

**FISCAL NOTE**  
**Requested by Legislative Council**  
**04/14/2015**

Amendment to: HB 1223

- 1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>			\$(33,000,000)			
<b>Expenditures</b>						
<b>Appropriations</b>						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

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

Engrossed HB 1223 with Senate Appropriations amendments reduces individual and corporate income tax rates across-the-board by 5%, effective beginning with tax year 2016.

- 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.*

Section 1 of engrossed HB 1223 with Senate Appropriations Committee amendments reduces corporation income tax rates five percent across-the-board beginning with tax year 2016. This provision is expected to reduce corporate income tax revenue by an estimated \$11 million in the 2015-17 biennium.

Section 2 of engrossed HB 1223 with Senate Appropriations Committee amendments reduces individual income tax rates five percent across-the-board beginning with tax year 2016. This provision is expected to reduce individual income tax revenue by an estimated \$22 million in the 2015-17 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** Kathryn L. Strombeck

**Agency:** Office of Tax Commissioner

**Telephone:** 328-3402

**Date Prepared:** 04/16/2015

**FISCAL NOTE**  
**Requested by Legislative Council**  
**03/25/2015**

Amendment to: HB 1223

- 1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(108,000,000)			
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

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

Engrossed HB 1223 with Senate Amendments reduces individual and corporate income tax rates across-the-board.

- 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.*

Section 1 of engrossed HB 1223 with Senate Amendments reduces corporation income tax rates five percent across-the-board beginning with tax year 2015. This provision is expected to reduce corporate income tax revenue by an estimated \$21 million in the 2015-17 biennium.

Section 2 of engrossed HB 1223 with Senate Amendments reduces individual income tax rates ten percent across-the-board beginning with tax year 2015. This provision is expected to reduce individual income tax revenue by an estimated \$87 million in the 2015-17 biennium.

The executive budget contains the same rate reductions as contained in engrossed HB 1223 with Senate Amendments. The estimated amount of \$125 million contained in the executive recommendation has been reduced here to \$108 million to reflect the changes in the March 2015 Forecast.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** Kathryn L. Strombeck

**Agency:** Office of Tax Commissioner

**Telephone:** 328-3402

**Date Prepared:** 03/26/2015

**FISCAL NOTE**  
**Requested by Legislative Council**  
**02/16/2015**

Amendment to: HB 1223

- 1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(152,000,000)			
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

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

Engrossed HB 1223 reduces individual and corporate income tax rates ten percent, across-the-board.

- 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.*

Section 1 of engrossed HB 1223 reduces corporation income tax rates ten percent across-the-board beginning with tax year 2015. This provision is expected to reduce corporate income tax revenue by an estimated \$52 million in the 2015-17 biennium.

Section 2 of engrossed HB 1223 reduces individual income tax rates ten percent across-the-board beginning with tax year 2015. This provision is expected to reduce individual income tax revenue by an estimated \$100 million in the 2015-17 biennium.

The executive budget contains the same individual income tax rate reductions as contained in engrossed HB 1223. The corporate rate relief contained in this bill is greater than that contained in the executive budget recommendation.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** Kathryn L. Strombeck

**Agency:** Office of Tax Commissioner

**Telephone:** 328-3402

**Date Prepared:** 02/17/2015

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/13/2015**

Bill/Resolution No.: HB 1223

- 1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(820,934,000)			
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

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

HB 1223 reduces individual and corporate income tax rates, and eliminates the individual income tax effective tax year 2017.

- 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.*

Section 1 of HB 1223 eliminates one bracket and reduces corporation income tax rates beginning with tax year 2015. This provision is expected to reduce corporate income tax revenue by an estimated \$168.228 million in the 2015-17 biennium.

Section 2 of HB 1223 eliminates one bracket and reduces individual income tax rates for tax year 2015. Section 3 of HB 1223 eliminates two additional brackets and reduces individual income tax rates for tax year 2016. Together, Sections 2 and 3 of HB 1223 are expected to reduce individual income tax revenue by an estimated \$652.706 million in the 2015-17 biennium.

Section 4 of HB 1223 eliminates the individual income tax starting with tax year 2017. This will reduce revenues in the 2017-19 biennium and beyond. However, there is no forecast for revenues extending that far in the future so estimating the fiscal impact of this repeal is not possible.

If enacted, HB 1223 is expected to reduce state general fund revenues by an estimated \$821 million in the 2015-17 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** Kathryn L. Strombeck

**Agency:** Office of Tax Commissioner

**Telephone:** 328-3402

**Date Prepared:** 01/24/2015

**2015 HOUSE FINANCE AND TAXATION**

**HB 1223**

# 2015 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1223  
1/27/2015  
22622

- Subcommittee  
 Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A Bill relating to corporate and individual income tax rate reductions; relating to elimination of the individual income tax.

### Minutes:

Attachment #1

**Chairman Headland:** Opened hearing.

**Representative Dockter:** Introduced bill. It is my intention to reduce the income tax brackets but not eliminate them. I own a payroll business and income tax practice. When I came up with this bill I did some testing with numbers and this is what I came up with. Section 1 includes corporate and personal income; first \$100,000 of corporate income tax will be at one percent and anything over \$100,000 would be at three percent. On page 2 a single person will have four rates; \$0-25,000 is zero percent, \$25,000-50,000 is one percent, \$50,000-75,000 is one and a half, and anything above \$75,000 is two percent. For married and filed jointly I have \$0-50,000 is zero, \$50,000-100,000 is one percent, \$100,000-150,000 is one and half, \$150,000 and above is two percent. The fiscal note is \$820 million but that will be reduced substantially since it will not phase out. I felt that compressing the rates and getting the state comfortable with the rates then compressing them down to zero. I think this is a proven way to look at income tax currently with our situation with the oil and everything else. By reducing it will still have a fairly high fiscal note but then we can spend less money. We want to get more money into individuals' pockets and that's my goal. I would like to slowly phase it out and get our state and income tax to zero.

**Chairman Headland:** In the individual income tax brackets, they are structured so that no individual currently would receive any kind of tax increase?

**Representative Dockter:** That is correct.

**Representative Steiner:** They estimate about half or 47% of oil royalties flows out of state. How is that money reinvested and how do you recover the costs of that production of that resource?

**Representative Dockter:** With any kind of tax policy you're going to cover approximately 95% of the population; there's always five percent that you're going to question and wonder why we have a policy. Overall, if you pass income tax reductions the state will be healthier. You are going to have out of state concerns but overall it will be more of an economic benefit.

**Representative Steiner:** But wouldn't you want to include something to recover costs for infrastructure and how would you go about capturing it from these out of state people? Maybe there is something else you can add to this bill to make sure that we capture that.

**Representative Dockter:** I've not thought about that. I would be willing to look at ideas in how to capture that. Last session when we wanted to cut corporate income tax everyone was worried that out of state companies would receive the benefits. I don't have the answer to that. I'm looking at how to help the citizens of North Dakota with reducing income tax.

**Chairman Headland:** I've looked at the fiscal note and it appears it would be accurate. In the amount of figures on your first two changes it indicates they cannot forecast what the revenues will be so they haven't included the repeal in this fiscal note with any dollar amount. It appears the fiscal note would be realized with the first two years of implementation.

**Representative Dockter:** Yes, that would be correct. I'll have to sit down with the tax department and go over the fiscal note.

**Chairman Headland:** Is there any support for HB 1223? Is there any opposition to 1223? Are there any questions for the tax department?

**Representative Toman:** The fiscal note from the last bill was eliminating it and this is adjusting the brackets but the fiscal note is pretty close. Can you explain why that's so close?

**Matt Pereyl, Office of Tax Commissioner:** When reading the fiscal note I would take the similarity between the two because this bill also impacts corporate income tax rates. There's \$168 million of that \$820 million that is related to corporate income tax so if I'm comparing just the individual income tax impact with this one it would be \$652 million versus the other one so that makes more sense when you factor that in.

**Representative Schneider:** Can you think of any possible way to fix Representative Steiner's concern that our oil revenue money pours out of the state at almost half?

**Matt Pereyl:** No I don't have an answer for that. This bill still applies an income tax rate of some sort which is different than the other bill which was a complete zero percent rate.

**Chairman Headland:** I don't see any more questions. We will close the hearing on HB 1223.

House Finance and Taxation Committee

HB 1223

January 27, 2015

Page 3

**Jon Godfread, Vice President of Government Affairs for the Greater North Dakota Chamber** submitted written testimony in support but was not at the hearing. See attachment #1.

# 2015 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1223  
2/11/2015  
23654

- Subcommittee  
 Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A bill relating to corporate and individual income tax rate reductions; relating to elimination of the individual income tax.

