

**1999 SENATE FINANCE AND TAXATION**

**SB 2104**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2104

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 01/13/99

Tape Number	Side A	Side B	Meter #
<i>1 discussion</i>	<i>x</i>		<i>800-2423</i>
Committee Clerk Signature <i>Ashila Neal</i>			

Minutes:

Sen. Urlacher- Opened the hearing on 2104, RELATING TO THE MONTHLY FILING OF SALES AND USE TAX RETURNS IN THE EVENT OF A BUSINESS REORGANIZATION AND REIMBURSEMENT OF ADMINISTRATIVE EXPENSES FOR MONTHLY FILING OF SALES AND USE TAX RETURNS.

Gary Anderson-Representing the Office of Tax Commissioner, submitted testimony.

Sen. Urlacher-Do all collectors get 11/2

Gary Anderson-Only 10% meet qualifications. 33,000 are required to file, 27,000 don't.

Sen. Christmann-If you are under 33,000, can you report monthly or reorganize?

Gary Anderson-Reorganization must get new permits.

Page 2  
Senate Finance and Taxation Committee  
Bill/Resolution Number Sb 2104  
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Ron Ness-ND Retailers Association. Our Association supports changes in Bill 2104. \$400 million is collected-sales tax. \$100,000 tax sales @ 6% = \$6,000 taxable sales. Credit cards are charged 2%. It costs retailers \$, with credit card usage.

Sen. Stenehjem-Lot of reasons to use Credit Cards, because the can be trusted to collect the tax.

Sen. Urlacher closed the hearing.

DISCUSSION WAS HELD 01/19/99, RELATES TO THE CHANGE SHALL TO MAY.

SEN. SCHOBINGER MADE A MOTION TO BRING BACK THE BILL FOR DISCUSSION.

RECONSIDER ACTIONS OF WHICH WE PASSED SENATE BILL 2104, WITH PURPOSE

TO AMEND. MOTION BY SEN. WARDNER TO DO PASS WITH AMENDMENTS AND

SEN. KINNOIN SECONDED. CARRIER WILL BE SEN. STENEHJEM.

Date 1-19-99

Roll call vote # 2

Please type or use black pen to complete

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2104

Senate Finance and Tax Committee

Subcommittee on \_\_\_\_\_ (Identify or

Conference Committee \_\_\_\_\_ (check where appropriate

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

Action Taken Do Pass w/ amendment

Motion Made By Sen. Wardner Seconded By Sen. Kinnoin

Senators	Yes	No	Senators	Yes	No
<del>SENATOR URLACHER</del>	✓				
SENATOR CHRISTMANN	✓				
SENATOR SCHOBINGER	✓				
SENATOR STENEHJEM	✓				
SENATOR WARDNER	✓				
SENATOR KINNOIN	✓				
SENATOR KROEPLIN	✓				

Total 7 0  
(Yes) (No)

Absent 0

Floor Assignment Sen. Stenehjem

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

REPORT OF STANDING COMMITTEE (410)  
January 19, 1999 1:41 p.m.

Module No: SR-11-0840  
Carrier: B. Stenehjem  
Insert LC: 98163.0101 Title: .0200

**REPORT OF STANDING COMMITTEE**

**SB 2104: Finance and Taxation Committee (Sen. Urlacher, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2104 was placed on the Sixth order on the calendar.

Page 1, line 21, overstrike "shall" and insert immediately thereafter "may"

Renumber accordingly

**1999 HOUSE FINANCE AND TAXATION**

**SB 2104**

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2104

House Finance and Taxation Committee

Conference Committee

Hearing Date March 1, 1999

Tape Number	Side A	Side B	Meter #
1		x	13.9
Committee Clerk Signature <i>Jamie Stein</i>			

Minutes:

REP. BELTER Opened the hearing.

