

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

20091

2007 SENATE FINANCE AND TAXATION

SB 2091

# 2007 SENATE STANDING COMMITTEE MINUTES

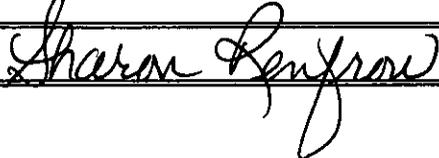
Bill/Resolution No. **SB 2091**

Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 10, 2007

Recorder Job Number: 831 & 832

Committee Clerk Signature 

Minutes:

**Sen. Urlacher** called the committee to order and opened the hearing on SB 2091.

**Mary Loftsgard** of the Tax Dept. appeared in support with written testimony. (See attached)

**Sen. Oehlke**: what is a short term financial institution? Apparently that's not an item that's a just a financial institution quits or goes out of business or for some reason has use to file a short term tax return or a corporation in the same fashion.

**Mary**: yes that's correct, there is no unique financial institution that has a short period it would be one that might dissolve merge into another company or it might be part of a federal consolidated, affiliated group that might be sold and taken out of that group and put into another. It just relates to the period of time that they need to file for that would be correct.

**Sen. Urlacher**: is that wording proper then?

**Mary**: It perhaps would be more appropriate to have it say "relating to the due date for financial institutions and corporations filing a short period return".

**Sen. Triplett**: The introduction to the bill does never become a part of the law and so it really doesn't effect the proposed amendment of the law.

No opposition to the bill. The hearing was closed

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

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

# FISCAL NOTE

Requested by Legislative Council  
12/27/2006

Bill/Resolution No.: SB 2091

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2091 establishes a due date for short year corporate and financial institutions tax returns. The bill does not affect any tax that is due, and has no fiscal impact.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Office of Tax Commissioner
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	01/09/2007

Date: 1-10-07

Roll Call Vote #: 1

**2007 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. \_\_\_\_\_**

Senate Finance & Tax Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Sen Horne Seconded By Sen Tollefson

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. Triplett

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

**REPORT OF STANDING COMMITTEE (410)**  
January 10, 2007 10:13 a.m.

**Module No: SR-06-0391**  
**Carrier: Triplett**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2091: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2091 was placed on the Eleventh order on the calendar.**

2007 HOUSE FINANCE AND TAXATION

SB 2091

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2091A/B

House Finance & Taxation Committee

Check here for Conference Committee

Hearing Date: 2/12/07

Recorder Job Number: 3343, 3346

Committee Clerk Signature

*D. Penrose*

Minutes:

**Rep. Belter:** We will open the hearing on SB 2091. Clerk read title.

**Donnita Wald, Office of State Tax Commissioner:** (see attached testimony #1).

**Rep. Belter:** Thank you. Further testimony in support. Testimony in opposition or neutral.

We will close the hearing.

(Reopened later in the same session).

**Rep. Belter:** We will take a look at SB 2091. What are the committee's wishes.

**Rep. Rep. Owens:** I move a Do Pass.

**Rep. Brandenburg:** Second.

14 YES 0 NO 0 ABSENT

DO PASS

CARRIER: Rep. Owens



**REPORT OF STANDING COMMITTEE (410)**  
February 14, 2007 10:06 a.m.

**Module No: HR-31-3193**  
**Carrier: Owens**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2091: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2091 was placed on the Fourteenth order on the calendar.**

2007 TESTIMONY

SB 2091

TESTIMONY BEFORE THE SENATE  
FINANCE AND TAXATION COMMITTEE

SB 2091

MARY LOFTSGARD  
JANUARY 10, 2007

Chairman Urlacher, members of the committee, my name is Mary Loftsgard. I am Supervisor, Corporate Taxes, for the Office of State Tax Commissioner, and I am here to testify in support of SB 2091.

Sections 1 and 3 of this bill propose the same amendment for financial institution taxes and corporation income taxes, respectively. The amendments specify a due date for returns that are for a period of less than one year, commonly referred to as a "short period" return.

Currently the statutes require all corporation income tax returns to be filed on the 15<sup>th</sup> day of the fourth month after the tax year ends. Financial institution tax returns are required to be filed by April 15<sup>th</sup> of the year succeeding the taxable year.

These filing requirements are problematic for taxpayers whose tax year is less than 12 months. For example, consider a calendar year corporate income tax filer where the business is dissolved on August 31. Federal law allows the taxpayer until March 15 of the following year to file the final federal return. North Dakota law, however, requires the taxpayer to file a return on December 15 of the current year.

The taxpayer must know its federal taxable income to complete its state return. Thus, the North Dakota statutes, as currently written, place the taxpayer in the position of having to complete the state return before the federal return is due, and before federal taxable income may be known. The amendments would allow taxpayers with short period returns to file the North Dakota returns by April 15<sup>th</sup> of the following year, or by the federal due date, whichever is later.

Section 2 of the bill amends the North Dakota income tax statute regarding the income tax withholding and composite return filing requirements for a passthrough entity such as a partnership, limited liability company treated like a partnership, S corporation, and a trust that files an income tax return.

This amendment adds language providing that the penalty and interest provisions in the income tax statute apply to any passthrough entity that does not comply with the withholding or composite return requirements, i.e., not filing a required return or not withholding or paying the tax due. The reason for this change is that the general penalty and interest provisions in the statute apply to a "taxpayer" or an "employer." However, under the statute being amended, a passthrough entity is not defined as either a "taxpayer" or an "employer".

Section 4 of the bill amends the corporate income tax statutes to specify due dates for estimated tax payments for short period returns. At present, the statute is silent on this matter. The amendment ensures that

estimated payments are received by the end of the short period activity in North Dakota.

Where the short period is less than 120 days, the amendment specifies no estimated payment is required.

The Tax Commissioner recommends a "do-pass" on SB 2091. If there are any questions, I will be glad to respond.

SD 2091 A

#1

2-12-07 AM

TESTIMONY BEFORE THE HOUSE  
FINANCE AND TAXATION COMMITTEE

SB 2091

FEBRUARY 12, 2007

Chairman Belter, members of the committee, I am here on behalf of the Office of State Tax Commissioner, to testify in support of SB 2091.

Sections 1 and 3 of this bill propose the same amendment for financial institution taxes and corporation income taxes, respectively. The amendments specify a due date for returns that are for a period of less than one year, commonly referred to as a "short period" return.

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The Tax Commissioner recommends a "do-pass" on SB 2091. If there are any questions, I will be glad to respond.