

FISCAL NOTE
Requested by Legislative Council
01/19/2015

Amendment to: HB 1472

- 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			\$(415,646,000)	\$415,646,000		
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 1472 allocates additional sales and motor vehicle excise tax collections to the state aid distribution fund.

- 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.*

HB 1472 allocates 20% of total sales and motor vehicle excise tax collections to the state aid distribution fund. This is an increase from the current law allocation of 8.7% of total sales and motor vehicle excise tax collections. If enacted, HB 1472 is expected to increase revenues in the state aid distribution fund and decrease state general fund revenues by an estimated \$415,646,000. Of this additional revenue in the fund, approximately \$47,817,000 will be distributed exactly like the current law distribution to cities and counties from the state aid distribution fund. An additional \$367,829,000 will be distributed to counties as provided in the bill.

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: 01/26/2015

FISCAL NOTE
Requested by Legislative Council
01/19/2015

Bill/Resolution No.: HB 1472

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	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
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Cities			
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Name: Kathryn L. Strombeck

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Date Prepared: 01/26/2015

2015 HOUSE FINANCE AND TAXATION

HB 1472

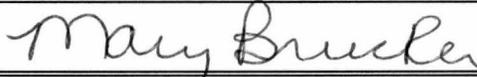
2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1472
1/28/2015
22726

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A bill relating to increased allocation of sales, gross receipts, use, and motor vehicle excise tax collections to the state aid distribution fund to provide increased allocations to political subdivisions.

Minutes:

No attachments.

Chairman Headland: Opened hearing.

Representative Kelsh: Introduced bill. The only difference between this bill and the last bill is that this would allow the counties to use that 50% of the extra money of the \$.01 sales tax for infrastructure. Counties need a sure supply of money for infrastructure and it would mostly be used for roads. Sometimes that supply is not even so this would give it a chance to make it more even and something they could count on for being there at all times. If it wasn't used for that they could designate part of it then the other half would go in to the property tax relief fund. It could be amended into the other bill. I just thought another use for the 50% of the \$.01 sales tax could be well used for infrastructure.

Chairman Headland: Is there any support to HB 1472?

Terry Traynor, North Dakota Association of Counties: This approach is better from the counties prospective then the previous bill which talked about property tax relief because this creates a permanent, long term infrastructure funding mechanism for local roads. This has been something we've been trying to do this in the legislature for quite some time. The county commissioners have always struggled with one time funding that they appreciate immensely that the legislature provides but it makes it difficult to plan. This would provide a source of funding that would flow every year back out for infrastructure. One of the challenges with the bill is that the formula that was designed to bring state aid distribution fund money back to counties, cities, and townships was designed on what they were taxing because it was a replacement for personal property. It was originally designed to try to replace that property tax revenue so it was related to property tax effort. Whether sending half this money or basically the new money back on that same formula, whether that's appropriate or not, that could be debated. Every time we've looked at one time money going back for roads we've looked at different funding schemes; highway distribution fund, road miles, and the upper great plains study on a needs base.

Chairman Headland: Further testimony in support?

Richard Schlosser, North Dakota Farmers Union: We look at this to provide some certainty as a funding mechanism to deal with infrastructure needs particularly in rural North Dakota. As a farmer living in rural North Dakota there is a lot of uncertainty out there with the weather and what it does to our infrastructure. This would help with the uncertainty.

Chairman Headland: Further testimony in support? Is there any opposition to HB 1472? Are there any questions for the tax department? We will close the hearing on HB 1472.

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1472
2/10/2015
23616

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A bill relating to increased allocation of sales, gross receipts, use, and motor vehicle excise tax collections to the state aid distribution fund to provide increased allocations to political subdivisions.

Minutes:

Attachment #1

Chairman Headland: Representative Haak, will you explain your amendment?

Representative Haak: Distributed proposed amendments 15.0921.01001 and explained. See attachment #1. This amendment will just provide an expiration date of July 1, 2017.

Chairman Headland: That's simple enough. What are your wishes, committee?

Representative Froseth: **MADE A MOTION TO ADOPT AMENDMENT 15.0921.01001.**

Vice Chairman Owens: **SECONDED.**

Representative Haak: It has been brought to my attention that it should say on line 1 after "act" and before "amend" it should be "two." That should be part of the amendment.

Representative Froseth: I think that's in the title anyway.

Chairman Headland: I think you're right and that could be corrected by council.

VOICE VOTE: MOTION CARRIED.

Vice Chairman Owens: **MADE A MOTION FOR A DO NOT PASS AS AMENDED.**

Representative Dockter: **SECONDED.**

Representative Haak: I'm going to resist the do not pass. I know the fiscal note is quite extensive on this but this would allow our local municipalities to have a steady amount of

money for infrastructure and it would be able to address some of the needs out there. It would also provide a sunset date.

Chairman Headland: It would be nice to have a consistent amount of dollars out there but unfortunately that is not going to be the case.

**ROLL CALL VOTE: 10 YES 4 NO 0 ABSENT
MOTION CARRIES FOR A DO NOT PASS**

Representative Froseth will carry this bill.

JL
2/10/15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1472

Page 1, line 4, remove "and"

Page 1, line 4, after "date" insert "; and to provide an expiration date"

Page 3, line 12, after "**DATE**" insert "**- EXPIRATION DATE**"

Page 3, line 13, after "2015" insert ", and before July 1, 2017, and is thereafter ineffective"

Renumber accordingly

Date: 2-10-15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1472

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 15.0921.01001

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. 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: 2-10-15
 Roll Call Vote #: 2

**2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1472**

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 15.0921.01001

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. Owens Seconded By Rep. Dockter

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. Froseth

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

REPORT OF STANDING COMMITTEE

HB 1472: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (10 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). HB 1472 was placed on the Sixth order on the calendar.

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Renumber accordingly

2015 TESTIMONY

HB 1472

15.0921.01001
Title.

HB 14 1d
2-10-15 #1
Prepared by the Legislative Council staff for
Representative Haak
February 10, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1472

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