### Minutes:

Attachment #1

**Chairman Headland:** Representative Dockter has some amendments.

**Representative Dockter:** Distributed proposed amendments 15.0258.02003 and explained. See attachment #1. My intention was never to repeal. It's going to be a 10% cut for corporate and personal income than what we currently have. The fiscal note will be around \$130 million. I think we need to have something for the citizens.

**Representative Strinden:** The amendment says that anybody that's making \$0-37,450 will be taxed at 1.1 percent. Doesn't the current state they won't be taxed until they make \$36,250? Your original bill didn't have them taxed at all until they made \$25,000. Got it.

**Representative Dockter:** Correct.

**Chairman Headland:** I like your amendment. It follows what we've been doing in this tax committee since we started with rate reductions and trying to compress brackets while lowering tax rates for everyone. I also like this bill because it's the only bill that includes both corporate and individual.

**Representative Dockter:** The citizens get a break, it doesn't matter what the income level. People that live in apartments are given an income tax break even though they aren't getting a renters credit. I think this is good policy.

**Representative Schneider:** In working with those brackets, did you take into consideration the lower income brackets that pay a higher percentage of their income and taxes?

**Representative Dockter:** Yes I did. In my original bill I had a zero bracket but fiscally it wasn't working out. I just felt that trying to compress one bracket but reduce all the income

brackets was the best way to go. The fiscal note was over \$800 million so I didn't feel that was right. It came down to reducing income tax and keeping the fiscal note at a reasonable number.

**Representative Klein: MADE A MOTION TO ADOPT AMENDMENT.**

**Representative Froseth: SECONDED.**

**Representative Froseth:** I think this bill will closely mirror the governor's bill so I think if we pass one bill out of this committee and the senate passes one we will have two bills to consider in the second half of the session and I believe that's the best way to go.

**Chairman Headland:** I believe Representative Dockter crafted his amendment so it would have a similar fiscal note as the governor's proposal. It's important to note that when we pass these bills it doesn't mean this is going to be the final draft; there's a lot of work being done on these bills yet. It keeps the concepts moving forward.

**Representative Strinden:** I'm going to resist the amendment. I liked the first draft better because of the zero percent tax bracket for the first \$25,000. It looks like if you make \$36,000 you would save just about \$40. With this amendment we're not really helping the people that need the tax relief the most.

**VOICE VOTE: MOTION CARRIED TO ADOPT AMENDMENT.**

**Representative Froseth: MADE A MOTION FOR A DO PASS AS AMENDED.**

**Representative Dockter: SECONDED.**

**Representative Schneider:** I have to resist this bill. I don't have any notes that any corporations asked for the corporate reduction. In light of our current financial circumstances I think we need to keep the money for the people with basic needs in our state. There's an adverse impact on lower and lower moderate income folks who pay a much greater percentage of their income and tax than the folks at the higher brackets in this bill and would not enjoy a significant tax decrease.

**Representative Hatlestad:** We are talking doom and gloom on revenue projections and we're giving away money; that seems somewhat foolish. We have enough really good programs that we're killing that we would have money for. I think this is a mistake. Nobody is approaching me about reducing income tax.

**Chairman Headland:** It's not that we're giving away money; we're giving money back to people who have earned it.

**Representative Dockter:** The thing I like about income tax versus some of our other bills is that no one can back fill. We have counties that back fill on our property tax and it seems we can never get a handle on it. With income tax you can get a handle and the brackets are the brackets. People do notice the change with their income tax. We've done as much

House Finance and Taxation Committee

HB 1223

February 11, 2015

Page 3

as we can with property tax and now it has to come from the local government to keep their budgets down in order for people to get property tax relief.

**Representative Mitskog:** People have expressed to me that income tax is not the issue but property tax. People want continued help with property tax relief.

**ROLL CALL VOTE: 5 YES 8 NO 1 ABSENT  
MOTION FAILS FOR A DO PASS AS AMENDED.**

# 2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Fort Totten Room, State Capitol

HB 1223  
2/11/2015  
23676

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

A bill relating to corporate and individual income tax rate reductions; relating to elimination of the individual income tax.

## Minutes:

Attached amendments #1.

**Chairman Headland:** We have acted on this but we need to take another look at this.

**Representative Klein:** MADE A MOTION TO RECONSIDER OUR ACTIONS.

**Vice Chairman Owens:** SECONDED.

**VOICE VOTE:** MOTION CARRIES.

**Representative Klein:** I think we need to keep one of these bills alive. MADE A MOTION FOR A DO PASS AS AMENDED.

**Representative Steiner:** SECONDED.

**Representative Trottier:** I thought there was another bill coming. I agree with Representative Klein and we need to have something to work on along with the senate bill.

**Chairman Headland:** I decided to favor the one that came in with the least revenue lost which was Representative Dockter's amended version. Even though Representative Koppelman tried to look at a way to fix that bill we just couldn't come up with a way to do it. Representative Kasper didn't really care if we moved his bill forward and didn't offer any amendments beyond what we had already put on so this is the path of least resistance to tax relief for the citizens of North Dakota.

**Representative Schneider:** I understand what you're doing but it's a bad bill.

**Representative Klein:** I also realize that as we get further down the stream and figure out what our income is as things gel we can always amend this but we still need a vehicle to move with.

**Chairman Headland:** This is just a small step to final passage of a bill. There is still a long way to go with this.

**Representative Haak:** What is the fiscal note on this?

**Chairman Headland:** Ten percent reduction. The governor's budget had a 10% reduction and the bill is over in the senate and that is \$125 million I believe.

**Representative Hatlestad:** I have a fiscal note here and it says \$820 million.

**Chairman Headland:** That was prior to the amended version.

**Representative Hatlestad:** It's still too much money.

**ROLL CALL VOTE: 10 YES 4 NO 0 ABSENT  
MOTION CARRIES FOR DO PASS AS AMENDED**

**Chairman Headland will carry this bill.**

**See attachment #1 amendments 15.0258.02003.**

SLC  
2/11/15  
1/2

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1223

Page 1, line 3, remove "to repeal section 57-38-30.3 of the North Dakota Century Code, relating to"

Page 1, line 4, remove "elimination of the individual income tax; to provide effective dates;"

Page 1, line 4, replace "expiration" with "effective"

Page 1, line 12, remove the overstrike over "~~twenty-five~~"

Page 1, line 12, remove "one hundred"

Page 1, line 13, remove the overstrike over "~~and~~"

Page 1, line 13, after "~~forty-eight~~" insert "thirty-three"

Page 1, line 13, remove the overstrike over "~~hundredths~~"

Page 1, line 14, remove the overstrike over "~~twenty-five~~"

Page 1, line 14, remove "one hundred"

Page 1, line 14, remove the overstrike over "~~and not~~"

Page 1, line 15, remove the overstrike over "~~exceeding fifty thousand dollars~~"

Page 1, line 15, remove the overstrike over "~~and~~"

Page 1, line 15, after "~~seventy-three~~" insert "thirty-seven"

Page 1, line 15, remove the overstrike over "~~hundredths~~"

Page 1, remove the overstrike over line 17

Page 1, line 18, after "~~fifty-three~~" insert "eight"

Page 1, line 18, remove the overstrike over "~~hundredths percent.~~"

Page 2, replace lines 17 through 20 with:

<u>\$0</u>	<u>\$37,450</u>	<u>1.10%</u>	<u>\$0</u>
<u>\$37,450</u>	<u>\$90,750</u>	<u>\$411.95 + 2.04%</u>	<u>\$37,450</u>
<u>\$90,750</u>	<u>\$189,300</u>	<u>\$1,499.27 + 2.27%</u>	<u>\$90,750</u>
<u>\$189,300</u>	<u>\$411,500</u>	<u>\$3,736.36 + 2.64%</u>	<u>\$189,300</u>
<u>\$411,500</u>		<u>\$9,602.44 + 2.90%</u>	<u>\$411,500</u>

Page 2, remove lines 29 and 30

Page 3, replace lines 1 and 2 with

2/2

"\$0	\$62,600	1.10%	\$0
\$62,600	\$151,200	\$688.60 + 2.04%	\$62,600
\$151,200	\$230,450	\$2,496.04 + 2.27%	\$151,200
\$230,450	\$411,500	\$4,295.02 + 2.64%	\$230,450
\$411,500		\$9,074.74 + 2.90%	\$411,500"

Page 3, replace lines 11 through 14 with:

"\$0	\$31,300	1.10%	\$0
\$31,300	\$75,600	\$344.30 + 2.04%	\$31,300
\$75,600	\$115,225	\$1,248.02 + 2.27%	\$75,600
\$115,225	\$205,750	\$2,147.51 + 2.64%	\$115,225
\$205,750		\$4,537.37 + 2.90%	\$205,750"

