

MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

2407

2007 SENATE FINANCE AND TAXATION

SB 2407

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2407**

Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: February 5, 2007

Recorder Job Number: # 2772

Committee Clerk Signature



Minutes:

Sen. Urlacher called the committee to order and opened the hearing on SB 2407.

Sen. Cook: this is directly related to streamline sales tax and I think the problem originated with our own capital cafeteria. If you went in there and bought a bottle of water and then also bought dinner, you paid tax on it because that water was then taxed as part of your meal which is prepared food which is taxable. The confusion was is if you just went in there and bought a bottle of water and carried it out like it was purchased at a convenience store, then it was nontaxable. What's been clarified if not through streamline, it has certainly been clarified by the Tax Dept. When they saw water in that cafeteria it's always going to be taxable and that what Rob wanted down there and that's why he talked to Sen. O'Connell is to have it one way or the other. That problem has been resolved and Sen. O'Connell, prime sponsor of the bill said it was okay to just kill the bill. The problem that this was introduced to solve, is no longer a problem.

Sen. Cook: made a **Motion for DO NOT PASS**, seconded by Sen. Triplett.

Sen. O'Connell: prime sponsor of the bill appeared and stated I visited with Sen. Cook and the problem downstairs I understand is in violation of the streamline sales tax. Sen. Cook took care of the problem. Roll call vote: 7-0-0 Sen. Cook will carry the bill.

FISCAL NOTE

Requested by Legislative Council

01/23/2007

Bill/Resolution No.: SB 2407

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 2407 creates a sales tax exemption for water sold in containers of one gallon or less.

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.*

Under current law, bottled water is exempt unless it is sold by an establishment that primarily sells prepared food (such as cafes and restaurants). Since most individual servings of bottled water is not sold in cafes, and is therefore currently exempt, the fiscal impact of SB 2407 is expected to be less than \$5000. (Passage of this exemption may make North Dakota's sales tax law become 'out of compliance' with the Streamlined Sales Tax Agreement, however.)

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.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	02/04/2007

REPORT OF STANDING COMMITTEE (410)
February 5, 2007 10:20 a.m.

Module No: SR-24-2084
Carrier: Cook
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2407: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO NOT PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2407 was placed on the Eleventh order on the calendar.