

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1460

2001 HOUSE FINANCE AND TAXATION

HB 1460

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1460

House Finance and Taxation Committee

Conference Committee

Hearing Date February 7, 2001

Tape Number	Side A	Side B	Meter #
1	X		3,945
Committee Clerk Signature <i>Jamie Stein</i>			

Minutes:

REP. AL CARLSON, CHAIRMAN Opened the hearing and read the fiscal note.

REP. SCOTT KELSH, DIST 11, SOUTHCENTRAL FARGO, Introduced the bill. Last session we passed the renaissance zone legislation, since then it has increased in popularity. It has gone from Fargo to four major cities in North Dakota and also smaller communities are taking an interest as well. This bill simply raises the tax credit limit or caps for renaissance zone funds from two and a half million to five million. This bill deals only with that portion of the renaissance zone issue. It is highly probable, with cities creating renaissance zones, there could be no monies available by the end of the year, since we will already have reached that cap. He submitted written testimony from Art Rosenberg, Dakota Renaissance. See attached copy.

REP. CARLSON Asked whether this has been covered in the revenue projections.

REP. KELSH Stated he did not know.

REP. CLARK How many communities have applied for the renaissance zone funds?

REP. KELSH Deferred the question to someone else.

REP. CLARK Stated Fargo has reached 1.6 million dollars, how much have other communities applied for?

REP. KELSH Stated there are still communities who are forming their own renaissance zones, and setting up their own venture funds.

REP. CLARK There is five million dollars worth of liabilities, how many have received tax credits?

REP. KELSH Also deferred that question to someone testifying later.

REP. WINRICH Related to testimony submitted by Art Rosenberg, the amendments which are described in there, are they for the senate bill?

REP. KELSH This is the same amendment that is waiting to be acted on.

REP. CARLSON In our bill we are waiting to raise it to five million, in the senate bill it is a trigger mechanism?

REP. KELSH Yes, Mr. Rosenberg, is also offering amendments with this bill as well.

REP. DAVID DROVDAL, ARNEGARD Testified in support of the bill. He stated his community is very interested in this project. They were concerned about the limit which was passed in the last session. They wanted to make sure there would be enough funds available.

RON RAUSHENBERGER, DIVISION OF COMMUNITY SERVICE, Testified in a neutral position. This was discussed on the senate IBL committee, and there is now an amendment involving the trigger. We need to clarify that there are two different parts of the renaissance, the renaissance corporation and the renaissance zone project. This two and a half million dollar cap,

or if it becomes five million, is on the fund's corporation only. There are also tax credits available on the zone project, each and every project. Those tax credits are unlimited. There are five cities right now who have approved plans, West Fargo, Fargo, Casselton, Valley City and Jamestown, there are two that are in the process right now; Bismarek and Grand Forks. The two and a half million that is available right now, there is some protected for smaller communities. For communities with a population from zero to five thousand, there is two hundred fifty thousand dollars earmarked for those. From the five thousand to thirty thousand population, there is one million dollars earmarked. From the thirty thousand and above population, there is 1.25 million earmarked.

REP. CARLSON Do you think more money is required to raise that limit?

RON RAUSHENBERGER We really don't have a graph on that. Some communities are going ahead with a renaissance zone project without a renaissance fund corporation. That will have some bearing.

REP. CLARK Do you know how many communities have a break down of the ones that have applied for credits?

RON RAUSHENBERGER I believe, three out of the five, which fit in the thirty and above population, Fargo, Grand Forks and Bismarek. Valley City and Casselton would be in the lower bracket.

REP. BRANDENBURG My concern too, is that this money will be used up and there won't be enough for the smaller communities.

RON RAUSHENBERGER That is very possible. This is still in its infancy, but there is a lot of interest.

