

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1077

2001 HOUSE FINANCE AND TAXATION

HB 1077

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1077**

House Finance and Taxation Committee

Conference Committee

Hearing Date January 15, 2001

Tape Number	Side A	Side B	Meter #
1		x	918
			Recorder did not work, nothing on tape
Committee Clerk Signature <i>Jamie Stein</i>			

Minutes:

REP. AL CARLSON, CHAIRMAN Opened the hearing with one committee member absent.

MARY LOFTSGARD, CORPORATE INCOME TAX SUPERVISOR, STATE TAX

DEPARTMENT, Testified in support of the bill. See attached written testimony.

With no further testimony, the hearing was closed.

Page 2
House Finance and Taxation Committee
Bill/Resolution Number HB 1077
Hearing Date January 15, 2001

COMMITTEE ACTION 1-15-01 RECORDER DID NOT RECORD...

REP. RENNER Made a motion for a **DO PASS**.

REP. NICHOLAS Second the motion. **MOTION CARRIED**

14 Yes 0 No 1 Absent

REP. RENNER Was given the floor assignment.

FISCAL NOTE
 Requested by Legislative Council
 12/14/2000

Bill/Resolution No.: HB 1077

Amendment to:

1A. **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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

HB 1077 has no fiscal impact.

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, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Kathryn L. Strombeck	Agency:	Tax Department
Phone Number:	328-3402	Date Prepared:	01/12/2001

Date: 1-15-01
 Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1077

House FINANCE & TAXATION Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Winrich Seconded By Rep. Rennerfeldt

Representatives	Yes	No	Representatives	Yes	No
CARLSON, AL, CHAIRMAN	✓		NICHOLAS, EUGENE	✓	
DROVDAL, DAVID, V-CHAIR	✓		RENNER, DENNIS	✓	
BRANDENBURG, MICHAEL	✓		RENNERFELDT, EARL	✓	
CLARK, BYRON	✓		SCHMIDT, ARLO	✓	
GROSZ, MICHAEL	✓		WIKENHEISER, RAY	✓	
HERBEL, GIL	✓		WINRICH, LONNY	✓	
KELSH, SCOT	✓				
KROEBER, JOE	✓				
LLOYD, EDWARD	A				

Total (Yes) 14 No 0

Absent 1

Floor Assignment Rep. Clark

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

REPORT OF STANDING COMMITTEE (410)
January 15, 2001 11:49 a.m.

Module No: HR-05-0978
Carrier: Clark
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1077: Finance and Taxation Committee (Rep. Carlson, Chairman) recommends DO PASS (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1077 was placed on the Eleventh order on the calendar.

2001 SENATE FINANCE AND TAXATION

HB 1077

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1077

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 2/28/01

Tape Number	Side A	Side B	Meter #
1		x	31.7-41.8
Committee Clerk Signature <i>Ronald H. Kraft</i>			

Minutes:

Senator Urlacher: Opened the hearing on HB 1077, relating to the filing date of exempt organization income tax returns regarding unrelated business taxable income and tax assessment extension agreements.

Mary Loftsgard: State Tax Dept., testified in support. Written testimony attached. Explained section 2.

Senator Urlacher: Closed the hearing.

COMMITTEE ACTION:

Motion made by Senator Christmann for a DO PASS, Seconded by Senator Wardner.

Vote was 6 yeas, 0 nays, 0 absent and not voting. Bill carrier was Senator Christmann.

Date: 2/28/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1077

Senate Finance and Taxation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By CHR. STAMANN Seconded By WARDNER

Senators	Yes	No	Senators	Yes	No
Senator Urlacher-Chairman	✓				
Senator Wardner-Vice Chairman	✓				
Senator Christmann	✓				
Senator Stenehjem	✓				
Senator Kroeplin	✓				
Senator Nichols	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Christmann

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

REPORT OF STANDING COMMITTEE (410)
February 28, 2001 11:52 a.m.

Module No: SR-34-4433
Carrier: Christmann
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

**HB 1077: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO
PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1077 was placed on the
Fourteenth order on the calendar.**

2001 TESTIMONY

HB 1077

TESTIMONY BEFORE THE HOUSE
FINANCE AND TAXATION COMMITTEE

HB 1077

MARY LOFTSGARD

January 15, 2001

Chairman Carlson, members of the Committee, my name is Mary Loftsgard, Corporate Income Tax Supervisor, and I am here on behalf of the Office of State Tax Commissioner to testify with respect to HB 1077.

The Tax Commissioner proposes amendments to N.D.C.C. sections 57-38-34 and 57-38-38. Section 1 of the bill amends section 57-38-34 to specify a filing date for exempt organizations required to report unrelated business taxable income. Because the statute currently is silent in this matter, the filing date for these organizations' North Dakota corporate income tax return is the same as a regular corporation, the 15th day of the fourth month after the tax year ends.

The unrelated business taxable income to be reported to North Dakota is derived from the federal income tax return. However, the filing date for the federal return is the 15th day of the fifth month after the tax year ends.

Thus, the statute currently places the exempt organizations in the position of having to file a North Dakota return before their federal return is due. If the exempt organization waits to file the state return until the federal due date, any tax due would be subject to penalty and interest. The proposed amendment would alleviate these possibilities.

Section 2 of the bill amends subsection 8 of section 57-38-38. This subsection allows for the Tax Commissioner and a taxpayer to consent to an extension of time for the assessment of tax. Please note that, under subsection 6 of section 57-38-40, consent to an extension of time for the assessment of tax similarly extends the period of time for filing a claim for credit or refund. Thus, my further discussion about extensions for assessment will also apply to refunds.

Subsection 8 of section 57-38-38 begins with reference to subsections 1 and 2. This means that consent for an extension must be made before the later of three years after the due date of the return or three years after the return was filed.

Subsection 3 of section 57-38-38 does extend the period to assess additional tax due if it is determined that there has been a change in taxable income or tax liability in excess of 25% of that reported on the original return. In this case, the statute to assess is six years after the due date of the return or six years after the return was filed, whichever is later.

The Tax Department conducts many complex audits of large, multinational taxpayers. Because of limited resources, it is often difficult for these taxpayers to provide information before the three year statute to assess expires. The proposed amendment allows an extension of time to assess to be agreed to before expiration of the six-year period specified in subsection 3. Extending to six years the time period in which an extension may be granted would give both taxpayers and the Tax Department additional opportunity to review pertinent information before an assessment was issued.

The Tax Commissioner recommends a "do-pass" on HB 1077. If you have any questions or need further information, the Tax Commissioner will be happy to provide it.

