

2015 SENATE FINANCE AND TAXATION

SB 2055

2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB2055

1/12/2015

Job Number 21808 beginning at meter 19:10

Subcommittee

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution: Relating to reports by electric transmission, distribution, and generation companies for tax purposes; and to provide an effective date

Minutes:

Attachment #1 & #2

Chairman Cook opened the hearing on SB2055.

Jolene Vidal, North Dakota Tax Department Tax, Property Tax Division (Attachment #1)

I'm here today to testify in support of SB2055.

Chairman Cook -- Clean-up legislation?

Jolene Vidal -- Yes.

Chairman Cook -- Will it help, at all, in counties as they deal with centrally assessed property?

Jolene Vidal -- Yes.

Chairman Cook -- That's the real motive behind it: to speed up the time frame in which centrally assessed property values get reported to counties for budget purposes?

Jolene Vidal -- This is a payment in lieu.

Chairman Cook -- A payment in lieu?

Jolene Vidal -- It's the payment in lieu, correct. The centrally assessed properties are under 57-06 but their reporting requirements follow the same timeline. This was one where the generation companies that pay that payment in lieu, instead of an ad valorem tax they were reporting to us but they weren't needing to report to the counties. So the counties

were not getting the information until after we certified the taxes. So now they will have the information where this property is located earlier, the same as the transmission and distribution companies.

Chairman Cook -- And they need that because that number gets divided amongst various political subdivisions, correct?

Jolene Vidal -- I believe so.

Senator Dotzenrod -- Are we really finding this bill coming to us because of wind power? Is that what's changed -- because, in the past, generating facilities would be a geographical location that you wouldn't have spread out over more than one county or more than one subdivision. Is that why this bill is something that is now important where in the past it wasn't. Is that part of it?

Jolene Vidal -- No. We already had a company that's being taxed under this for wind and they've been reporting all along. All this does is they didn't have to report to the counties, prior to reporting to us, and now they are having to report the locations to the counties and what this does is when the counties receive that information they can go through and make sure that the taxing districts are correct, the locations correct. They can check for any errors.

Senator Dotzenrod -- But, absent wind power, you have one plant and so there is really no questions about who gets the money, right?

Jolene Vidal -- If it's in one location, yes, they are very certain of who gets the tax dollars.

Dale Niezwaag, Basin Electric Power Cooperative (Attachment #2)

We are in support of the bill. I would be willing to work with the counties and the tax department on language if they are amenable to those amendment.

Chairman Cook -- Jolene or Sara do you want to talk to Dale's amendments?

Jolene Vidal -- We would have to look at them and have conversations with him. Looks like we should add the generation, as well to where it says transmission and distribution, but as far as changing the March 1st date, we want to be consistent with 57-06 and double check what date that is.

Chairman Cook -- You can have that conversation and maybe respond by e-mail, if you would?

Jolene Vidal -- I will.

No further testimony.

Chairman Cook -- Recessed the hearing on SB2055.

2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB2055
1/13/2015
Job Number 21915

- Subcommittee
 Conference Committee

Committee Clerk Signature

Alice Grove

Explanation or reason for introduction of bill/resolution:

Minutes:

Attachment #3

Chairman Cook opened the committee work on SB2055. We have amendments here before us. Testimony is fresh in our mind
Mr. Rouse, from the Tax Department, I'll have you explain the amendments.

Dan Rouse -- You'll see that I've handed out a set of amendments (**Attachment #3**), basically the first line is just getting rid of transmission or distribution line and the second line is adding the phrase: subject to taxation under this chapter. The reason that we went with that language instead of the language that was specifically proposed by Mr. Niezwaag from Basin Electric is that it's consistent with the changes that are made on page 1 of the bill, line 9. There's no need to say transmission or distribution company or electrical generation company, subject to etc., etc., it all means the same. So to try to keep the content and concept consistent we added that language. In conversations, there was a question about the February -vs- March date. The thinking is that it should stay February because, at the local level as well as at our level, they need that cushion of time. I have spoken twice with industry about these amendments and they are in support of them and so I would ask for your favorable consideration in it.

Senator Triplett: Motion to adopt the amendment.

Senator Bekkedahl: Seconded.

There was no discussion.

Amendment adopted on voice vote 7-0-0.

Senator Bekkedahl moved a do pass as amended

Senator Unruh seconded.

There was no discussion.

Motion carried on roll call vote 7-0-0.

Carrier -- Senator Unruh

15.0094.02001
Title.03000

Adopted by the Finance and Taxation
Committee

January 13, 2015

TU
1/13/15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2055

Page 2, line 1, overstrike "transmission or distribution"

Page 2, line 2, overstrike "having a transmission or distribution line in the county" and insert
immediately thereafter "subject to taxation under this chapter"

Renumber accordingly

Date: 1-13-15

Roll Call Vote #: 1

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO 2055**

Senate Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: LC #15.009A.02001 Title .03000

- 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. Triplett Seconded By Sen. Bekkedahl

- voice vote -

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 _____

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

Date: 1-13-15

Roll Call Vote #: 2

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO 2055**

Senate Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: LC # 15.0094.02001 Title.03000

- 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) 7 No 0

Absent 0

Floor Assignment Sen. Unruh

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

REPORT OF STANDING COMMITTEE

SB 2055: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2055 was placed on the Sixth order on the calendar.

