 percent annual increases. The House provided 3 percent annual increases.