

**1999 SENATE FINANCE AND TAXATION**

**SB 2236**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2236

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 01/25/99

Tape Number	Side A	Side B	Meter #
2,236	x		3310-4599
Committee Clerk Signature <i>Shila Nord</i>			

Minutes:

Sen Urlacher opened the hearing on 2236, A BILL RELATING TO A SALES AND USE TAX EXEMPTION FOR OFFICE FURNITURE AND COMPUTER TELECOMMUNICATIONS EQUIPMENT IN A NEW OR EXPANDING PRIMARY SECTOR BUSINESS, AND TO PROVIDE AN EFFECTIVE DATE.

Sen. Kroeplin- Loss of population in rural ND, small towns, and we need to make some changes.

It will encourage businesses to locate or expand in a city, of 2500 or less, by exempting office furniture, telecommunications equipment, computer equipment and sales tax.

Sen. Urlacher-any questions? In opposition? Committee will recognize the fiscal note on 2236.

Gary Anderson-Tax Dept- Telecommunication, companies, coming into the small community, no exceptions in this bill.

Sen. Stenehjem-Can larger cities provide the exemptions to these companies at this time under home rule?

Gary Anderson-For State Sales tax - No. Can do it in city, that imposes a local sales tax. extend the local tax exemption to include these items.

Sen. Stenehjem - What about property taxes? Can small towns give them exemptions for property taxes?

Gary Anderson - There are incentives, but I am not strong or sure in this area.

Sen. Wardner - At this time if TMI, in Dickinson, they expand and put in equipment, they can get an exemption on sales tax, on the equipment they put in the plant. Is this correct?

Gary Anderson - That is correct, under mfg. exemption, equipment that they use, with this bill the smaller communities would extend that to businesses that we recognize as Manufacturers.

There is a partial exemption on computer equipment. If this is involved in testing or research of materials that they are producing. This bill would provide a limited exemption, to companies within a small community..

Sen. Stenehjem - The fiscal note, apparently looking at \$46,000 left in the Gen. Fund, and \$4,000 in the spec. funds. Where does the \$4,000 come in?

Gary Anderson - That represents the State Aid Distribution portion.

Sen. Urlacher - Any questions or testimony?

Close the hearing on 2236.

DISCUSSION-01/27/99 TAPE #2-A 2350-3895; MOTION MADE TO DO PASS BY SEN.

KROEPLIN -- SECONDED BY SEN. KINNOIN, AND THE CARRIER WILL BE SEN.

KROEPLIN THE VOTE WAS TAKEN 6 YES, 1 NO. 0 ABSENT

## FISCAL NOTE

(Return original and 14 copies)

Bill/Resolution No.: SB 2236

Amendment to: \_\_\_\_\_

Requested by Legislative Council

Date of Request: 1/18/99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

**Narrative:** If enacted, SB 2236 is expected to reduce revenues by \$50,000 in the 1999-2001 biennium.

2. **State fiscal effect in dollar amounts:**

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>			-\$46,000	-\$4,000		
<b>Expenditures</b>						

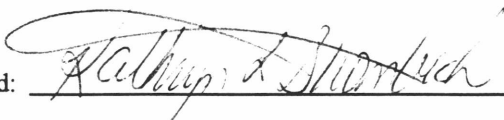
3. What, if any, is the effect of this measure on the budget for your agency or department:

- a. For rest of 1997-99 biennium: \_\_\_\_\_  
(Indicate the portion of this amount included in the 1999-2001 executive budget:)
- b. For the 1999-2001 biennium: \_\_\_\_\_  
(Indicate the portion of this amount included in the 1999-2001 executive budget:)
- c. For the 2001-03 biennium: \_\_\_\_\_

**County, city, and school district fiscal effect in dollar amounts:**

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

If additional space is needed  
attach a supplemental sheet.

Signed: 

Typed Name: Kathryn L. Strombeck

Department: Tax

Date Prepared: January 22, 1999

Phone Number: 328-3402

Date: 1/27/99  
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2236

Senate Senate Finance and Taxation Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

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

Action Taken No Pass

Motion Made By Kroeplin Seconded By Kinnoin

Senators	Yes	No	Senators	Yes	No
SENATOR URLACHER	✓				
SENATOR CHRISTMANN		✓			
SENATOR SCHOBINGER	✓				
SENATOR STENEHJEM	✓				
SENATOR WARDNER	✓				
SENATOR KINNOIN	✓				
SENATOR KROEPLIN	✓				

Total (Yes) 6 No 1

Absent 0

Floor Assignment Kroeplin

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

REPORT OF STANDING COMMITTEE (410)  
January 28, 1999 10:45 a.m.

