

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

20006

2007 SENATE APPROPRIATIONS

SB 2006

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2006

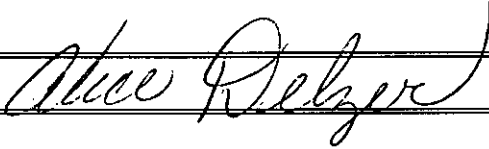
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 1-16-07

Recorder Job Number: 1215

Committee Clerk Signature



Minutes:

**Chairman Holmberg** opened the hearing on SB2006 regarding the State Tax Department on 2:00 pm on January 16, 2007.

**Cory Fong, State Tax Commissioner** presented written testimony(1) giving an oral overview of the agency, summary of major goals and objectives and major accomplishments. He also gave an explanation of variance.

**Senator Krauter** asked if there was any contract labor in the Tax Department.

**Cory Fong** stated they do not have contract labor in his office. The request of money will allow the Tax Department to contract with FAST Enterprises for on-site support during the next biennium. The on-site support will ensure that the State's new integrated tax system is managed well and will allow the Tax Department staff to learn more about configuration changes required to support legislative law changes. Comment was made concerning the E files increase in filing income tax returns. This office continues to hold customer service as a top priority. Our mission statement and guiding principles emphasize this philosophy and stress the importance of providing prompt, accurate and courteous customer service through fair and effective administration of tax laws. One of the guiding principles in the Office of State Tax Commissioner's Mission Statement states, "We recognize employees are our biggest

asset." It is important the Tax Department has the ability to provide competitive salaries, including the ability to offer salary increases to employees.

Discussion followed regarding a subcommittee and was agreed none was required on this bill.

**Chairman Holmberg** closed the hearing on SB2006

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2006

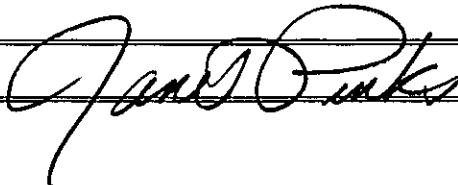
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 01/25/07

Recorder Job Number: 1865

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on SB 2006 with review of the bill.

Senator Krebsbach moved a DO PASS on SB 2006, Senator Lindaas seconded. There was no discussion. A roll call vote was taken resulting in 12 yeas, 0 no, 2 absent. Senator Wardner will carry the bill.

The hearing closed on SB 2006.

**FISCAL NOTE**  
**Requested by Legislative Council**  
01/02/2007

Bill/Resolution No.: SB 2006

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>			(\$12,780)			
<b>Expenditures</b>						
<b>Appropriations</b>			\$12,780			

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2006 is the appropriation for the Office of Tax Commissioner.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

In addition to the general appropriation for the Office of Tax Commissioner, Section 6 changes the statutory salary for the tax commissioner, which will reduce state general fund revenues, and increase appropriations by the amount shown above.

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.*

The appropriation for the Office of Tax Commissioner was 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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Office of Tax Commissioner
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	01/15/2007

Date: 1/25  
 Roll Call Vote #: 1

**2007 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2006**

Senate Appropriations Committee

Check here for Conference Committee

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

Action Taken Do Pass

Motion Made By Krebsbach Seconded By Lindaas

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm	✓		Senator Aaron Krauter	✓	
Senator Bill Bowman, V Chrm	✓		Senator Elroy N. Lindaas	✓	
Senator Tony Grindberg, V Chrm	✓		Senator Tim Mathern	✓	
Senator Randel Christmann			Senator Larry J. Robinson	✓	
Senator Tom Fischer	✓		Senator Tom Seymour	✓	
Senator Ralph L. Kilzer	✓		Senator Harvey Tallackson	✓	
Senator Karen K. Krebsbach	✓				
Senator Rich Wardner	✓				

Total (Yes) 9 12 No 0

Absent 8 2

Floor Assignment Wardner

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

**REPORT OF STANDING COMMITTEE (410)**  
January 25, 2007 3:05 p.m.

**Module No: SR-17-1265**  
**Carrier: Wardner**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2006: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS**  
**(12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2006 was placed on the**  
**Eleventh order on the calendar.**



2007 HOUSE APPROPRIATIONS

SB 2004

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2006

House Appropriations Committee

Government Operations Division

Check here for Conference Committee

Hearing Date: 2/27/07

Recorder Job Number: 4021

Committee Clerk Signature

*Kanya Voegele*

Minutes:

Chairman Carlson opened the hearing on Senate Bill 2006.

Cory Fong, State Tax Commissioner, spoke in support of the bill. See testimony  
2006.02.27.07. A.

Mr. Fong introduced staff present.

**Chairman Carlson:** Do you have figures comparing the budgets?

**Cory Fong:** I can get that for you.

Cory Fong continued with testimony.

**Chairman Carlson:** Refresh my memory on the repayment schedule?

**Cory Fong:** The repayment schedule began in the next biennium. Kathy will talk about the project in her testimony.

**Chairman Carlson:** How was it funded?

**Cory Fong:** You authorized us to borrow it.

**Chairman Carlson:** Is that calculated in the budget, the payments needed for this biennium?

**Cory Fong:** Yes.

**Chairman Carlson:** Where are we getting the \$5.2million to pay this back?

**Cory Fong:** The General Fund.

Mr. Fong continued with testimony.