Page 3, replace lines 23 through 26 with:

"\$0	\$50,200	1.10%	\$0
\$50,200	\$129,600	\$552.20 + 2.04%	\$50,200
\$129,600	\$209,850	\$2,171.96 + 2.27%	\$129,600
\$209,850	\$411,500	\$3,993.64 + 2.64%	\$209,850
\$411,500		\$9,317.20 + 2.90%	\$411,500"

Page 4, replace lines 4 through 7 with:

"\$0	\$2,500	1.10%	\$0
\$2,500	\$5,900	\$27.50 + 2.04%	\$2,500
\$5,900	\$9,050	\$96.86 + 2.27%	\$5,900
\$9,050	\$12,300	\$168.37 + 2.64%	\$9,050
\$12,300		\$254.17 + 2.90%	\$12,300"

Page 5, remove lines 3 through 32

Page 6, remove lines 1 through 32

Page 7, remove lines 1 through 31

Page 8, remove line 1

Page 8, line 2, replace "Section 1 of this" with "This"

Page 8, line 3, remove "Section 2 of this Act is effective for the first taxable year"

Page 8, remove lines 4 through 7

Renumber accordingly

Date: 2-11-15  
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1223

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 15.0258.02003

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Rep. Klein    Seconded By Rep. Froseth  
Kading

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND			REP HAAK		
VICE CHAIRMAN OWENS			REP STRINDEN		
REP DOCKTER			REP MITSKOG		
REP TOMAN			REP SCHNEIDER		
REP FROSETH					
REP STEINER					
REP HATLESTAD					
REP KLEIN					
REP KADING					
REP TROTTIER					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

*Voice vote = Motion carries.*

Date: 2-11-15  
Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1223

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 15.0258.02003

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Rep. Froseth Seconded By Rep. Dockter

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND	✓		REP HAAK		✓
VICE CHAIRMAN OWENS	AB		REP STRINDEN		✓
REP DOCKTER	✓		REP MITSKOG		✓
REP TOMAN	✓		REP SCHNEIDER		✓
REP FROSETH	✓				
REP STEINER		✓			
REP HATLESTAD		✓			
REP KLEIN		✓			
REP KADING	✓				
REP TROTTIER		✓			

Total (Yes) 5 No 8

Absent 1

Floor Assignment Rep.

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

\* FAILED.

Date: 2-11-15  
 Roll Call Vote #: 1 (afternoon)

**2015 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1223**

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations

Other Actions:  Place on Consent Calendar  
 Reconsider     \_\_\_\_\_

Motion Made By Rep. Klein    Seconded By Rep. Owens

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND			REP HAAK		
VICE CHAIRMAN OWENS			REP STRINDEN		
REP DOCKTER			REP MITSKOG		
REP TOMAN			REP SCHNEIDER		
REP FROSETH					
REP STEINER					
REP HATLESTAD					
REP KLEIN					
REP KADING					
REP TROTTIER					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

*Voice vote = Motion carries.*

Date: 2-11-15  
 Roll Call Vote #: 2 afternoon

**2015 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1223**

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 15-0258.02003

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar

Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Rep. Klein Seconded By Rep. Steiner

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND	✓		REP HAAK		✓
VICE CHAIRMAN OWENS	✓		REP STRINDEN	✓	
REP DOCKTER	✓		REP MITSKOG		✓
REP TOMAN	✓		REP SCHNEIDER		✓
REP FROSETH	✓				
REP STEINER	✓				
REP HATLESTAD		✓			
REP KLEIN	✓				
REP KADING	✓				
REP TROTTIER	✓				

Total (Yes) 10 No 4

Absent 0

Floor Assignment Rep. Chairman Headland

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

**REPORT OF STANDING COMMITTEE**

**HB 1223: Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). HB 1223 was placed on the Sixth order on the calendar.

Page 1, line 3, remove "to repeal section 57-38-30.3 of the North Dakota Century Code, relating to"

Page 1, line 4, remove "elimination of the individual income tax; to provide effective dates;"

Page 1, line 4, replace "expiration" with "effective"

Page 1, line 12, remove the overstrike over "~~twenty-five~~"

Page 1, line 12, remove "one hundred"

Page 1, line 13, remove the overstrike over "~~and~~"

Page 1, line 13, after "~~forty-eight~~" insert "thirty-three"

Page 1, line 13, remove the overstrike over "~~hundredths~~"

Page 1, line 14, remove the overstrike over "~~twenty-five~~"

Page 1, line 14, remove "one hundred"

Page 1, line 14, remove the overstrike over "~~and not~~"

Page 1, line 15, remove the overstrike over "~~exceeding fifty thousand dollars~~"

Page 1, line 15, remove the overstrike over "~~and~~"

Page 1, line 15, after "~~seventy-three~~" insert "thirty-seven"

Page 1, line 15, remove the overstrike over "~~hundredths~~"

Page 1, remove the overstrike over line 17

Page 1, line 18, after "~~fifty-three~~" insert "eight"

Page 1, line 18, remove the overstrike over "~~hundredths percent~~."

Page 2, replace lines 17 through 20 with:

"\$0	\$37,450	1.10%	\$0
\$37,450	\$90,750	\$411.95 + 2.04%	\$37,450
\$90,750	\$189,300	\$1,499.27 + 2.27%	\$90,750
\$189,300	\$411,500	\$3,736.36 + 2.64%	\$189,300
\$411,500		\$9,602.44 + 2.90%	\$411,500"

Page 2, remove lines 29 and 30

Page 3, replace lines 1 and 2 with

"\$0	\$62,600	1.10%	\$0
\$62,600	\$151,200	\$688.60 + 2.04%	\$62,600
\$151,200	\$230,450	\$2,496.04 + 2.27%	\$151,200
\$230,450	\$411,500	\$4,295.02 + 2.64%	\$230,450
\$411,500		\$9,074.74 + 2.90%	\$411,500"

Page 3, replace lines 11 through 14 with:

"\$0	\$31,300	1.10%	\$0
\$31,300	\$75,600	\$344.30 + 2.04%	\$31,300
\$75,600	\$115,225	\$1,248.02 + 2.27%	\$75,600
\$115,225	\$205,750	\$2,147.51 + 2.64%	\$115,225
\$205,750		\$4,537.37 + 2.90%	\$205,750"

Page 3, replace lines 23 through 26 with:

"\$0	\$50,200	1.10%	\$0
\$50,200	\$129,600	\$552.20 + 2.04%	\$50,200
\$129,600	\$209,850	\$2,171.96 + 2.27%	\$129,600
\$209,850	\$411,500	\$3,993.64 + 2.64%	\$209,850
\$411,500		\$9,317.20 + 2.90%	\$411,500"

Page 4, replace lines 4 through 7 with:

"\$0	\$2,500	1.10%	\$0
\$2,500	\$5,900	\$27.50 + 2.04%	\$2,500
\$5,900	\$9,050	\$96.86 + 2.27%	\$5,900
\$9,050	\$12,300	\$168.37 + 2.64%	\$9,050
\$12,300		\$254.17 + 2.90%	\$12,300"

Page 5, remove lines 3 through 32

Page 6, remove lines 1 through 32

Page 7, remove lines 1 through 31

Page 8, remove line 1

Page 8, line 2, replace "Section 1 of this" with "This"

Page 8, line 3, remove "Section 2 of this Act is effective for the first taxable year"

Page 8, remove lines 4 through 7

Re-number accordingly

**2015 SENATE FINANCE AND TAXATION**

**HB 1223**

# 2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Lewis and Clark Room, State Capitol

HB1223  
3/9/2015  
Job #24454

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Alice Grove*

## Explanation or reason for introduction of bill/resolution:

Relating to corporate and individual income tax rate reductions; and to provide an effective date.

## Minutes:

Attachment #1

**Chairman Cook** opened the hearing on HB1223. All committee members were present .

**Rep. Jason Dockter, District 7 presented the bill.** This is a basic income tax reduction bill, 10% across the board for personal income and corporation. We had some amendments and this is what it came down to.

**Senator Triplett** -- You referenced that there were some amendments. Tell us how the bill was amended.

**Rep. Jason Dockter** -- What I had before the fiscal note was about \$825 million and with the economic forecast that we are in, I felt that we had to have something that would be reasonable and so we got the fiscal note down to about \$152 million. My original bill, I really liked but I knew that it wouldn't make it so we worked with the numbers and got it to a point where I think it will be palatable to pass in the House.

**Chairman Cook** -- Looking at what the fiscal picture for the state might be, do you think we can afford the \$150 million?

