

1999 SENATE FINANCE AND TAXATION

SB 2439

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SENATE BILL 2439

Senate Finance and Tax

Conference Committee

Hearing Date MARCH 22, 1999

Tape Number	Side A	Side B	Meter #
1	X		0 to 2595
2	x		720 - 1318
3	x	march 23 disc.	0 - 1100
Committee Clerk Signature <i>Sheila Wald, Clerk</i>			

Minutes:

SENATOR URLACHER: open the hearing on SENATE BILL 2439

SENATOR LINDAAS: introduce HOUSE BILL 2439, donating of stock to a nonprofit corporations. Restrictions can be lifted with this bill and the grower has three years to dispose of the stock once it's delivered to the nonprofit organization.

SENATOR SCHOBINGER: what is it about this policy that makes it awkward now, that this bill will address

SENATOR LINDAAS: part of it is the taxation issue, don't have a good answer

SENATOR URLACHER: have three years or they would be subject to tax

SENATOR B.STEMEHJEM: someone from the tax dept. to come and speak on this issue

SENATOR URLACHER: no, but someone should

SENATOR LINDAAS would be helpful is someone from the tax department could speak on this issue

SENATOR MATHERN: contacts on this bill from a pasture of a church and this pasture owning livestock. SENATE BILL 2439 gives the stock owner the option to sell the stock to another party or a non profit organization. Tax consequences would be much larger for federal tax and the tax options if this bill were passed the federal government would wonder about the taxing. Stock in IBM and the appreciation value is taxed. Capital gains is different. No capital gains tax if the proceeds are given to a nonprofit. Legal for someone to transfer or give stock to a nonprofit or. Land ownership as part of a nonprofit organization. How long would it take the nonprofit or to divulge of this property. Could be done within three years. Nonprofit would have to give the stock or other object right back to the farmer or coop that it came from.

SENATOR URLACHER: they still pay the tax on the federal gains?

SENATOR MATHERN: private company stock, if donated to a non profit, there is no capital gain paid by the owner. There is that consequence. The exact consequence of this, as far as federal tax is up to the Gov.. Capital gains is not paid by the owner.

SENATOR KLEIN: with in the articles of incorporation, you cannot divest those into any group the way the law reads right now. Subsections and the rate of dividends not to exceed 8% of the par value and dividends cannot be cumulative.

SENATOR MATHERN: that is current language so that would not change that at all. enactment of this bill would not change this. Conditional of membership stock organization. A membership cooperative can say " we will not sell our stock to membership to nonprofit

organizations. That would be preemptive of this. This is only permissive of the coop give the O.K.. Important part of this. It is legal to sell stock when the coop permits this action

SENATOR B.STEMEHJEM: would kind of stock, the membership stock may be issued or sold to another, what are we talking about

SENATOR MATHERN: there is some membership stock that may have been purchased for 100 dollars and is now worth thousands of dollars in a beet cooperative. SENATOR KROEPLIN may have another example

SENATOR B.STEMEHJEM: cannot give or transfer stock in a coop, what kind of stock in the coop can we transfer. Reading of section of the bill

SENATOR MATHERN: something new in law

SENATOR B.STEMEHJEM: looks new to me

SENATOR MATHERN: what page

SENATOR B.STEMEHJEM: line 15 page one

SENATOR MATHERN: change in style of writing, wording is also over struck in lines 20 and 21, wording is not new, change in language, just moving the language

SENATOR B.STEMEHJEM: what are the provisions, small cooperative with a limited stock and you cannot divers the stock because the cooperative is so small or going broke and nobody wants to be a member.

SENATOR MATHERN: a nonprofit receives stock that no one else wants to buy. Take the gift and get what you can for the gift

SENATOR B.STEMEHJEM: always a place to get rid of the car, have to vest yourself in the cooperative, even if you have to go to another member, limits the audience

SENATOR MATHERN: nonprofit would have to give the stock back to the cooperative if the nonprofit couldn't get rid of the stock

SENATOR B.STEMEHJEM: right of refusal

SENATOR MATHERN: general laws of the state the nonprofit doesn't have to accept all gifts, not being aware of the value of the gift. Period of time in which nonprofit owns stock and interferes with cooperative policy, no expertise in this area, shorter period of time, less options for the nonprofit

SENATOR URLACHER: any further questions

SENATOR B.STEMEHJEM: cooperate stock to a nonprofit verses corporate stock to a cooperative, no more concerns over that

SENATOR URLACHER: any further questions, close the hearing on SENATE BILL 2439

DISCUSSION

DONITTA WALD: added testimony needed to enforce the bills wording

SENATOR URLACHER: reopen hearing on SENATE BILL 2439

VICKI WELLMAN: favors language in bill and allow a donor to make a stock contribution that we cannot accept at this time. Treat this stock the same as any other stock, sell stock as soon as the stock is received. Interested in the cash. Nonprofit organization hanging on to stock for a profit or the voting rights. Income producing the tool for the cooperative such as a charitable gift. Any questions

SENATOR URLACHER: any questions,

MOTION: close the hearing once again.

DISCUSSION

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Senate Political Subdivisions Committee
Bill/Resolution Number SB2439 Fin and Tax
Hearing Date 3/22/99

MOTION: MARCH 23, 1999 DO PASS 7-0

Date: 3-23-99
Roll Call Vote #: ①

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2439

Senate Senate Finance and Taxation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Sen. Schobinger Seconded By Sen. Stenehjem

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

Total (Yes) 7 No 0

Absent 0

Floor Assignment Sen. Christmann

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

REPORT OF STANDING COMMITTEE (410)
March 23, 1999 10:36 a.m.

Module No: SR-52-5355
Carrier: Christmann
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2439: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2439 was placed on the Eleventh order on the calendar.