

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2083

2007 SENATE FINANCE AND TAXATION

SB 2083

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2083**

Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 9, 2007

Recorder Job Number: #766

Committee Clerk Signature

Sharon Benjamen

Minutes:

Sen. Urlacher called the committee to order and opened the hearing on SB 2083.

Mary Loftsgard from the Tax Dept. handed out the 2006 Corporation Income Tax book. (See attached)

Donita Wald from the Tax Dept. appeared in support of the bill with written testimony and the 2006 Individual Income Tax Book. (See attached) Stating that what this bill does is give us another year to review and if necessary accept additional tax that may be due for just those credits. We think a year is adequate amount of time and we urge a do pass on this bill.

Sen. Urlacher: so this is just to give you additional time and how do you track that?

Donita Wald: Yes and just for that, it doesn't open up every issue. We have investment reporting forms that we receive from the qualified businesses that are required by statute to provide them to us.

Sen. Horne: I don't quite understand the big picture of the seed capital and this tax creditor that come out of the investment tax credit. Can I get some explanation?

Donita Wald: we would be happy to put together something for Sen. Horne so he understands this more clearly.

No further testimony, so the hearing was closed.

Sen. Oehlke: 4 years seems like a lot.

Sen. Tollefson: maybe we should wait on a motion until Sen. Horne gets his information from the Tax Dept. and has a chance to look it over.

No opposition on the bill. The meeting was closed

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2083**

Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 15, 2007

Recorder Job Number: #1068

Committee Clerk Signature

Sharon Renslow

Minutes:

Sen. Urlacher called the committee to order to do committee work on SB 2083.

Sen. Triplett made a motion for **DO PASS**, seconded by Sen. Oehlke. 7-0-0

Sen. Horne will carry the bill.

Date: 1-15-06

Roll Call Vote #: _____

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2083

Senate Finance & Tax Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Sen. Triplett Seconded By Sen. Oehlke

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Anderson	✓	
Sen. Tollefson	✓		Sen. Horne	✓	
Sen. Cook	✓		Sen. Triplett	✓	
Sen. Oehlke	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Sen. Horne

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2083: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2083 was placed on the Eleventh order on the calendar.

2007 HOUSE FINANCE AND TAXATION

SB 2083

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2083 A

House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: February 21, 2007

Recorder Job Number: 3526

Committee Clerk Signature

Mickie Schmitt

Minutes:

Chairman Belter opened the hearing on SB 2083 and asked for testimony in support of the Bill.

Mary Loftsgard, Supervisor Corporate Taxes: (See Attachment #1)

Chairman Belter: Any further testimony on 2083? Any opposition? Any neutral testimony? If not, we'll close the hearing on SB 2083.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2083 B

House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: February 21, 2007

Recorder Job Number: 3528

Committee Clerk Signature

Mickie Schmidt

Minutes:

Chairman Belter opened the hearing on SB 2083 and asked for the wishes from the committee on SB 2083.

Representative Brandenburg: I move a Do Pass.

Representative Pinkerton: Second it

Chairman Belter: Is there any discussion? If not, will the clerk read the roll: 10-y; 1-n; 3-absent; Rep. Froseth will carry the Bill.

REPORT OF STANDING COMMITTEE

SB 2083: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **DO PASS** (10 YEAS, 1 NAY, 3 ABSENT AND NOT VOTING). SB 2083 was placed on the Fourteenth order on the calendar.

2007 TESTIMONY

SB 2083

**TESTIMONY OF THE OFFICE OF STATE TAX COMMISSIONER
BEFORE THE
SENATE FINANCE AND TAXATION COMMITTEE**

SENATE BILL 2083

Tuesday, January 9, 2007

Chairman Urlacher, members of the Senate Finance and Taxation Committee, I am Donnita Wald, Legal Counsel for the Office of State Tax Commissioner. I am here today on behalf of the Commissioner to testify in support of Senate Bill 2083.

Senate Bill 2083 addresses the time period for audit and if necessary, assessing additional tax due related to income tax credits claimed by individuals or corporations under either the seed capital investment tax credit or the agricultural business investment tax credit.

REASON FOR THE BILL

The Seed Capital Investment Tax Credit (N.D.C.C. ch. 57-38.5) and the Agricultural Commodity Investment Tax Credit (N.D.C.C. ch 57-38.6) require that any investment made in a qualified business remain at risk in the business for three years. An investment that does not remain at risk in the business for the three years must be disallowed and an assessment for the additional tax be made. However, the current general time period for auditing and assessing any additional tax which may be found due is also three years.

For investments made near the end of a tax year, the window in which to check compliance with the three-year investment requirement is a small one. For example, if an investment is made in the 2006 tax year on December 30, 2006, the three-year investment holding period runs until December 30, 2009. The current three-year time period for auditing the 2006 return expires on April 15, 2010, which allows approximately three and one-half months to check compliance. This is not an adequate amount of time to investigate the matter and, if necessary, assess additional tax that may be due for noncompliance.

EXPLANATION OF THE BILL

Senate Bill 2032 addresses this issue by providing the Tax Commissioner an additional year to review any tax credits claimed under either the Seed Capital or Ag

Commodity Investment programs. We believe the proposal contained in this bill gives the Department a reasonable amount of time to verify compliance with the requirements of these two investment tax programs.

