

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2089

2007 SENATE FINANCE AND TAXATION

SB 2089

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2089**

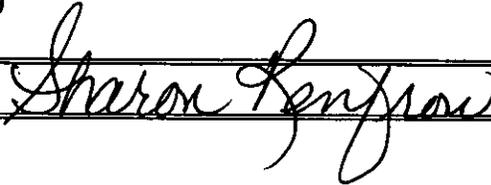
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 10, 2007

Recorder Job Number: #889

Committee Clerk Signature



Minutes:

Sen. Urlacher called the committee to order and opened the hearing on SB 2089.

Kevin Schatz: from the Tax Dept. appeared in support with written testimony. (See attached)

Sen. Anderson: I'm just curious if you don't have the amount on the slip, how do you get to the total that's going to be refunded?

Mr. Schatz: it has to have the total gallons that are on the receipt, it has to have the gallons and the amount and then again it's a flat rate tax so we just take the gallons times the amount. They claim the amount they want.

Sen. Horne: in regard to the 2nd paragraph about refunds going to agricultural and industrial government use and certain individual native Americans, I'm curious about who these certain individual native Americans are.

Mr. Schatz: Individual native American living on the reservation can get a refund of the state tax that's been paid if that reservation does not have an agreement with the State its like a tribal tax. As long as they've lived on the reservation and purchased fuel on that reservation, they can get a refund through state tax.

Sen. Urlacher: what happens if they sold fuel off the reservation to non-reservation?

Mr. Schatz: a dealer selling fuel off the reservation that's subject to state tax not tribal tax.

No opposition, the hearing was closed.

Sen. Tollefson made a motion for **DO PASS**, seconded by Sen. Anderson.

7-0-0. Sen. Anderson will carry the bill.

Date: 1-10-07

Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2089

Senate Finance & Tax Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO Pass

Motion Made By Sen. Tollefson Seconded By Sen. Anderson

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. Anderson

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

REPORT OF STANDING COMMITTEE (410)
January 10, 2007 2:18 p.m.

Module No: SR-06-0420
Carrier: Anderson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2089: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2089 was placed on the Eleventh order on the calendar.

2007 HOUSE FINANCE AND TAXATION

SB 2089

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2089A

House Finance & Taxation Committee

Check here for Conference Committee

Hearing Date: 2/12/07

Recorder Job Number: 3342

Committee Clerk Signature

A. Penrose

Minutes:

Rep. Belter: We will open the hearing on SB 2089. Clerk will call attendance. Clerk read title.

Kathleen Brady, Office of State Tax Commissioner: (see attached testimony #1).

Rep. Wrangham: This is an excise tax paid per gallon.

Kathleen Brady: It is a per gallon tax.

Rep. Wrangham: So what are you going to require that the claimants include, so that you know how many gallons rather than just the dollars someone received.

Kathleen Brady: The gallons are required to be on the receipt, we aren't asking for that to be changed. We just want to change the requirement that the tax be listed separately from the actual price per gallon. On some local receipts it will list the number of gallons sold and then it will list a separate dollar amount for the state and federal taxes, but if you fill up at a station where there is a receipt at the pump, that's combined, so that doesn't really serve the same purpose. We're just asking that they don't have to have that listed separately on the receipt. It makes it easier for the applicant. Some of them have had 12 deliveries and some of those tickets still have the state tax listed separately, but a lot of them will fill in town at the pump and just get the receipt at the pump, which does not list the tax separately. We're just trying to

make it easier for the applicant who would have to go back to the seller to get a statement from them saying that tax is included. Generally, it's always included.

Rep. Belter: When you make a bulk delivery, what is this bill going to do on a bulk delivery.

Kathleen Brady: It does not make any difference to the bulk deliveries that already list the state tax separately. They need to do so, it just doesn't require that they be listed separately.

A lot of the bulk deliveries may or may not list it separately, if they don't, then we have to ask the applicant to go back and get a statement from the seller saying that tax is included.

Basically, the applicant turns in their receipts, we review them and generally know if tax is included by the name of the seller.

Rep. Belter: So you're saying that this will give the bulk dealer the option whether they want to list it or not list it.

Kathleen Brady: They already have that option. Some bulk dealers will actually write it out separately and some do not. They already have that option. This is intended to make it easier for the applicant. When they get their receipt, they don't necessarily check to make sure that the tax is listed separately. They turn it in with their claim...

Rep. Belter: When you say applicant, what is an example of an applicant.

Kathleen Brady: An agricultural refund claim will come from a farmer, who has several bulk deliveries, which might list 100 or 500 gallons on each one, with a price that they paid.

Sometimes the state tax is listed separately on those receipts, sometimes not. When the applicant sends it in, they don't necessarily check for that. Then I have to ask them to go back to the seller to get a statement from the seller saying that tax is included. But we already know that tax is included.

