

**Tax Commissioner
Budget No. 127
House Bill No. 1006**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	134.00	\$67,640,129	\$125,000	\$67,765,129
2013-15 legislative appropriations	134.00	57,054,140	125,000	57,179,140
Legislative increase (decrease) to executive budget	0.00	(\$10,585,989)	\$0	(\$10,585,989)
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$16,833,836 ¹	\$115,000	\$16,948,836 ¹

¹The amount shown reflects a \$981,855 general fund appropriation approved by the Legislative Assembly in 2013 for additional expenses associated with the disabled veterans property tax credit program for the 2011-13 biennium.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$39,220,304	\$1,000,000	\$40,220,304
2013-15 legislative appropriations	56,054,140	1,000,000	57,054,140
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$16,833,836	\$0	\$16,833,836
Percentage increase (decrease) to 2011-13 appropriations	42.9%	0.0%	41.9%
2013-15 legislative increase (decrease) to executive budget	(\$10,473,625)	(\$112,364)	(\$10,585,989)
Percentage increase (decrease) to executive budget	(15.7%)	(10.1%)	(15.7%)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Tax Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$624,818) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$288,625)		(\$288,625)
Decreased funding for the homestead tax credit expansion to provide a total of \$20 million.		(10,685,000)		(10,685,000)

Added funding for the disabled veterans property tax credit program to provide a total of \$7,678,000.	500,000	500,000
Removed funding for oil impact assistance for employees in areas affected by oil development. Agencies may request funding from a funding pool appropriated to the Office of Management and Budget for oil impact assistance.	(112,364)	(112,364)
Total	<u>0.00</u>	<u>\$0</u>
	<u>(\$10,585,989)</u>	<u>(\$10,585,989)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation, which included funding for 134 FTE positions, the same as the 2011-13 biennium.

One-Time Funding

In Section 2 of House Bill No. 1006, the Legislative Assembly identified \$1 million of one-time funding from the general fund for the 2013-15 biennium for the taxpayer access point (TAP) module of GenTax. This amount is not to be considered part of the agency's base budget for preparing the 2015-17 executive budget and the Tax Commissioner is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Other Sections in Bill

Exemption - Grant to North Dakota State University - Section 3 provides an exemption from North Dakota Century Code Section 54-44.1-11 of up to \$50,000 of the Tax Commissioner's unspent general fund authority for the 2009-11 biennium which was continued into the 2011-13 biennium. The funds may be distributed by the Tax Commissioner as a grant to North Dakota State University, Department of Agribusiness and Applied Economics, for the purpose of converting the software of the core model used for the preparation of agricultural land valuations as required under Section 57-02-27.2 during the 2013-15 biennium.

Motor vehicle fuel taxes - Section 4 provides for a transfer of \$1,777,360 to the general fund from motor vehicle fuel tax collections which is the amount related to the Tax Commissioner's expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and administration of these taxes.

Tax Commissioner's salary - Section 5 provides the statutory changes increasing the Tax Commissioner's salary by 4 percent for the first year of the biennium and 3 percent for the second year. The Tax Commissioner's annual salary is increased from the current level of \$101,010 to \$105,050 effective July 1, 2013, and to \$108,202 effective July 1, 2014.

Related Legislation

House Bill No. 1306 expands the disabled veterans homestead property tax credit by increasing the limitation on the taxable valuation subject to the tax credit from the first \$5,400 of taxable valuation of the homestead to the first \$6,750 of taxable valuation. This increases the true and full value limitation from \$120,000 to \$150,000.

Senate Bill No. 2106 requires permits and registrations of persons using roll-your-own cigarette machines. Cigarettes made on these machines are subject to wholesale tobacco taxes.

Senate Bill No. 2171 includes the following provisions to expand the homestead property tax credit and renters refund program for elderly and disabled citizens:

- Increases the income threshold from \$18,000 to \$22,000 for a reduction of 100 percent of the taxable valuation of the person's homestead, up to a maximum reduction of \$4,500 of taxable valuation.
- Increases the income threshold from \$20,000 to \$26,000 for a reduction of 80 percent of the taxable valuation of the person's homestead, up to a maximum reduction of \$3,600 of taxable valuation.
- Increases the income threshold from \$22,000 to \$30,000 for a reduction of 60 percent of the taxable valuation of the person's homestead, up to a maximum reduction of \$2,700 of taxable valuation.

- Increases the income threshold from \$24,000 to \$34,000 for a reduction of 40 percent of the taxable valuation of the person's homestead, up to a maximum reduction of \$1,800 of taxable valuation.
- Increases the income threshold from \$26,000 to \$38,000 for a reduction of 20 percent of the taxable valuation of the person's homestead, up to a maximum reduction of \$900 of taxable valuation.
- Increases the assets threshold from \$75,000 to \$500,000 before a person becomes ineligible for any exemptions.
- House Bill No. 1015, in Section 20, includes a new income level that provides for a reduction of 10 percent of the taxable valuation of the person's homestead, up to a maximum reduction of \$450 of taxable valuation, if the person's annual income is between \$38,000 and \$42,000.