

# MICROFILM DIVIDER

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



ROLL NUMBER
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DESCRIPTION

2372

2007 SENATE FINANCE AND TAXATION

SB 2372

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2372**

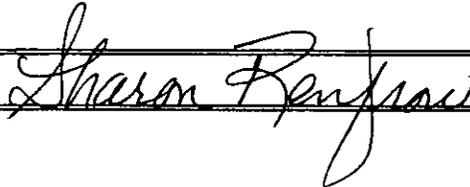
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: February 6, 2007

Recorder Job Number: # 2940

Committee Clerk Signature



Minutes:

**Sen. Urlacher** called the committee to order and opened the hearing on SB 2372.

**Sen. Heckaman**: prime sponsor of the bill appeared in support with written testimony. (See attached)

**Sen. Triplett**: Wouldn't it be better if schools supplied all these supplies?

**Answer**: yes, it varies from school to school on allowances for supplies.

**Sen. Horne**: if I'm teaching I don't get an automatic tax credit based on the assumption that I've purchased materials, I need to produce evidence of these purchases to my tax person to qualify for the credit, is that correct?

**Answer**: Right and there is already a federal income tax credit if you itemize, however not everyone itemizes

**Sen. Triplett**: do you think that all teachers do this or is it more like Special Ed and elementary level? Do high schools do this too?

**Answer**: oh yes, I think its all; high schools may have a different area of materials that they would provide.

**Nancy Sand**: ND Education Assoc. appeared in support stating this bill would provide a little effort in adequacy for our educators across the state and in fact in addition to teachers

spending their own money out of their pockets, there are a lot of other education employees that also purchase supplies and materials for their jobs too.

**Sen. Urlacher**: are you saying then that the superintendents or business managers don't recognize the priority on supplies?

**Nancy**: many school districts provide some kind of budget items for classroom supplies for their employees; however it doesn't cover it all.

**Sen. Cook**: it could be anything that could be purchased and used in a class room, do we need something in this bill that somehow ensures that its used in the classroom.

**Nancy**: good question, I don't know how you'd prove that it was used in the classroom.

**Sen. Oehlke**: sounds like the only way you can obtain this credit against your tax liability is if you did the long form, is that correct?

**Donita Wald**: no, it is placed on the short form also in this bill.

**Sen. Anderson**: we need some sort of definitions for class room supplies.

**Sen. Triplett**: wouldn't it just be better if the school districts had adequate budgets and reimbursed teachers appropriately? This seems like very bad policy to me.

**Caitlin McDonald**: State Assoc. of non-public schools appeared in support with written testimony and proposed an amendment. (See attached)

**John Risch**: United Transportation Union and Railroad workers would like stand and show their support to what looks to be good public policy.

Closed the hearing.

**Sen. Cook**: made a Motion to Move the Amendment, seconded by Sen. Tollefson

Voice vote: 7-0-0          Amendment carries

**Sen. Tollefson**: most businesses make a provision for reimbursement for any of those expenditures. Personally I think 2372 although it has some good merits I don't think the school

districts are any different than any other business and most have a business manager that should handle it that way, so I move a **DO NOT PASS as Amended** seconded by Sen. Cook

**Sen. Triplett:** clearly there is a lot of sympathy because this does seem to be the trend and it does seem so totally inappropriate and it probably does help us describe the fact that our schools have not had adequate funding for a long time because I assume these teachers are going to the managers and principals that the supply budgets are not adequate so I understand the dilemma the teachers are in but it does seem like bad policy to me.

**Sen. Cook:** I think that to whatever degree we have a problem in this State with schools not providing adequate funding for supplies to whatever degree we have that problem in the State. This would only increase it and only encourage more of it that's why its bad policy.

**Sen. Anderson:** I'm really uncomfortable with not knowing what the supplies and I wholeheartedly agree with what the other Senator said, if we can supply adequate funding for the schools perhaps they can adopt something, set the criteria of what is class room supplies and set up some sort of a fund. Not ready to approve it at this point.

Roll call vote: 6-1-0

Sen. Anderson will carry the bill

# FISCAL NOTE

Requested by Legislative Council

02/07/2007

Amendment to: SB 2372

**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
<b>Revenues</b>			(\$3,200,000)			
<b>Expenditures</b>						
<b>Appropriations</b>						

**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).*

Eng. SB 2372 provides an income tax credit of \$250 for classroom supplies purchased by a teacher.

**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.*

There are approximately 6,424 teachers in North Dakota. Assuming they all make or will make qualifying purchases of classroom supplies, and further assuming they all have sufficient income tax liabilities to offset with this tax credit, the provisions of Eng. SB 2372 are expected to reduce state general fund revenues by an estimated \$3.2 million in the 2007-09 biennium.