**Rep. Jason Dockter** --That I don't know. I think we will find out on March 18.

**Sen. Oehlke** -- It was amended money wise, did it also change the flat percentage rate reduction for everything or did it change corporate -vs- personal?

**Rep. Jason Dockter** -- It was a 10% across the board reduction. The highest rate now is 2.9% which is first time ever below 3 and corporate also is below 4 for the first time ever. I worked with Kathy Strombeck with the state tax department so it is just 10% across the board. We had to work with all the brackets and my main goal was to make sure that no

one got a tax increase. We had 10% across the board for every tax brackets. And we also went from 5 tax brackets to 4. My original bill had 3 tax brackets.

**Dana Bohn, Jon Godfread from the Greater North Dakota Chamber of Commerce** asked if I could present his testimony. (Attachment #1) Requested a do pass recommendation.

**Sen. Dotzenrod** -- I had anticipated that we would have some testimony from the chamber in favor of the bill and I wanted to ask the chamber representative some questions and I don't know if you would be in a position to answer. I wanted to ask if they had polled their members.

**Dana Bohn** -- I could not answer it but I could ask Jon to get that information to you.

**Chairman Cook** -- Please do.

Opposed testimony.

**Stuart Savelkoul, Assistant Executive Director, North Dakota United** -- We represent over 11,000 k-12 teachers, state employees, higher ed professionals across the state of North Dakota. We oppose this bill because we think that with all of the budget uncertainty and revenue uncertainty that exists in North Dakota right now, taking \$125 million out of play seems a little bit premature. We ask for a do not pass to this piece of legislation. Any discussion of substantive tax cuts can wait until after the updated revenue forecast.

**Chairman Cook** -- I think we all agree with that but certainly need to keep a vehicle alive to have that conversation.

**Stuart Savelkoul** -- I would just say, in general, we prefer Senate vehicles to House vehicles and are completely confident in the House's ability to keep hope alive with whatever you send over to them.

No further testimony.

**Chairman Cook** closed the hearing.

# 2015 SENATE STANDING COMMITTEE MINUTES

**Finance and Taxation Committee**  
Lewis and Clark Room, State Capitol

HB1223  
3/24/2015  
Job #25307

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Alice Grove*

## Explanation or reason for introduction of bill/resolution:

Committee work

## Minutes:

**Chairman Cook** opened the committee work on HB1223.

**Sen. Cook** -- Committee, I do not have amendments for this bill. I think we should amend it. I think we need to amend it. I think, eventually in all honesty, this bill needs to be put to rest. I don't think now is the right time to do it yet, for various reasons. The Senate bill went out of here with a do pass on a 4-3 vote. That's enough to get it out of here. I'd like to see if we can find 4 to support passing this on to appropriations so they can have their hearing on it down there. Ultimately, I think appropriations needs to weigh in. There may be some other reasons why we need to keep this bill around. We actually have until next Monday. I am going to get some amendments drafted to probably turn it back into the bill that we passed to the House, unless somebody else has an idea of something else that they would like to amend it to. We certainly can lower the rate, even more if we wanted to. My guess is if anything ends up, and you didn't hear it from me, even though I'm on the record, it would probably be something with a delayed implementation date on it and if we see that, we would see it in a conference committee because something passed the House. That's what I'm speculating, a delayed implementation date based on a level of revenue being achieved by the state. Whether that's got merit or not is a discussion for a later date.

**Sen. Dotzenrod** -- One amendment to say that the savings or the tax cost of this, rather than delay it for 2 years and then have that money that is still going to come in, put that in the property tax replacement money fund, so that you have the bill taking place 2 years from now to cut taxes, in the meantime over the next 2 years the income that these taxes raised being still in place would go into the property tax replacement fund. I'm not really being serious.

**Sen. Cook** -- Sen. Dotzenrod, I was being intrigued, seriously, with that.

**Sen. Oehlke** -- We would have another barrel.

**Sen. Cook** -- No, we wouldn't have another bucket. We'd just have another source of revenue for the bucket we have. We could accomplish the same thing by just eliminating the general fund bucket by \$150 million.

We will have this either tomorrow morning or whenever. We'll get some amendments on it.

# 2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Lewis and Clark Room, State Capitol

HB1223  
3/25/2015  
Job #25384

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Alice Grove*

## Explanation or reason for introduction of bill/resolution:

Committee work

Minutes:

Attachment #1

**Chairman Cook** opened the committee work on HB1223.

**Sen. Cook** -- Real simple amendments here. **(Attachment #1)** It will take the fiscal note from \$152 million down to the same fiscal note we had on a bill earlier this session, the Senate bill that Sen. Laffen had his name on, 2349. Instead of 10% on corporate income tax it would reduce it to 5%. I think it is only a matter of time before most of us are going to put a red vote to this but I hope that the time isn't yet today, please. I'd like to send it to appropriations.

**Sen. Laffen** -- So what is the logic of having 2 identical bills, one on each side?

**Sen. Cook** -- It pretty much says this is what the tax policy is going to be if we can do such a tax policy. It is going to end the conference committee that will never exist, probably, because it won't go very far, I'm afraid.

**Sen. Dotzenrod** -- If this amendment makes the bill we have in front of us the same as the Senate bill, so there won't be a conference committee?

**Sen. Cook** -- Well.

**Sen. Dotzenrod** -- The conference committee is to resolve the differences between the House and the Senate.

**Sen. Cook** -- If the House was all of a sudden to pass out our bill, it doesn't matter what we do with this bill, there is no conference committee. It is going straight to the governor. And if we pass out this bill as we amend it, and don't hold your breath for that to happen, please, Sen. Dotzenrod, but if we were to do that there would only not be a conference committee if the House had signed off. I'm thinking the only way that there is going to be an income tax reduction bill pass in either body, it will happen in the House, maybe, with a delayed

implementation date and I'm not a big fan of delayed implementation dates. Not one bit, and I would hope that they are not either.

Sen. Laffen -- This amendment turns this into exactly the bill that I turned in so I think it is a great idea.

**Sen. Cook** -- I thought you would.

**Sen. Laffen** -- I will move the amendment 03001.

**Sen. Bekkedahl** -- Seconded.

No further discussion. Roll call vote on the motion to approve the amendment 03001.

**Roll call vote 7-0-0. Carried.**

**Sen. Cook** -- We have before us HB1223, as amended.

**Sen. Bekkedahl** -- I would move a do pass on HB1223, as amended, and rerefer.

**Sen. Unruh** -- Seconded.

**Sen. Cook** -- If it were December 24 when we passed this, I would take it to Sen. Holmberg and say, Merry Christmas.

**Sen. Dotzenrod** -- Is there any advantage in keeping this bill alive, relative to being concerned if the House bill goes right from the House to the governor? Is there any reason for us to feel that we could influence the behavior of the House by keeping this bill alive?

**Sen. Cook** -- That's an intriguing question. If they did pass their bill and send it to the governor and then we lowered the rate in this one and got them to pass that and send that to the governor, this is the final bill passed. There is no advantage to keeping this around. They are not going to do it.

**Sen. Dotzenrod** -- Anything that we did that was dramatically reducing the tax cut wouldn't really work very well unless they agreed to it. Unless the House agreed to it. We could make all kinds of changes to this bill to make it almost ineffective.

**Sen. Cook** -- The House would have to agree.

**Sen. Dotzenrod** -- That doesn't really do much good if the House is dedicated to the idea that they want to pass something like the bill that is over there now. Okay.

**Roll call vote on do pass, as amended, and rerefer HB1223. 5-2-0. Carried.**

**Carrier: Sen. Laffen.**

to  
3/25/15

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1223

Page 1, line 11, replace "thirty-three" with "forty-one"

Page 1, line 13, replace "thirty-seven" with "fifty-five"

Page 1, line 16, replace "eight" with "thirty-one"

Renumber accordingly

Date: 3-25-15

Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO HB 1223

Senate Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 15.0258.03001

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar

Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By: Sen. Laffen Seconded By Sen. Bekkedahl

Senators	Yes	No	Senators	Yes	No
Chairman Dwight Cook	✓		Senator Jim Dotzenrod	✓	
Vice Chairman Lonnie Laffen	✓		Senator Connie Triplett	✓	
Senator Brad Bekkedahl	✓				
Senator Dave Oehlke	✓				
Senator Jessica Unruh	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment 2

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

Date: 3-25-15

Roll Call Vote #: 2

2015 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO HB1223

Senate Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 15.0258.03001 Title.04000

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Refer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Sen Bekkedahl Seconded By Sen Unruh

Senators	Yes	No	Senators	Yes	No
Chairman Dwight Cook	✓		Senator Jim Dotzenrod		✓
Vice Chairman Lonnie Laffen	✓		Senator Connie Triplett		✓
Senator Brad Bekkedahl	✓				
Senator Dave Oehlke	✓				
Senator Jessica Unruh	✓				

Total (Yes) 5 No 2

Absent 0

Floor Assignment Sen Laffen

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

**REPORT OF STANDING COMMITTEE**

**HB 1223, as engrossed: Finance and Taxation Committee (Sen. Cook, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1223 was placed on the Sixth order on the calendar.