GARY ANDERSON, DIRECTOR, SALES & SPECIAL TAXES, OFFICE OF STATE TAX

COMMISSIONER, Testified in support of the bill. See written testimony.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 3-1-99, Tape #2, Side A, Meter #5.5

REP. NICHOLAS Made a motion for a DO PASS.

REP. RENNERFELDT Second the motion. MOTION CARRIED

14 Yes 0 No 1 Absent

REP. GRANDE Was given the floor assignment.

Please type or use black pen to complete

Date 3-1-99  
Roll call vote # 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2104

House HOUSE FINANCE & TAX Committee

- Subcommittee on \_\_\_\_\_
  - Conference Committee
- } Identify or check where appropriate

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

Action Taken Do Pass

Motion Made By Rep. Nicholas Seconded By Rep. Rennufeldt

Representatives	Yes	No	Representatives	Yes	No
BELTER	✓		WINRICH	✓	
RENNERFELDT	✓				
CLARK	✓				
FROELICH	A				
GRANDE	✓				
GROSZ	✓				
HERBEL	✓				
KROEBER	✓				
MICKELSON	✓				
NICHOLAS	✓				
RENNER	✓				
SCHMIDT	✓				
WARNER	✓				
WIKENHEISER	✓				

Total 14 0  
(Yes) (No)

Absent 1  
Floor Assignment Rep. Grande

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

DO NOT USE HIGHLIGHTER ON ANY FORMS



**REPORT OF STANDING COMMITTEE (410)**  
**March 1, 1999 3:29 p.m.**

**Module No: HR-36-3808**  
**Carrier: Grande**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2104, as engrossed: Finance and Taxation Committee (Rep. Belter, Chairman)**  
recommends **DO PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).  
Engrossed SB 2104 was placed on the Fourteenth order on the calendar.

1999 TESTIMONY

SB 2104

## SB 2104

Testimony by  
Gary L. Anderson  
Director, Sales & Special Taxes  
Office of State Tax Commissioner

Chairman Urlacher, Committee Members. I am here today, representing the Office of State Tax Commissioner, asking for your support of Senate Bill 2104.

Sections 1 and 3 of Senate Bill 2104 provides for the continuation of monthly filing of sales and use taxes and for a deduction to reimburse for administrative expenses.

Current law requires businesses having \$333,000 of taxable sales and purchases during the previous calendar year to file twelve monthly sales and use tax returns beginning with July of the following year. A deduction to reimburse the monthly filer is provided at a rate of 1 ½% of the tax due each month, not to exceed \$85.00 per month. <sup>205</sup>

The purpose of SB 2104 is to address business reorganizations. Each year, a couple businesses that are deemed responsible for filing monthly tax returns and receiving the 1-½% deduction undergo a business reorganization. As a result, the reorganized business is identified as a new entity and issued a new sales tax permit. This reorganization, although it often involves the same person or persons, results in the business no longer qualifying for monthly filing or the 1-½% deduction. Examples might include a sole proprietor or partnership reorganizing into a corporation, or a merger of a subsidiary and a parent company.

Although this may only involve two or three businesses each year, the reorganized businesses have expressed concern in losing the 1-½% deduction. They believe the business activity attributed to the former business organization should be sufficient to allow the reorganized business to continue filling and paying tax for the remaining months of the 12-month period as a monthly filer and be permitted to receive the 1 ½% deduction.

SB 2104 responds to this concern by allowing a reorganized business to file and pay sales taxes on a monthly basis for the remainder of the 12-month period and to receive the 1 ½% deduction when the ownership of the reorganized business remains in the same person or persons as prior to the reorganization.

Section 2 and 4 of SB 2104 would delete obsolete language. Prior to 1983, qualifying businesses were required to file estimated tax payments for the first two months of each calendar quarter, followed by a quarterly sales tax return on the third month. When the law was changed in 1983 to change estimated filing to monthly filing, the word "estimated" was not deleted. SB 2104 would correct this oversight.

We would ask your consideration and support for SB 2104