**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>	02/08/2007

**FISCAL NOTE**  
 Requested by Legislative Council  
 01/23/2007

Bill/Resolution No.: SB 2372

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			(\$3,200,000)			
Expenditures						
Appropriations						

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

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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 2372 provides an income tax credit of \$250 for classroom supplies purchased by a teacher.

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.*

There are approximately 6,424 teachers in North Dakota. Assuming they all make or will make qualifying purchases of classroom supplies, and further assuming they all have sufficient income tax liabilities to offset with this tax credit, the provisions of SB 2372 are expected to reduce state general fund revenues by an estimated \$3.2 million in the 2007-09 biennium.

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

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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>	02/05/2007

Date: 2-6-07

Roll Call Vote #: \_\_\_\_\_

**2007 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. SB 2372**

Senate Finance & Tax Committee

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

Action Taken DNP as amended

Motion Made By Sen. Tollefson Seconded By Sen. Cook

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

Total (Yes) 6 No 1

Absent 0

Floor Assignment Senator Anderson

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

**REPORT OF STANDING COMMITTEE**

SB 2372: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2372 was placed on the Sixth order on the calendar.

Page 1, line 10, after "accredited" insert "or approved"

Renumber accordingly

2007 TESTIMONY

SB 2372

TESTIMONY FOR SB 2372  
FINANCE AND TAXATION  
FEBRUARY 6, 2007  
10 A.M.

Chairman Urlacher and Committee Members, I am Senator Joan Heckaman from New Rockford which is in District 23.

I have been an educator for over 30 years, thus my interest in sponsoring this bill for educators in our state.

SB 2372 would entitle a teacher who is a taxpayer, a \$250 tax credit on their North Dakota state tax report.

I consider myself rather frugal. In fact, I think I can stretch a penny a long way. Every year I receive a classroom budget to use for supplies, etc. To use those funds, a purchase order is required. In the spring I would start planning for next year's students and usually have used up most of my budget by the time school starts. Also, different districts provide different classroom budgets. And as a teacher, you may have heard these words, "I wish we could give you more money for supplies, but we just have to cut back somewhere".

It is said that good teachers take advantage of teachable moments. This happens when you are teaching and all of a sudden something pops in your head. One time in a physical science class, we were learning about leavening agents. While reading and talking about things is good, I had an idea. The next day in class we mixed up 2 different recipes for crazy chocolate cake. We used a leavening agent in one recipe and no leavening agent in the other. We baked them in the school kitchen. The next day in class we sampled them. The students learned what leavening agents were and were able to identify common household leavening agents. Guess who provided all of the ingredients?

Where ever and when ever I shop, I am always looking for things to enhance classroom instruction. This makes it difficult to get a purchase order ahead of time. These items may be as little as pencils and erasers that have hearts on them, treats for a party, tissue, disinfecting wipes, supplies for art, special folders for projects, and the list continues. I have attended many workshops at the request of my school and have been compensated for registration, room, and travel. But with my own money, I have purchased many books, materials, and supplementary items demonstrated at these workshops

No, I have never actually calculated my yearly expenses. It may be more or less than \$250, but on an average, I would say it is well over \$250. Beginning teachers spend even more as reported by administrators I visited with last Tuesday morning at the legislators' breakfast. Teachers in the rural areas are often given different class assignments from year to year. One year you may teach grade 3 and the next year you are assigned to grade 5. That makes a lot of difference in supplies and materials needed.

I would ask you to support this bill as a vote of confidence for educators all over the state.

Thank you and I would stand for any questions.

February 6, 2007

SENATE FINANCE AND TAXATION COMMITTEE  
SB 2372

SENATOR URLACHER AND COMMITTEE MEMBERS:

My name is Caitlin McDonald. I am appearing today on behalf of the State Association of Non-Public Schools (SANS). We strongly support SB 2372 and urge a do pass with the amendment we are offering at the bottom of my testimony.

SANS represents the state's 82 non-public schools. Last year there were 6,510 North Dakota students enrolled in non-public schools – 4,884 in grades K-8, and 1,626 in grades 9-12.

Many...if not most... of our teachers personally purchase school supplies as indicated in this bill. This bill allows them a small credit against their North Dakota tax liability for helping our state's youth.

Many of the state's private schools choose to be "approved" rather than "accredited" for a number of reasons, so we ask that you please adopt our proposed amendment before you give a unanimous do pass to this bill.

If you have any questions, I will be happy to try to answer them. THANK YOU FOR YOUR TIME AND CONSIDERATION.

PROPOSED AMENDMENT TO SB 2372

On page 1, line 10, after "accredited" insert "or approved"

Renumber accordingly.