Rep. Froelich: I think this is going to simplify things for us, because sometimes my delivery man just puts down the price, at \$2.50/gallon without the tax down, and the next time he puts the tax down. Now I have to make sure that he puts the gallons down, instead of the tax itself.

Kathleen Brady: Exactly, this is designed to make it easier for the applicant; the farmers who are applying for refunds on their motor fuels tax that was used in non-licensed equipment; there are Native Americans that apply, industrial uses when it's not used in a licensed vehicle, they can apply also. Many times those receipts do not indicate tax separately because it's just become unnecessary for that to be charged separately anymore. It is charged as one price per gallon.

Rep. Wrangham: I just want to be clear on this, in the case of the Native American who goes to the feed store or the gas station and buys gas. Is it somewhere allowed where they are required to put the number of gallons on the receipt. Are they always going to have that on the receipt without asking.

Kathleen Brady: Yes, that is required. Some receipts will state perhaps just \$20 and then fuel. Those do not qualify because those do not specifically tell me what kind of fuel it is, nor do they tell us how many gallons. That is a requirement that they have gallons on the receipt. We are not asking for that to be changed, that's on line 17.

Rep. Wrangham: But there's no requirement for the retailer to put it on there, it would be up to the customer to request that, if they intend on requesting a refund. Is that correct.

Kathleen Brady: Yes, that is correct. We cannot require the retailers to put anything on their receipts. If they choose to not do that, that does become the responsibility of the taxpayer. But generally, they will request changes like that to be made and conversations have actually mentioned that they were able to accommodate their patrons.

Rep. Belter: Thank you. Further testimony in support. Testimony in opposition. We will close the hearing.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2089B

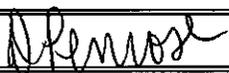
House Finance & Taxation Committee

Check here for Conference Committee

Hearing Date: 2/12/07

Recorder Job Number: 3345

Committee Clerk Signature



Minutes:

Rep. Belter: We will take up SB 2089. What are the committee's wishes.

Rep. Drovdal: I move a Do Pass.

Rep. Brandenburg: Second.

14 YES 0 NO 0 ABSENT

DO PASS

CARRIER: Rep. Froelich

Date: 2-12-07
Roll Call Vote #: 2089

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House _____ Finance & Tax _____ Committee

Check here for Conference Committee

Legislative Council Amendment
Number _____

Action Taken Do Pass

Motion Made By Rep. Drovdal Seconded By Rep. Brandenburg

Representatives	Yes	No	Representatives	Yes	No
Chairman Belter	✓		Rep. Froelich	✓	
Vice Chairman Drovdal	✓		Rep. Kelsh	✓	
Rep. Brandenburg	✓		Rep. Pinkerton	✓	
Rep. Froseth	✓		Rep. Schmidt	✓	
Rep. Grande	✓		Rep. Vig	✓	
Rep. Headland	✓				
Rep. Owens	✓				
Rep. Weiler	✓				
Rep. Wrangham	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Froelich

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

REPORT OF STANDING COMMITTEE (410)
February 14, 2007 10:05 a.m.

Module No: HR-31-3192
Carrier: Froelich
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2089: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2089 was placed on the Fourteenth order on the calendar.

2007 TESTIMONY

SB 2089

TESTIMONY BEFORE THE SENATE
FINANCE AND TAXATION COMMITTEE
SB2089
KEVIN SCHATZ
JANUARY 9, 2007

*Same
Given to
House*

Chairman Urlacher, members of the Committee, my name is Kevin Schatz, I am here on behalf of the Office of State Tax Commissioner to testify with respect to SB2089.

The Tax Commissioner proposes to amend Section 57-43.1-04 of the Century Code as it relates to the form of a claim for refund of motor vehicle fuels tax paid.

Refunds of motor fuel tax are available for agriculture, industrial, and government use and to certain individual Native Americans. The same refund process is applied consistently to each of these refund types. A specific claim form is required to be submitted depending upon the type of refund requested. Each claim form specifies the uses for which that type of refund is allowed. No separate statement of use is required to be provided by the applicant, therefore, the Tax Commissioner is proposing to replace the word "state" with "indicate".

The Tax Commissioner is also proposing to strike the language requiring "the state tax as a separate item or a statement that the state tax is included in the price". Printed receipts at retail locations usually do not provide a separate detail of the fuel price and the tax; the amount on the receipt is the combined price, which is noted on the pump. The requirement that the state tax must be listed separate on the invoice or sales ticket, or the option to provide a statement from the retailer that the tax is included in the price is antiquated and not necessary to the refund process.

Each refund claim is reviewed to determine that the required documentation is provided. The review is conducted to insure that the fuel tax was paid, and the person requesting the refund was the person that paid the tax. If a review reveals that additional documentation is required, the claimant is contacted and given the opportunity to provide the necessary information.