DONNITA WALD STATE TAX DEPARTMENT, Testified in a neutral position. Addressed Rep. Clark's question regarding the number of credits claimed. So far, we have had

fourteen individuals who have claimed the credit for a total of three hundred ninety seven thousand five hundred, approximately 2.1 million dollars of credit remain.

REP. WINRICH The \$390,500, are those the credits that fall under this cap of the renaissance fund corporation credit?

DONNITA WAJD Did't have that information.

REP. WINRICH How about the renaissance zone credit?

JOSEPH BECKER, STATE TAX DEPARTMENT, Responded stating that year 2000, is the first year these applications started to show up. They are not aware of how many have been finalized.

RICH GREY, DIVISION OF COMMUNITY SERVICES Answered, stating there are twelve projects right now. Two from Valley City, one from Casselton and the rest from Fargo. They are not all completed, and some have applied this past year to use the tax credits. That is the only track record available right now. It will take several sessions before we realize the impact on this, and as more projects are undertaken.

REP. SCHMIDT Asked if there was some sort of summary sheet available regarding the projects.

RICH GREY Stated he would provide that.

REP. HERBEL Asked if Mr. Grey would elaborate on some of the projects right now.

RICH GREY Typical projects are some new buildings. He gave an overview on what some of the communities were doing. He related to historical tax credits which some are applying for also.

REP. CARLSON Asked Rep. Kesh to verify with the legislative council what level they have budgeted in for the next biennium. This is a significant change from two and a half to five million.

CONNIE SPRYNCZYNATYK, LEAGUE OF CITIES, Testified in support of the bill. Stated it would be a very good idea to keep the trigger alive. She stated the renaissance program is a very good one for the communities.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 2-13-01, TAPE #1, SIDE B, METER #5400

REP. KELSH stated this fiscal note is in the governor's budget.

He went on to explain the administrative rule.

REP. CARLSON Reported on a personal experience where he had purchased land in Fargo, and later found out the land was in the renaissance zone.

REP. KELSH Made a motion to adopt the amendments which were submitted by Art Rosenberg in his testimony.

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

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

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

12 YES 3 NO 0 ABSENT

REP. RENNER Was given the floor assignment.

FISCAL NOTE

Requested by Legislative Council
04/04/2001

Bill/Resolution No.:

Amendment to: Engrossed
 HB 1460

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.*

Engrossed HB 1460 with Senate Amendments increases the limitation on the aggregate amount of tax credits allowed for investments in Renaissance Fund Corporations and provides for repayment of tax credits in certain situations. The fiscal impact is unknown.

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
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Phone Number: 328-3402

Date Prepared: 04/05/2001

FISCAL NOTE
 Requested by Legislative Council
 01/23/2001

Bill/Resolution No.: HB 1460

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 1460 increases the limitation on the aggregate amount of tax credits allowed for investments in renaissance fund corporations. Although the provisions of the bill set the overall limit at \$5,000,000 it is unknown how much will be claimed in the 01-03 biennium.

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:	02/06/2001

Date: 2-13-01
 Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1460

House FINANCE & TAXATION Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Amended

Motion Made By Rep Renner Seconded By Rep. Kelsh

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	✓				

Total (Yes) 12 No 3

Absent 0

Floor Assignment Rep. Renner

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

REPORT OF STANDING COMMITTEE

HB 1460: Finance and Taxation Committee (Rep. Carlson, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). HB 1460 was placed on the Sixth order on the calendar.

Page 2, line 14, remove the overstrike over "~~two~~", remove "~~five~~", remove the overstrike over "~~five hundred thousand~~", and overstrike "for all taxpayers in all"

Page 2, line 15, overstrike "taxable years" and insert immediately thereafter "Upon exhaustion of this limit, an additional two million five hundred thousand dollars in credits is available to renaissance fund organizations for investment in renaissance zones in which more than fifty percent of each qualifying organization's funds available for that renaissance zone have been invested"

Renumber accordingly

2001 SENATE FINANCE AND TAXATION

HB 1460