Page 2, line 1, overstrike "transmission or distribution"

Page 2, line 2, overstrike "having a transmission or distribution line in the county" and insert immediately thereafter "subject to taxation under this chapter"

Renumber accordingly

2015 HOUSE FINANCE AND TAXATION

SB 2055

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2055
3/9/2015
24500

- Subcommittee
 Conference Committee

Committee Clerk Signature

Mary Brucher

Explanation or reason for introduction of bill/resolution:

A bill relating to reports by electric transmission, distribution, and generation companies for tax purposes.

Minutes:

No attachments

Chairman Headland: Opened hearing.

Emily Thomson, Legislative Council: Introduced bill. Neutral testimony. This bill relates to the reporting requirements for electric generation property. A representative from the tax department discovered a deficiency in the statutory rules regarding reporting requirements for electric transmission, distribution, and generation companies. No statutory reporting requirements were found in statute for electric generation company reports for the location, the capacity of wind generators, and grid-connected generators within counties. This bill was drafted to remedy that situation. The bill requires the reports be submitted at the same time the transmission and distribution reports are required to be filed. The effective was pushed out to 2016 because if passed it wouldn't take effect early enough to require the reports in 2015. In the second section of the bill there is a change from May to June in the penalty section for these reports. A lot of companies due to their fiscal year were requesting a lot of extensions so it would be prudent to push that date out a month.

Representative Froseth: You said it takes effect in 2016 but the effective date in the bill states December 31, 2015.

Emily Thomson: It's for reports due after December 31, 2015 so it's essentially January 1, 2016 is when it would come about.

Chairman Headland: Is there any testimony in support? Is there any opposition? Seeing none we will close the hearing.

Representative Klein: Made a motion for a do pass.

Representative Dockter: Seconded.

House Finance and Taxation Committee

SB 2055

March 9, 2015

Page 2

Representative Klein: Because of so many new lines being constructed in the oil field area the tax department hasn't been getting the right information so this is part of that transmission line tax.

Roll call vote: 13 yes 0 no 1 absent

Motion carried for do pass.

Representative Klein will carry this bill.

Date: 3-9-15
 Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2055**

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
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Rep. Klein Seconded By Rep. Dockter

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

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep. Klein

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

REPORT OF STANDING COMMITTEE

SB 2055, as engrossed: Finance and Taxation Committee (Rep. Headland, Chairman)
recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed SB 2055 was placed on the Fourteenth order on the calendar.

2015 TESTIMONY

SB 2055



#1
1-12-15
SB 2055

Testimony of the Office of State Tax Commissioner

Before the

Senate Finance and Taxation Committee

Chairman Dwight Cook

Senate Bill 2055

January 12, 2015

Chairman Cook, members of the Senate Finance and Taxation Committee, my name is Jolene Vidal, Property Tax Specialist for the Office of State Tax Commissioner. I am here today to testify in support of Senate Bill 2055. The Property Tax Division of the Office of State Tax Commissioner collects and reviews reports of companies taxed under N.D.C.C Chapter 57-33.2, which includes generation, distribution, and transmission taxes. N.D.C.C. Chapter 57-33.2 was enacted in 2009. It combined 57-33 and 57-33.1 into one chapter.

Section 1.

Section 1 adds to and amends N.D.C.C. § 57-33.2-06 location reporting to county auditors. On page 1, lines 7 through 11, generation companies are added to the reporting requirements. Page 1, Lines 19 through 22, adds the reporting requirements of generation companies.

Section 2.

Section 2 amends the month in which a penalty will be applied for failure to furnish a report. Currently penalty is imposed as of May 1 each year for failure to furnish a report. On page 2, line 11, the month is changed from May to June. Reports are currently due as of June 1 each year under N.D.C.C. § 57-33.2-07 and penalties should be imposed the same day as the reporting requirement.

Section 3.

The effective date would make these changes for the 2016 tax year.

Conclusion

The main purpose of this Senate Bill 2055 is to clarify and correct reporting requirements under 57-33.2 for generation, transmission and distribution companies. The Office of the State Tax Commissioner respectfully requests that the Finance and Taxation Committee give Senate Bill 2055 favorable consideration. Thank you.

North Dakota Senate Bill 2055
Dale Niezwaag - Basin Electric Power Cooperative
Senate Finance and Taxation Committee
January 12, 2015

#2

Mr. Chairman and members of the committee, my name is Dale Niezwaag, representing Basin Electric Power Cooperative. I am here today in support of SB 2055, but would like to offer a friendly amendment to the bill that will hopefully provide some clarity for those companies who should receive information from the county auditors.

Since the bill adds electric generating property to the reports that must be supplied to county auditors Basin Electric believes it is important that the companies who own generating property receive up to date maps showing where property is located so that the proper taxing districts can be identified.

On page 2 line 2 of the bill we would like to add the language starting after the word "county", or each electric generation company having a wind generator or grid-connected generator in the county".

Basin Electric is willing to work with the Tax Department and other interested parties to address any concerns they may have about our proposed amendment.

I would be happy to answer any questions the committee may have.

#3

Prepared by the
Office of State Tax Commissioner
January 13, 2015

PROPOSED AMENDMENTS TO SENATE BILL 2055

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