Module No: SR-18-1367  
Carrier: Kroeplin  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**SB 2236: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2236 was placed on the Eleventh order on the calendar.**

**1999 HOUSE FINANCE AND TAXATION**

**SB 2236**

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2236

House Finance and Taxation Committee

Conference Committee

Hearing Date March 3, 1999

Tape Number	Side A	Side B	Meter #
2	x		14.5
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

REP. BELTER Opened the hearing.

SEN. KEN KROEPLIN, DIST. 23, Introduced the bill as the prime sponsor. There are two bills in and they are virtually the same bills. This bill was here last session. This bill will exempt equipment purchased, from sales tax, for primary sectors, for telecommunications equipment, such as office equipment, whatever it takes to set up an office. Currently, there is an exemption for manufacturing equipment. Submitted population excerpts taken from the North Dakota In Perspective: Its Past and its Future. See attached copy. This would be a unique opportunity for our rural communities.

REP. RENNER Do you recall last session, what the fiscal note was on this bill?

SEN. KROEPLIN No



TODD KRANDA, ATTORNEY FOR THE KELSCH LAW FIRM, Testified in support of the bill. In looking at the bill, on page 2, he felt it needed to be clarified further. Presented amendments to the committee which would identify the definition of telecommunications equipment.

REP. WARNER Most of our towns are under twenty five hundred population, will this bill exempt them?

NO ONE ANSWERED THE QUESTION.

REP. WINRICH I was looking at the definitions also, the definition of primary sector seems rather vague, is that a standard definition in law?

TODD KRANDA Stated he couldn't tell if it appears elsewhere, he didn't review that, the Legislative Council assisted in the drafting of this, they would not have intended to duplicate language, so I assume it is not defined elsewhere.

REP. KROEBER What changes this would make on the fiscal note by the addition of the amendments.

TODD KRANDA Stated he didn't think there would be any changes. We don't intend to impact it other than simply clarifying the telecommunications provision that is already on page 1, line 10. When I looked at the definitions, it seemed like there was something missing, the definition covers wireless, and everything you can think of that would be a telecommunications item.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 3-3-99, Tape #2, Side A, Meter #43.8

REP. MICKELSON Made a motion to adopt amendments which were presented by Todd Kranda during testimony.

Page 3

House Finance and Taxation Committee

Bill/Resolution Number Sb 2236

Hearing Date March 3, 1999

REP. GRANDE Second the motion. MOTION FAILED.

REP. MICKELSON Made a motion for a DO NOT PASS.

REP. GRANDE Second the motion. MOTION FAILED

Several committee members from smaller rural communities felt this bill would help them.

REP. WARNER Made a motion for a DO PASS.

REP. KROEBER Second the motion. MOTION CARRIED.

8 Yes 6 No 1 Absent

REP. SCHMIDT Was given the floor assignment.

*todd Randa*

## PROPOSED AMENDMENTS TO SENATE BILL NO. 2236

Page 2, after line 11, insert:

- “d. “Telecommunications equipment” means tangible property which facilitates the transmission of electromagnetic communication, including voice, image, data, and any other information, by means of wire, cable, fiber optic, microwave, radio wave, any combination of such media, or any other method now in existence or that may be devised.”

Renumber accordingly

*Failed*

Please type or use black pen to complete

Date 3-3-99  
Roll call vote # 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2236

House HOUSE FINANCE & TAX Committee

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

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

Action Taken D N P ~~as amended~~

Motion Made By Rep. Mickelson Seconded By Rep. Grande

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

*failed*

Total 6 8  
(Yes) (No)

Absent 1

Floor Assignment Rep.

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

Please type or use black pen to complete

Date 3-3-99  
Roll call vote # 2

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2236

House HOUSE FINANCE & TAX Committee

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

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

Action Taken Do Pass

Motion Made By Rep. Warner Seconded By Rep. Kroeber

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

Total 8 6  
(Yes) (No)

Absent 1

Floor Assignment Rep. Schmidt

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

**REPORT OF STANDING COMMITTEE (410)**  
**March 3, 1999 4:10 p.m.**

**Module No: HR-38-3975**  
**Carrier: Schmidt**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2236: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS (8 YEAS, 6 NAYS, 1 ABSENT AND NOT VOTING). SB 2236 was placed on the Fourteenth order on the calendar.**

**1999 TESTIMONY**

**SB 2236**

Sen. Koepf  
SB 2236

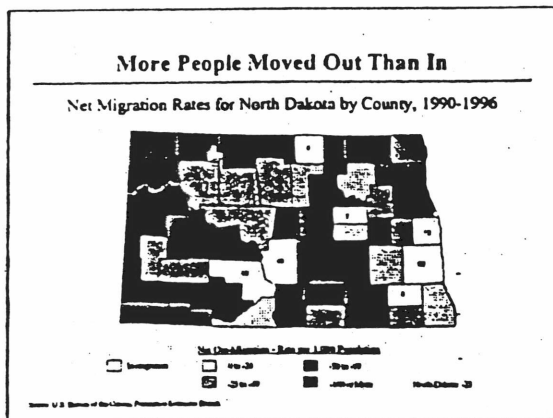
## Population Excerpts Taken From:

### North Dakota In Perspective: Its Past and its Future

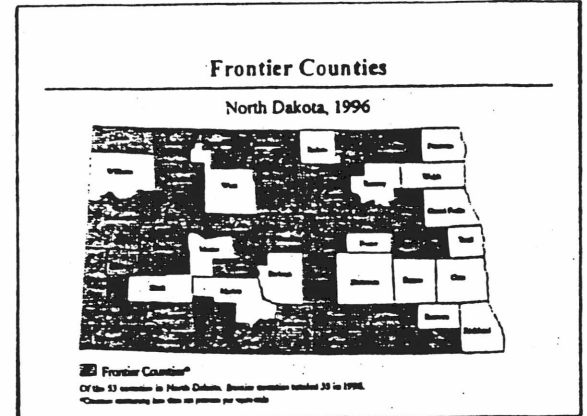
presented to

Summit Conference for State Officials  
March 16, 1998

These graphs show the projected and continuing decline of Rural North Dakota. Do we except the demise of North Dakota or do we take steps to change the obvious...

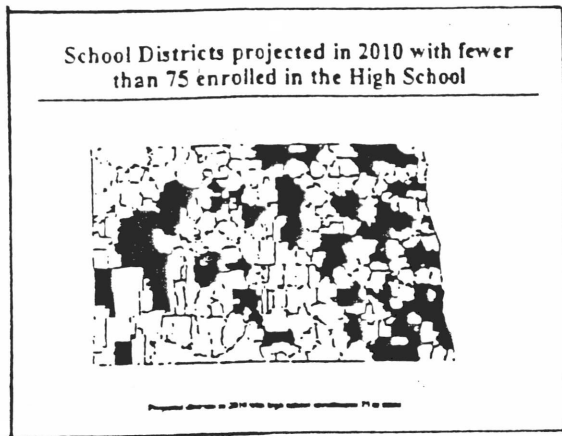


1. Only six counties were able to attract more people into the county then move away between 1990 and 1996
2. Eight counties lost more than 10% of their population base through outmigration between 199 and 1996

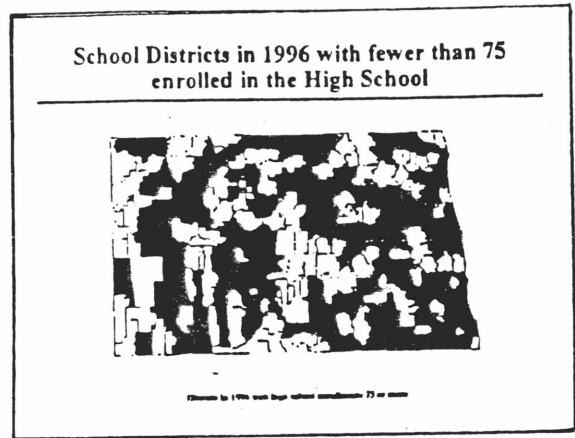


1. 2/3 of the counties in ND are classified as Frontier--they have fewer than 6 residents per sq. mile
2. This is due to the concentration of population in ND--rural to urban movement





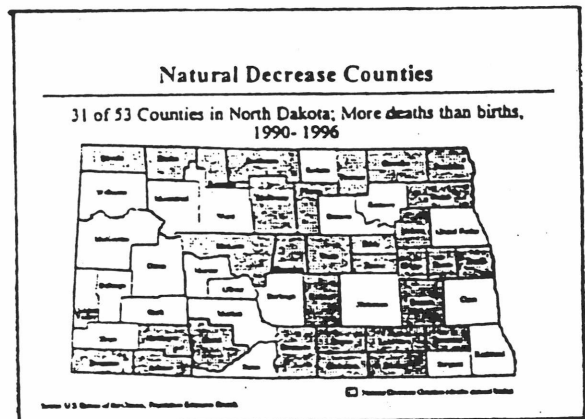
1. It is estimated that the number of public school districts with High Schools enrolling fewer than 75 students will increase dramatically with 10 to 12 years.



1. In 1996, a significant number of public school districts had High Schools with fewer than 75 students enrolled.



1. The globalization of Internet, Binet, and E-mail use offers an important perspective into the new information age.



1. Natural decrease occurs when more people die in a county than are born.  
 2. 58% of the counties in ND have natural decrease.  
 3. In order for a county to gain population, it has to have natural increase that exceeds net-out migration or net in migration that exceed natural decrease, or both net in migration and natural increase.