Page 1, line 11, replace "thirty-three" with "forty-one"

Page 1, line 13, replace "thirty-seven" with "fifty-five"

Page 1, line 16, replace "eight" with "thirty-one"

Re-number accordingly

**2015 SENATE APPROPRIATIONS**

**HB 1223**

# 2015 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

HB 1223  
4/1/2015  
Job # 25678

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Emmery Brothberg for Alice Delpy*

### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact NDCC, relating to corporate and individual income tax rate reductions; and to provide an effective date.

### Minutes:

Attachments: n/a

**Chairman Holmberg** called the committee to order on Wednesday, April 01, 2015, at 9:00 am in regards to HB 1223. All committee members were present. Nick Creamer and Adam Mathiak, Legislative Council were also present.

**Senator Laffen, District 43** introduced the bill to the committee.

**Chairman Holmberg:** How similar is this to what the Senate passed? You were the prime sponsor of the bill that we passed earlier

**Senator Laffen:** These are the only two income tax reductions left and this amendment we added makes these bills makes them identical.

**Senator Mathern:** I heard this bill is detrimental to corporations in that we have a number of corporate income tax credits and the credits become worthless or are cut in half by the fact that this would reduce corporate income tax which I find fascinating. There is an illusion that somehow this helps corporations when it actually hurts them if they are companies that take advantage of credits where we're trying to promote certain kind of activities. Did you hear much in your committee about that sort of thing?

**Senator Laffen:** Corporate income tax reduction will always be a good thing for corporations if they are not booking tax credits for certain things that we give tax credits along the way. For the 99% of corporations doing business in ND, a reduction in income tax rate would be good for them. We do have in our statute some incentives that give income tax credits. If you have a corporation, and you have booked income tax credits you already have those booked. If you don't have any income tax to pay later, you don't have a way of getting the credit that you took. It seems counter intuitive that lowering their taxes would be a bad thing but it turns out they have to have a way to recapture the money that they took the credit for or else they have to give that credit back. Rarely, if you had booked

income tax credits and then we cut your tax, you will struggle to get the value that we originally intended. What we have been doing in that case is extending the length of time for those corporations can book. So we can make that up on the backside by extending the length of time they can use to get those credits. For most corporations, lowering corporate tax is a good thing.

**Senator Heckaman:** Does each industry have to come in separately and ask for that waiver each time?

**Senator Laffen:** Yes, there are separate statutes for every one of those credits and there is always have a length that you can take the tax credits to capture them so we have just been extending those individually if they come and request. And I wouldn't guarantee that we would always do that but the few that have asked we have.

**Chairman Holmberg:** Remember we have heard this bill before and we will not take any action on this bill today.

**Matt Peyerl, Associate Director of Office of State Tax Department:** testified neutral on HB 1223. I wanted to call your attention to the fiscal note as applying the same reductions that were in the senate's version of the income tax rate reduction bill and the fiscal note on this has been updated to reflect the March forecast so instead of being a total of \$125M, it's \$108M but that's reflected in the fiscal note.

**Vice Chairman Bowman:** When you see us lowering corporate taxes, what does that have to do with corporations looking at coming into ND? Does this have any bearing on that at all or is it a neutral thing for companies that want to come into our state?

**Matt Peyerl:** There's probably some economic developers that could speak better to that. Overall, they look for a stable environment, one they can plan for. We are not out recruiting; we are just administering the tax law so we don't see how much goes into those determinations and it varies industry to industry.

**Senator Robinson:** When we had the university system budget here and some corporate executives pleading for additional workforce training money. I visited with them in the hall and they indicated that they didn't want any income tax reductions but to put the money in workforce development because they can't hire the employees. We need to do better there and the emphasis has to be on workforce development because they need employees in a new way.

**Chairman Holmberg:** One of the reasons we want to keep this bill for a while is that we want to get our arms around ending fund balances and what is going to be available and this is one of the options we may take.

**Senator Carlisle:** The House has a like bill, is that still sitting over there?

**Chairman Holmberg:** I'm assuming with these numbers the fiscal note on the House bill would with the new revenue forecast also reflect the \$108M rather than \$125M, correct?

Senate Appropriations Committee

HB 1223

04-01-15

Page 3

**Matt Peyerl:** Yes, that would be my understanding since the rate reductions and brackets are identical.

**Chairman Holmberg** closed the hearing on HB 1223.

# 2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee  
Harvest Room, State Capitol

HB 1223  
4/1/2015  
Job # 25683

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Emerney Brothberg for Alice Delgen*

## Explanation or reason for introduction of bill/resolution:

This is further discussion held by the committee regarding HB 1223 and other concerns regarding funding available.

## Minutes:

Attachments: n/a

**Chairman Holmberg** continued on discussion regarding the information OMB released. He recommended not going down the market equity and that OMB has offered scenarios that would allow a balanced budget and an ongoing end fund balance of slightly over \$2M.

**Senator Mathern:** I thought it was interesting list, I wouldn't see it as an alternative. I would just think we need to do both and we transfer some of the oil money and we eliminate this income tax issue and we fund more legislative priorities. I think they ought to do both.

**Senator Carlisle:** You've got the list on the targeted equity on the budgets; I know we have corrections, what else do we actually have?

**Chairman Holmberg:** We have CTE, Health Department, Vets home, Vet Affairs, and DOCR. If you recall last week, the legislative council's budget status report was an ending fund balance of \$47M. We have one coming out tomorrow; have there been many changes?

**Adam Mathiak, Legislative Council:** There were some amendments that were adopted by the House Government Operations Division that changed the tax department appropriation because of the homestead tax credit expansion; there was SB 2221 that was defeated which expanded to homestead tax credit and there was \$10M there. There was also a bill related to apportioning business income and the fiscal effect of the implementation of those changes was pushed back to the 2017-19 biennium, so I think there was \$30M there. Depending on what action has been taken on other appropriation bills, there may be some reductions or possibly some increases but the two big ones I know off hand would be the Tax Department bill relating to homestead tax credits and then the business income apportionment.

**Chairman Holmberg:** When those get added in, that bottom line that you have includes \$125M or \$108M tax reductions?

**Adam Mathiak, Legislative Council:** At this point, it would include \$152M because this bill that is sitting here hasn't been passed by the appropriations committee.

**Chairman Holmberg:** So that bill if HB 1223 were not passed, the ending fund balance would be over \$200M. That's just one of the options because we are looking at budgets and doing some reductions and some add backs to budgets so we have a ways to go but it will move quite rapidly. Towards the end do you do budget status updates more than once a week?

**Adam Mathiak, Legislative Council:** We will be. I'm not sure when we will start doing that but in the final week or two weeks we will be running them more frequently to create a clear picture of what is happening.

**Senator Mathern:** To help get the clear picture and get us adjourned; maybe the appropriations committee should take a lead on this for a do not pass on HB 1223 so we have a path for the next budget report coming out. Hopefully the House do the same, and if not that the governor would veto the bill they have in the House and then we have a clear path for adjourning.

**Chairman Holmberg:** We will have to take that under advisement. We will have a lead role but sometimes you have to wait until some things are done.

**Vice Chairman Krebsbach:** In regard to the other bill that is in the House, that has changed since it left here so that would have come back to us to with concur with or not concur with; is that correct?

**Chairman Holmberg:** No they haven't done anything with it; we set it at \$125M and our tax committee reduced it to \$108M.

**Vice Chairman Krebsbach:** Then I'm wrong; I understood they were both at \$108M.

**Chairman Holmberg:** They would be now because of a new fiscal note.

**Adam Mathiak, Legislative Council:** If I may try to clarify; right now that the bill that the Senate had passed is sitting in committee in the House chamber so I am not aware of any committee action. Because of the March revised forecast, the amount of tax reduction that is anticipated from the bills has changed so even if no action is taken, some of the fiscal impacts have changed. We talked about \$152M in budget status right now and it gets complicated by the fact that there are two income tax relief bills out there presently so even if it ends up being a net effect that gets shown between the two tax bills, until both chambers have taken action on them there will be a netting that takes place. If both bills were defeated than the \$152M come out but if, for example, HB 1223 was defeated or given a Do Not Pass, it would actually be the net effect between the two bills that gets reflected because there is still the potential for income tax reduction with the other bill. It is a little bit more complicated on the revenue side than the appropriation side because of the

duplication that occurs but we try to get it as clear of a picture as we can but also still identifying what is potentially still ok that could affect it.