The Commissioner asks that you give this bill favorable consideration and recommends a "do-pass". If there are any questions, Mr. Chairman, I will be happy to respond to them at this time.

582083



North Dakota Office of State Tax Commissioner

2006 Individual Income Tax

Cory Fong, Tax Commissioner

Form ND-1

Dear Taxpayer,

Last year, over 50 percent of the state individual income tax returns were filed electronically. One reason more and more taxpayers prefer to use e-file rather than a paper return is because they receive their refunds faster. And taxpayers who use Direct Deposit find that they receive their refund even faster—usually in about five days. If you are eligible for a refund, I encourage you to use both the e-file and Direct Deposit options.

Another reason taxpayers prefer e-file is that it is more accurate than a paper return. This is because the computer automatically checks e-filed returns for errors, which results in fewer delays and faster processing. Taxpayers find this particularly helpful when they file during the last-minute filing rush.

If you have been using e-file, I hope you will continue to do so. If you have not tried e-file, I ask you to consider it for this year. You will find the process to be simple and quick to use.

A new feature to our web site this year is the "Where's My Refund?" option that allows you to track the status of your refund. You can learn if your return was received, if your return is being processed, or the date your refund was issued. Turn to page 1 of this booklet to read more about this new feature.

To learn more about e-file, to track your refund, or to find other tax-related information, please visit our web site at www.nd.gov/tax.

Please let us know what you think we are doing well and what we can do to improve our service to you. Our phone, address, and e-mail information is found on the back of this booklet.

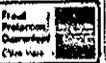
Thank you,

Cory Fong,
Tax Commissioner


Not sure if you should
E-File? Consider the
benefits:

1. Receive your refund quicker!
2. For the fastest refund - use Direct Deposit - see page 15 for details.

3. Increased accuracy - especially during the last minute filing rush.
Proof of acceptance - E-File lets you know when the return has been accepted
5. Correct errors quickly.
6. Nothing to mail!
7. Software simplifies the filing process and you can be sure you are using the correct forms.

    See page 15 for details on using your credit card to pay your taxes.

Visit our web site for forms or to learn about North Dakota's taxes:
www.nd.gov/tax



Contact Tax Dept for copy



North Dakota Office of State Tax Commissioner

SB2083

2006 Corporation Income Tax

Cory Fong, Tax Commissioner

Form 40

Form 40-UT
Form 40-ES

Need help?
Visit our web site:

www.nd.gov/tax

- Download tax forms
- Find answers to tax questions through our Frequently Asked Questions.
- E-mail your tax questions: corptax@nd.gov

Dear Taxpayer,

As you prepare to file your North Dakota corporation income tax return, you will want to be sure you are using the correct form.

- Corporations engaged in business in North Dakota or having sources of income from North Dakota must file a North Dakota Corporation Income Tax Return, Form 40.
- A corporation which files a Federal Form 1120S as a small business corporation must file a North Dakota Small Business Corporation Income Tax Return, Form 60.
- Financial institutions (See North Dakota Century Code ch. 57-35.3) located or doing business within North Dakota must file a North Dakota Financial Institution Tax Return, Form 35.

To learn more about North Dakota's taxes or to access various forms and publications, please visit our web site at www.nd.gov/tax.

I invite you to let us know what you think we are doing well and what we can do to improve our service to you. Our phone, address, and e-mail information is found on the back of this booklet.

Thank you,

Cory Fong,
Tax Commissioner



Please remove label and attach it to your return



Contact Tax Dept for copy

SB 2083

2-21-07

#1

**TESTIMONY OF THE OFFICE OF STATE TAX COMMISSIONER
BEFORE THE
HOUSE FINANCE AND TAXATION COMMITTEE**

SENATE BILL 2083

Wednesday, February 21, 2007

Chairman Belter, members of the House Finance and Taxation Committee, I am Mary Loftsgard, Supervisor, Corporate Taxes. I am here today on behalf of the Commissioner to testify in support of Senate Bill 2083.

Senate Bill 2083 addresses the time period for audit and, if necessary, assessing additional tax due related to income tax credits claimed by individuals or corporations under either the seed capital investment tax credit or the agricultural business investment tax credit.

REASON FOR THE BILL

The Seed Capital Investment Tax Credit (N.D.C.C. ch. 57-38.5) and the Agricultural Commodity Investment Tax Credit (N.D.C.C. ch 57-38.6) require that any investment made in a qualified business remain at risk in the business for three years. An investment that does not remain at risk in the business for the three years, must be disallowed and an assessment for the additional tax be made. However, the current general time period for auditing and assessing any additional tax which may be found due is also three years. Under current law, the last day to audit a credit claimed in the first year of investment would occur on the due date of the return for the third year of the investment. Thus, the Tax Department does not have an adequate amount of time to investigate and assess the additional tax that is due because of any disallowed credit.

EXPLANATION OF THE BILL

Senate Bill ²⁰⁸³2032 addresses this issue by providing the Tax Commissioner an additional one year to review any tax credits claimed under either the Seed Capital or Ag Commodity Investment programs. We believe the proposal contained in this bill gives the Department a reasonable amount of time to verify compliance with the requirements of these two investment tax programs.

The Commissioner asks that you give this bill favorable consideration and recommends a "do-pass". If there are any questions, Mr. Chairman, I will be happy to respond to them at this time.