

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1190

2001 HOUSE FINANCE AND TAXATION

HB 1190

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1190

House Finance and Taxation Committee

Conference Committee

Hearing Date January 17, 2001

Tape Number	Side A	Side B	Meter #
1		x	904
Committee Clerk Signature <i>Jamie Stein</i>			

Minutes:

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

REP. LARRY BELLEW, Introduced the bill. See attached written testimony. He stated the wording is wrong in the bill, so he also introduced an amendment which needs to be added to the bill. Also attached is a copy of a short form individual income tax return.

Right now, if you file under certain guidelines, you get five hundred dollars of tax credit per child per year. Under our tax formula, it would amount to seventy dollars per child. The fiscal note shows a loss of fifteen million per biennium.

REP. KELSH You are changing it from a child care credit to a tax credit, is there a difference?

LARRY BELLEW A child care credit would only allow for those people who enroll their kids in a certified day care center. This bill will give everyone who has children a tax credit, even the ones who stay at home.

REP. WINRICH There is a separate child care credit and child credit on the tax form?

REP. BELLEW Yes there is, we don't really allow it in this state.

REP. WINRICH Originally, was your intention to have the child credit, or is there some reason not to do the child care credit?

REP. BELLEW My original intent was just the child tax credit.

REP. KELSH Do you have any idea what kind of impact this would have on a family of two children?

REP. BELLEW If you have two children under the age of 17, it will give a couple back one hundred forty dollars per year.

REP. SCHMIDT Asked what age bracket this bill would benefit.

REP. BELLEW Probably under the age of fifty.

JOHN WALSTAD, ATTORNEY, LEGISLATIVE COUNCIL, Appeared to explain the bill and to answer questions from the committee.

JOSEPH BECKER, STATE TAX DEPARTMENT, Stated that, right now, on the short form, there is a work sheet which takes you through the short form to get the number you need.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 1-23-01, Tape #2, Side B, Meter #97

REP. RENNERFELDT Made a motion to adopt the amendments.

REP. HERBEL Second the motion. **MOTION CARRIED BY VOICE VOTE.**

REP. BRANDENBERG Made a motion for a **DO NOT PASS.**

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

14 YES 0 NO 1 ABSENT

REP. DROYDAL Was given the floor assignment.

FISCAL NOTE

Requested by Legislative Council

01/25/2001

Bill/Resolution No.:

Amendment to: HB 1190

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			(\$15,000,000)			
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 1190 First Engrossment allows taxpayers to get the benefit of the federal child tax credit on the state's short form, Form 37-S.

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.*

If enacted, HB 1190 First Engrossment would reduce state general fund revenues by approx. \$7.5 million per year.

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
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Phone Number: 328-3402

Date Prepared: 01/26/2001

FISCAL NOTE
 Requested by Legislative Council
 12/26/2000

Bill/Resolution No.: HB 1190

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			(\$1,900,000)			
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 1190 redefines 'federal tax liability', the starting point for individuals filing the state's short form, Form 37-S, to be reduced by the amount of federal child and dependent care credit.

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.*

If enacted, HB 1190 is expected to reduce state general fund revenues by approximately -\$950,000 per year.

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 Dept.
Phone Number:	328-3402	Date Prepared:	01/04/2001

Date: 1-23-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1190

House FINANCE & TAXATION Committee

- Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass as amended

Motion Made By Rep. Brandenburg Seconded By Rep. Renner

Representatives	Yes	No	Representatives	Yes	No
CARLSON, AL, CHAIRMAN	✓		NICHOLAS, EUGENE	A	
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	✓				

Total (Yes) 14 No 0

Absent 1

Floor Assignment Rep. Drovdal

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

REPORT OF STANDING COMMITTEE (410)
January 24, 2001 2:32 p.m.

Module No: HR-12-1520
Carrier: Drovdal
Insert LC: 10311.0101 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1190: Finance and Taxation Committee (Rep. Carlson, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1190 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "and dependent care" with "tax"

Page 2, replace lines 17 and 18 with:

"k. Subtract the child tax credit computed under Internal Revenue Code section 24."

Renumber accordingly

2001 TESTIMONY

HB 1190

Testimony in support of HB 1190

A bill to amend and re-enact subsection 5 of section 57-38-30.3 of the North Dakota Century Code, relating to recognition of federal income tax child tax credit on the short form-individual income tax return; and to provide an effective date.

Finance and Taxation Committee; Rep. Al Carlson, Chairman

January 17, 2001

Good morning Mr. Chairman and members of the Finance and Taxation Committee.

My name is Larry Bellew and I am here in support of HB 1190 as amended. HB 1190 is being introduced by me at the request of myself and constituencies of my district and I would hope from the people of North Dakota.

The basis for this bill is to bring North Dakota tax laws into line with Federal Tax deductions namely child tax credit.

According to the State Tax Department, 95-97% of North Dakotans file taxes using Form 37-S. Since this many North Dakotans use Form 37-S, as you can see, we are denying a great number of North Dakotans a deserved tax credit.

Form 37-S would not have to be changed because of this bill. The changes would be in the North Dakota Individual Income Tax Booklet. On page 6, under section titled: Specific line instructions for Form 37-S (Short Form).

Line 1

Federal Income Liability

Enter the amount from your federal income tax return as follows:

-If you used Federal Form 1040A, enter the amount from line 26; less line 30.

For 1040 filers only, the same worksheet on Page 6 would be used with the following additions to the worksheet:

- A. Remains the same
- B. Subtract line 47, form 1040

Change letter B to C; letter C to D; letter D to E; letter E to F; letter F to G; letter G to H; and letter H to I.

Last school year (September 1999 to August 2000), North Dakota lost approximately 3000 students in grades K-12. This in my opinion is a disaster.

During my campaign, also Governor Hoven's and probably some of yours, a common theme was that we must do something to stop the loss of our youth.

This bill is but one way to accomplish that goal. Adding this tax credit to our income tax would send an even stronger message that North Dakota an even more child friendly state than we already are.

Also, what better economic development plan can there be than to give the people back some of their money to spend as they like.

Mr. Chairman, I urge passage of the amended HB 1190 and would now take any questions.
Thank you.