**Chairman Holmberg** closed the hearing on HB 1223.

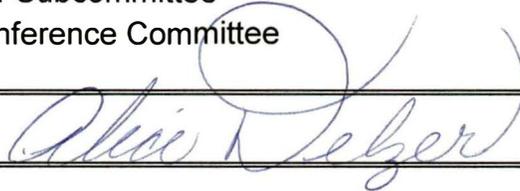
# 2015 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

HB 1223  
4/14/2015  
Job # 26073

- Subcommittee  
 Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact NDCC, relating to corporate and individual income tax rate reductions; and to provide an effective date.

### Minutes:

No attachments

**Chairman Holmberg** called the committee to order on Tuesday, April 14, 2015 at 9:00 am in regards to HB 1223. All committee members were present. Becky Deichert, OMB and Brady Larson, Legislative Council were also present.

**Chairman Holmberg:** As of last night, if we were to close job and go home right now, the ending fund balance in the general fund is \$66M to the bad. Two big items that are there that haven't achieved closure is there is \$152M of corporate and individual income tax That are still counted in this mix. The House put an additional \$200M into roads. And those are thing that will work themselves out.

**Senator Carlisle:** So there is one bill, \$108M, and there is still one over in the House.

**Chairman Holmberg:** The Legislative Council, because nothing has been done from the appropriations level is still carrying \$152M of reductions. He asked Brady if he found out anything about an amendment being drafted.

**Brady Larson, Legislative Council:** The only amendments I am aware of are the ones that were adopted by the policy committee.

**Chairman Holmberg:** They are the ones that lead to \$108M. That was confirmed.

**Senator Carlisle:** Are we in a pre-discussion stage? He was told yes. What I am trying to figure out is how we could pass something like this out in light of what you just said. If this is \$108M corporate income tax, it is going to have a tough sell.

**Senator Mathern:** Sounded like a do not pass. Any amendment is just changing the number of millions that we won't have. Maybe the amendment would bring it down to \$50M

or \$10M or whatever, the bottom line is we don't have this money. We have to bite the bullet, take the lead in the legislature, and put a do not pass on this bill and get adjourned.

**Chairman Holmberg:** We are not going to adjourn.

**Senator Carlisle** asked about an amendment.

**Chairman Holmberg:** We don't have one. I was led to believe there was amendment that would have reduced the income tax rate about 5% which would reduce general fund revenues by approximately \$33M.

**Brady Larson, Legislative Council:** There are amendments being processed right now. They will be ready in 30 minutes.

**Chairman Holmberg:** We will not pass on something we do not have - the amendments. We will have to come back because i am not going to ask you to vote on something you do see.

**Senator Mathern:** They've not been offered so let's vote,

**Chairman Holmberg:** They will be offered. We will allow them to be offered and then we will vote on them. Then if we put a do not pass on it even after the amendment it would not be the end of the world.

**Senator Mathern:** Who's offering an amendment? Is it our committee or somebody else?

**Chairman Holmberg:** No.

**Brady Larson:** I am not sure who they are being drafted for. It wouldn't be appropriate for me to say if I did know.

**Chairman Holmberg:** We'll have to come back after session but that won't be a big thing. The discussion was closed on HB 1223.

# 2015 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

HB 1223  
4/14/2015  
JOB # 26088

- Subcommittee  
 Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact NDCC, relating to corporate and individual income tax rate reductions; and to provide an effective date. (Do Not Pass as Amended.)

### Minutes:

# 1 Amendment # 15.0258.03003

**Chairman Holmberg** called the committee to order on Tuesday, April 14, 2015 in the afternoon in regards to HB 1223. All committee members were present. Adam Mathiak, Legislative Council and Nick Creamer, OMB were also present.

**Chairman Holmberg** presented amendment #15.0258.03003 and explained the amendments. This is a bill that came down from Finance and Tax Committee with a fiscal note as adjusted of \$108M of income and corporate income tax reductions. There are two ways the committee may want to consider. One to reduce this down further, if you don't like the bill in case it passes, then the amendments before you on 1223 would have a fiscal impact this biennium of \$33M. The bill before you right now is \$108, but the Legislative Council, because no appropriations committee is taking action is still counting this bill as \$152M hit on the general fund. The question is do you want to amend the bill and if you do someone should make a motion.

**V. Chairman Krebsbach** I would move HB 1223, the amendment # 15.0258.03003. 2<sup>nd</sup> by Senator Sorvaag.

**Chairman Holmberg:** You know what it does. All in favor of amendment # 15.0258.03003 All in favor say aye. Opposed? Motion carried. Can we have a motion on the bill?

**Senator Carlisle:** My thought based on your comments from this morning I can't in good conscience support a bill like this so I make a motion for a do not pass. 2<sup>nd</sup> by Senator Robinson.

**Chairman Holmberg:** We have a motion for a Do Not Pass. The other committee will carry it as I understand it. Would you call the roll on a Do Not Pass on HB 1223

A Roll Call vote was taken. Yea: 12; Nay: 1; Absent: 0. Senator Laffin will carry the bill. The hearing was closed on HB 1223

1 of 2  
TV  
4/14/15

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1223

Page 1, line 11, replace "thirty-three" with "forty-one"

Page 1, line 13, replace "thirty-seven" with "fifty-four"

Page 1, line 16, replace "eight" with "thirty"

Page 2, replace lines 15 through 19 with:

<u>\$0</u>	<u>\$37,450</u>	<u>1.16%</u>	<u>\$0</u>
<u>\$37,450</u>	<u>\$90,750</u>	<u>\$434.42 + 2.16%</u>	<u>\$37,450</u>
<u>\$90,750</u>	<u>\$189,300</u>	<u>\$1,585.70 + 2.39%</u>	<u>\$90,750</u>
<u>\$189,300</u>	<u>\$411,500</u>	<u>\$3,941.05 + 2.78%</u>	<u>\$189,300</u>
<u>\$411,500</u>		<u>\$10,118.21 + 3.06%</u>	<u>\$411,500"</u>

Page 2, remove lines 28 through 30

Page 3, replace lines 1 and 2 with

<u>\$0</u>	<u>\$62,600</u>	<u>1.16%</u>	<u>\$0</u>
<u>\$62,600</u>	<u>\$151,200</u>	<u>\$726.16 + 2.16%</u>	<u>\$62,600</u>
<u>\$151,200</u>	<u>\$230,450</u>	<u>\$2,639.92 + 2.39%</u>	<u>\$151,200</u>
<u>\$230,450</u>	<u>\$411,500</u>	<u>\$4,534.00 + 2.78%</u>	<u>\$230,450</u>
<u>\$411,500</u>		<u>\$9,567.19 + 3.06%</u>	<u>\$411,500"</u>

Page 3, replace lines 11 through 15 with:

<u>\$0</u>	<u>\$31,300</u>	<u>1.16%</u>	<u>\$0</u>
<u>\$31,300</u>	<u>\$75,600</u>	<u>\$363.08 + 2.16%</u>	<u>\$31,300</u>
<u>\$75,600</u>	<u>\$115,225</u>	<u>\$1,319.96 + 2.39%</u>	<u>\$75,600</u>
<u>\$115,225</u>	<u>\$205,750</u>	<u>\$2,267.00 + 2.78%</u>	<u>\$115,225</u>
<u>\$205,750</u>		<u>\$4,783.60 + 3.06%</u>	<u>\$205,750"</u>

Page 3, replace lines 24 through 28 with:

<u>\$0</u>	<u>\$50,200</u>	<u>1.16%</u>	<u>\$0</u>
<u>\$50,200</u>	<u>\$129,600</u>	<u>\$582.32 + 2.16%</u>	<u>\$50,200</u>
<u>\$129,600</u>	<u>\$209,850</u>	<u>\$2,297.36 + 2.39%</u>	<u>\$129,600</u>

<u>\$209,850</u>	<u>\$411,500</u>	<u>\$4,215.34 + 2.78%</u>	<u>\$209,850</u>
<u>\$411,500</u>		<u>\$9,821.21 + 3.06%</u>	<u>\$411,500"</u>

Page 4, replace lines 7 through 11 with:

<u>"\$0</u>	<u>\$2,500</u>	<u>1.16%</u>	<u>\$0</u>
<u>\$2,500</u>	<u>\$5,900</u>	<u>\$29.00 + 2.04%</u>	<u>\$2,500</u>
<u>\$5,900</u>	<u>\$9,050</u>	<u>\$98.36 + 2.27%</u>	<u>\$5,900</u>
<u>\$9,050</u>	<u>\$12,300</u>	<u>\$169.87 + 2.64%</u>	<u>\$9,050</u>
<u>\$12,300</u>		<u>\$255.67 + 2.90%</u>	<u>\$12,300"</u>

Page 5, line 8, replace "2014" with "2015"

Renumber accordingly

Date: 4-14-15  
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1223

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 15.0258.03003

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Krebsbach Seconded By Sorvaag

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg			Senator Heckaman		
Senator Bowman			Senator Mathern		
Senator Krebsbach			Senator O'Connell		
Senator Carlisle			Senator Robinson		
Senator Sorvaag					
Senator G. Lee					
Senator Kilzer					
Senator Erbele					
Senator Wanzek					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

*voice vote  
Carried*

Date: 4-14-15  
 Roll Call Vote #: 2

**2015 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1223**

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

- Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar  
 Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Carlisle Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Heckaman	✓	
Senator Bowman	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator O'Connell	✓	
Senator Carlisle	✓		Senator Robinson	✓	
Senator Sorvaag	✓				
Senator G. Lee	✓				
Senator Kilzer	✓				
Senator Erbele	✓				
Senator Wanzek	<del>✓</del>	✓			

Total (Yes) 12 No 1

Absent 0

Floor Assignment F + T Senator Raffire

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

**REPORT OF STANDING COMMITTEE**

HB 1223, as engrossed and amended: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (12 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1223, as amended, was placed on the Sixth order on the calendar.

Page 1, line 11, replace "thirty-three" with "forty-one"

Page 1, line 13, replace "thirty-seven" with "fifty-four"

Page 1, line 16, replace "eight" with "thirty"

Page 2, replace lines 15 through 19 with:

<u>\$0</u>	<u>\$37,450</u>	<u>1.16%</u>	<u>\$0</u>
<u>\$37,450</u>	<u>\$90,750</u>	<u>\$434.42 + 2.16%</u>	<u>\$37,450</u>
<u>\$90,750</u>	<u>\$189,300</u>	<u>\$1,585.70 + 2.39%</u>	<u>\$90,750</u>
<u>\$189,300</u>	<u>\$411,500</u>	<u>\$3,941.05 + 2.78%</u>	<u>\$189,300</u>
<u>\$411,500</u>		<u>\$10,118.21 + 3.06%</u>	<u>\$411,500"</u>

Page 2, remove lines 28 through 30

Page 3, replace lines 1 and 2 with

<u>\$0</u>	<u>\$62,600</u>	<u>1.16%</u>	<u>\$0</u>
<u>\$62,600</u>	<u>\$151,200</u>	<u>\$726.16 + 2.16%</u>	<u>\$62,600</u>
<u>\$151,200</u>	<u>\$230,450</u>	<u>\$2,639.92 + 2.39%</u>	<u>\$151,200</u>
<u>\$230,450</u>	<u>\$411,500</u>	<u>\$4,534.00 + 2.78%</u>	<u>\$230,450</u>
<u>\$411,500</u>		<u>\$9,567.19 + 3.06%</u>	<u>\$411,500"</u>

Page 3, replace lines 11 through 15 with:

<u>\$0</u>	<u>\$31,300</u>	<u>1.16%</u>	<u>\$0</u>
<u>\$31,300</u>	<u>\$75,600</u>	<u>\$363.08 + 2.16%</u>	<u>\$31,300</u>
<u>\$75,600</u>	<u>\$115,225</u>	<u>\$1,319.96 + 2.39%</u>	<u>\$75,600</u>
<u>\$115,225</u>	<u>\$205,750</u>	<u>\$2,267.00 + 2.78%</u>	<u>\$115,225</u>
<u>\$205,750</u>		<u>\$4,783.60 + 3.06%</u>	<u>\$205,750"</u>

Page 3, replace lines 24 through 28 with:

<u>\$0</u>	<u>\$50,200</u>	<u>1.16%</u>	<u>\$0</u>
<u>\$50,200</u>	<u>\$129,600</u>	<u>\$582.32 + 2.16%</u>	<u>\$50,200</u>
<u>\$129,600</u>	<u>\$209,850</u>	<u>\$2,297.36 + 2.39%</u>	<u>\$129,600</u>
<u>\$209,850</u>	<u>\$411,500</u>	<u>\$4,215.34 + 2.78%</u>	<u>\$209,850</u>
<u>\$411,500</u>		<u>\$9,821.21 + 3.06%</u>	<u>\$411,500"</u>

Page 4, replace lines 7 through 11 with:

<u>\$0</u>	<u>\$2,500</u>	<u>1.16%</u>	<u>\$0</u>
<u>\$2,500</u>	<u>\$5,900</u>	<u>\$29.00 + 2.04%</u>	<u>\$2,500</u>
<u>\$5,900</u>	<u>\$9,050</u>	<u>\$98.36 + 2.27%</u>	<u>\$5,900</u>
<u>\$9,050</u>	<u>\$12,300</u>	<u>\$169.87 + 2.64%</u>	<u>\$9,050</u>
<u>\$12,300</u>		<u>\$255.67 + 2.90%</u>	<u>\$12,300"</u>

Page 5, line 8, replace "2014" with "2015"

Renumber accordingly

**2015 TESTIMONY**

**HB 1223**

Testimony of Jon Godfread  
Greater North Dakota Chamber of Commerce  
HB 1223  
January 27, 2015

Mr. Chairman and members of the committee, my name is Jon Godfread; I am the Vice President of Government Affairs for the Greater North Dakota Chamber. GNDC is working on behalf of our more than 1,100 members, to build the strongest business environment in North Dakota. GNDC also represents the National Association of Manufacturers and works closely with the U.S. Chamber of Commerce. As a group we stand in Support income tax relief.

The Greater North Dakota Chamber has been among the principle advocates for tax reductions in past sessions and that role will continue in this session. In seeking those reductions our goal is that any reductions given will be measured, fairly distributed among all classes of taxpayers and above all else sustainable for the long term. Our overarching goal is drive North Dakota to a position where it is considered the best state to do business. As you know, taxes play an important role in those rankings, we have made some good strides over the last three biennia and we feel we can take another step this biennium.

The Greater North Dakota Chamber worked closely with the creation of this bill. The changes made to the tax code in this bill responsibly lowers the tax burden to North Dakota citizens while still taking into account the many unknowns that this session is bringing.

We respectfully request a DO PASS recommendation on House Bill 1223. Thank you and I would be happy to answer any questions.

HB 1223  
2-11-15

15.0258.02003  
Title.

Prepared by the Legislative Council staff for #1  
Representative Dockter  
February 9, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1223

Page 1, line 3, remove "to repeal section 57-38-30.3 of the North Dakota Century Code, relating to"

Page 1, line 4, remove "elimination of the individual income tax; to provide effective dates;"

Page 1, line 4, replace "expiration" with "effective"

Page 1, line 12, remove the overstrike over "~~twenty-five~~"

Page 1, line 12, remove "one hundred"

Page 1, line 13, remove the overstrike over "~~and~~"

Page 1, line 13, after "~~forty-eight~~" insert "thirty-three"

Page 1, line 13, remove the overstrike over "~~hundredths~~"

Page 1, line 14, remove the overstrike over "~~twenty-five~~"

Page 1, line 14, remove "one hundred"

Page 1, line 14, remove the overstrike over "~~and not~~"

Page 1, line 15, remove the overstrike over "~~exceeding fifty thousand dollars~~"

Page 1, line 15, remove the overstrike over "~~and~~"

Page 1, line 15, after "~~seventy-three~~" insert "thirty-seven"

Page 1, line 15, remove the overstrike over "~~hundredths~~"

Page 1, remove the overstrike over line 17

Page 1, line 18, after "~~fifty-three~~" insert "eight"

Page 1, line 18, remove the overstrike over "~~hundredths-percent.~~"

Page 2, replace lines 17 through 20 with:

<u>\$0</u>	<u>\$37,450</u>	<u>1.10%</u>	<u>\$0</u>
<u>\$37,450</u>	<u>\$90,750</u>	<u>\$411.95 + 2.04%</u>	<u>\$37,450</u>
<u>\$90,750</u>	<u>\$189,300</u>	<u>\$1,499.27 + 2.27%</u>	<u>\$90,750</u>
<u>\$189,300</u>	<u>\$411,500</u>	<u>\$3,736.36 + 2.64%</u>	<u>\$189,300</u>
<u>\$411,500</u>		<u>\$9,602.44 + 2.90%</u>	<u>\$411,500</u>

Page 2, remove lines 29 and 30

Page 3, replace lines 1 and 2 with

<u>"\$0</u>	<u>\$62,600</u>	<u>1.10%</u>	<u>\$0</u>
<u>\$62,600</u>	<u>\$151,200</u>	<u>\$688.60 + 2.04%</u>	<u>\$62,600</u>
<u>\$151,200</u>	<u>\$230,450</u>	<u>\$2,496.04 + 2.27%</u>	<u>\$151,200</u>
<u>\$230,450</u>	<u>\$411,500</u>	<u>\$4,295.02 + 2.64%</u>	<u>\$230,450</u>
<u>\$411,500</u>		<u>\$9,074.74 + 2.90%</u>	<u>\$411,500"</u>

Page 3, replace lines 11 through 14 with:

<u>"\$0</u>	<u>\$31,300</u>	<u>1.10%</u>	<u>\$0</u>
<u>\$31,300</u>	<u>\$75,600</u>	<u>\$344.30 + 2.04%</u>	<u>\$31,300</u>
<u>\$75,600</u>	<u>\$115,225</u>	<u>\$1,248.02 + 2.27%</u>	<u>\$75,600</u>
<u>\$115,225</u>	<u>\$205,750</u>	<u>\$2,147.51 + 2.64%</u>	<u>\$115,225</u>
<u>\$205,750</u>		<u>\$4,537.37 + 2.90%</u>	<u>\$205,750"</u>

Page 3, replace lines 23 through 26 with:

<u>"\$0</u>	<u>\$50,200</u>	<u>1.10%</u>	<u>\$0</u>
<u>\$50,200</u>	<u>\$129,600</u>	<u>\$552.20 + 2.04%</u>	<u>\$50,200</u>
<u>\$129,600</u>	<u>\$209,850</u>	<u>\$2,171.96 + 2.27%</u>	<u>\$129,600</u>
<u>\$209,850</u>	<u>\$411,500</u>	<u>\$3,993.64 + 2.64%</u>	<u>\$209,850</u>
<u>\$411,500</u>		<u>\$9,317.20 + 2.90%</u>	<u>\$411,500"</u>

Page 4, replace lines 4 through 7 with:

<u>"\$0</u>	<u>\$2,500</u>	<u>1.10%</u>	<u>\$0</u>
<u>\$2,500</u>	<u>\$5,900</u>	<u>\$27.50 + 2.04%</u>	<u>\$2,500</u>
<u>\$5,900</u>	<u>\$9,050</u>	<u>\$96.86 + 2.27%</u>	<u>\$5,900</u>
<u>\$9,050</u>	<u>\$12,300</u>	<u>\$168.37 + 2.64%</u>	<u>\$9,050</u>
<u>\$12,300</u>		<u>\$254.17 + 2.90%</u>	<u>\$12,300"</u>

Page 5, remove lines 3 through 32

Page 6, remove lines 1 through 32

Page 7, remove lines 1 through 31

Page 8, remove line 1

Page 8, line 2, replace "Section 1 of this" with "This"

Page 8, line 3, remove "Section 2 of this Act is effective for the first taxable year"

Page 8, remove lines 4 through 7

Renumber accordingly

Testimony of Jon Godfread  
Greater North Dakota Chamber of Commerce  
HB 1223  
March 9, 2015

Mr. Chairman and members of the committee, my name is Jon Godfread; I am the Vice President of Government Affairs for the Greater North Dakota Chamber. GNDC is working on behalf of our more than 1,100 members, to build the strongest business environment in North Dakota. GNDC also represents the National Association of Manufacturers and works closely with the U.S. Chamber of Commerce. As a group we stand in Support income tax relief.

The Greater North Dakota Chamber has been among the principle advocates for tax reductions in past sessions and that role will continue in this session. In seeking those reductions our goal is that any reductions given will be measured, fairly distributed among all classes of taxpayers and above all else sustainable for the long term. Our overarching goal is to drive North Dakota to a position where it is considered the best state to do business. As you know, taxes play an important role in those rankings, we have made some good strides over the last three biennia and we feel we can take another step this biennium.

The Greater North Dakota Chamber worked closely on the previous income tax cuts this body has provided. Given the new reality we seem to be facing, we are very supportive of SB 2349, which this committee passed out and the Senate sent to the House. Given our new realities we would support HB 1223 as written but understand choices will have to be made. We will continue to support income tax reductions at the governors recommended level. While we would support a larger income tax cut, we would also support amending this bill to match SB 2349. The changes made to the tax code in this bill responsibly lowers the tax burden to North Dakota citizens while still taking into account the many unknowns that this session is bringing.

We respectfully request a DO PASS recommendation on House Bill 1223. Thank you and I would be happy to answer any questions.

15.0258.03001  
Title.

Prepared by the Legislative Council staff for  
Senate Finance and Taxation Committee  
March 24, 2015

1.  
3-25-15

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1223

Page 1, line 11, replace "thirty-three" with "forty-one"

Page 1, line 13, replace "thirty-seven" with "fifty-five"

Page 1, line 16, replace "eight" with "thirty-one"

Renumber accordingly

# 1  
4-14-15  
HB 1223  
Conf. Com.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1223

Page 1, line 11, replace "thirty-three" with "forty-one"

Page 1, line 13, replace "thirty-seven" with "fifty-four"

Page 1, line 16, replace "eight" with "thirty"

Page 2, replace lines 15 through 19 with:

"\$0	<u>\$37,450</u>	1.16%	\$0
<u>\$37,450</u>	<u>\$90,750</u>	<u>\$434.42 + 2.16%</u>	<u>\$37,450</u>
<u>\$90,750</u>	<u>\$189,300</u>	<u>\$1,585.70 + 2.39%</u>	<u>\$90,750</u>
<u>\$189,300</u>	<u>\$411,500</u>	<u>\$3,941.05 + 2.78%</u>	<u>\$189,300</u>
<u>\$411,500</u>		<u>\$10,118.21 + 3.06%</u>	<u>\$411,500"</u>

Page 2, remove lines 28 through 30

Page 3, replace lines 1 and 2 with

"\$0	<u>\$62,600</u>	1.16%	\$0
<u>\$62,600</u>	<u>\$151,200</u>	<u>\$726.16 + 2.16%</u>	<u>\$62,600</u>
<u>\$151,200</u>	<u>\$230,450</u>	<u>\$2,639.92 + 2.39%</u>	<u>\$151,200</u>
<u>\$230,450</u>	<u>\$411,500</u>	<u>\$4,534.00 + 2.78%</u>	<u>\$230,450</u>
<u>\$411,500</u>		<u>\$9,567.19 + 3.06%</u>	<u>\$411,500"</u>

Page 3, replace lines 11 through 15 with:

"\$0	<u>\$31,300</u>	1.16%	\$0
<u>\$31,300</u>	<u>\$75,600</u>	<u>\$363.08 + 2.16%</u>	<u>\$31,300</u>
<u>\$75,600</u>	<u>\$115,225</u>	<u>\$1,319.96 + 2.39%</u>	<u>\$75,600</u>
<u>\$115,225</u>	<u>\$205,750</u>	<u>\$2,267.00 + 2.78%</u>	<u>\$115,225</u>
<u>\$205,750</u>		<u>\$4,783.60 + 3.06%</u>	<u>\$205,750"</u>

Page 3, replace lines 24 through 28 with:

"\$0	<u>\$50,200</u>	1.16%	\$0
<u>\$50,200</u>	<u>\$129,600</u>	<u>\$582.32 + 2.16%</u>	<u>\$50,200</u>
<u>\$129,600</u>	<u>\$209,850</u>	<u>\$2,297.36 + 2.39%</u>	<u>\$129,600</u>

<u>\$209,850</u>	<u>\$411,500</u>	<u>\$4,215.34 + 2.78%</u>	<u>\$209,850</u>
<u>\$411,500</u>		<u>\$9,821.21 + 3.06%</u>	<u>\$411,500"</u>

Page 4, replace lines 7 through 11 with:

<u>"\$0</u>	<u>\$2,500</u>	<u>1.16%</u>	<u>\$0</u>
<u>\$2,500</u>	<u>\$5,900</u>	<u>\$29.00 + 2.04%</u>	<u>\$2,500</u>
<u>\$5,900</u>	<u>\$9,050</u>	<u>\$98.36 + 2.27%</u>	<u>\$5,900</u>
<u>\$9,050</u>	<u>\$12,300</u>	<u>\$169.87 + 2.64%</u>	<u>\$9,050</u>
<u>\$12,300</u>		<u>\$255.67 + 2.90%</u>	<u>\$12,300"</u>

Page 5, line 8, replace "2014" with "2015"

Renumber accordingly