**Representative Thoreson:** Are you planning to continue working with the Free File Alliance?

**Cory Fong:** Yes at this time we are planning to continue.

**Vice Chairman Carlisle:** Is there any turn back?

**Cory Fong:** About \$350,000

**Vice Chairman Carlisle:** What is their figure for the equity pool?

**Sandy Paulson:** \$205,595.

**Chairman Carlson:** Do you have a strategic plan?

**Cory Fong:** We do, it is always evolving and changing. We are in the process of restructuring the department.

Chairman Carlson requested a summary of goals and benchmarks for the department.

Discussion occurred regarding the Integrated Tax System.

Mr. Fong continued his testimony on page three.

**Chairman Carlson:** Is the onsite support going to be an ongoing cost?

**Cory Fong:** I don't see the number being that large in the future.

**Chairman Carlson:** Anticipated costs for maintenance fees?

**Cory Fong:** About \$350,080

Mr. Fong continued testimony.

**Chairman Carlson:** This does not reflected with other bills that are floating?

**Cory Fong:** No.

**Don Wolf:** There is an additional cost which is reflected but there is not an appropriation.

**Chairman Carlson:** The payment is a 6 year Loan?

**Cory Fong:** The last payment will be made in 2012.

**Chairman Carlson:** This is funding this and the next biennium?

**Cory Fong:** Correct.

Kathy Forsch, Director of Operations, spoke in support of the bill.

**Representative Kempenich:** Would this be an ongoing cost?

**Kathy Forsch:** We don't anticipate this to be an ongoing cost. This will mostly be for training of the staff on the new system. Once the staff is trained we should not need these funds.

**Representative Skarphol:** You have a \$1.3mil increase for software. Is that for the new tax program?

**Representative Skarphol:** Will the maintenance cost be relatively the same in the future?

**Kathy Forsch:** Yes

Representative Skarphol requested a summary of IT costs.

**Representative Skarphol:** I am assuming as you roll the projects out the implementation costs will end.

**Kathy Forsch:** That is correct.

**Representative Kempenich:** You make sure the component works before you bring out another one correct?

**Kathy Forsch:** We have a rollout every six months.

**Representative Skarphol:** Do you have a chart reflecting your progress with the various modules?

**Kathy Forsch:** What we said we are going to do is dead on to what we have done.

**Chairman Carlson:** Do you expect the amount \$ under budget on this project will hold?

**Kathy Forsch:** We expect to be about \$2.8 million under budget.

**Representative Kroeber:** Who is the loan through?

**Kathy Forsch:** Bank of America.

**Representative Kroeber:** Why all of a sudden are we collecting more corporate taxes?

**Kathy Forsch:** That is a question for the tax department also.

**Cory Fong:** Integrated tax system may be the reason.

Marcy Dickerson spoke in support of the bill.

**Representative Skarphol:** I am looking at #7 on the green sheet. Do we have to pick up the tab for that in General Fund Dollars?

**Cory Fong:** we will continue to do the work but will pay for it out of our budget.

Hearing was closed.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2006

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 3/14/07

Recorder Job Number: 5017

Committee Clerk Signature

*Kanya Vaejeh*

Minutes:

Chairman Carlson opened discussion on Senate Bill 2006.

Representative Kempenich handed out amendment 78030.0101.

**A motion was made by Representative Kempenich, seconded by Representative Skarphol to adopt amendment 78030.0101. Motion carried by voice vote.**

Representative Kempenich explained the amendment.

Vice Chairman Carlisle reviewed the green sheet and discussed turn back and equity.

**Representative Kempenich:** Does the Homestead Tax Credit need to be appropriated into your budget?

**Cory Fong:** The current \$4.5million is in our budget and from what I understand that is tied to the bill.

**A motion was made by Representative Kempenich, seconded by Representative Skarphol for a DO PASS AS AMENDED recommendation to the full committee. The committee vote was 8 Yeas, 0 Nays and 0 Absent and Not Voting. The bill will be carried by Representative Kempenich.**

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2006

House Appropriations Committee

Check here for Conference Committee

Hearing Date: March 14, 2007

Recorder Job Number: 5094

Committee Clerk Signature

*Stella N. Sand*

Minutes:

**Chm. Svedjan opened the hearing on SB 2006.**

**Rep. Kempenich** distributed amendment .0101 (Attachment A).

**Rep. Kempenich:** Why don't we all look at the green sheet. Basically we didn't do anything to the budget from when it came over to the Senate. This is one budget from last biennium that we spent \$14 million to put in an integrated tax processing system. I'm glad to say that we were up there the other day and the enterprises walked us through the system. It is up and operational for what they have in place so far. They have one more rollout in the systems. It is on time and actually under budget. If you go down the green sheet that the amendment addresses, there is \$5.3 million that is money that is appropriated for the first payment on this system. Part of the savings is kind of rolled together with 2, 3, and 4. There is like \$2.5 million that was under budget on the 14. Part of that is going into the payment of the first payment on this for the first biennium. Then on number 3, the 1.1 is for support training. Basically what they are going to try to do with that, which is money that has been appropriated already, they are going to train their people to do the upgrades themselves. They are doing this so they don't have to call back over the life of this system. They have people that know how to upgrade the system as there are upgrades that come forward in future years. This is probably going to be money well spent at this time on that. The maintenance contract is \$550,000. The rest if



equipment purchases, scanners, and so on. There is \$120,000 on federal contract for 2012. There is five years left on that. The other \$380,000 is for technology which is one of the big expenditures on their budget. Like all budgets we have had, there are salaries for the commissioner. We have to change that. They are anticipating about \$350,000 of turn back. They have got about a \$205,000 equity pool. The main change in this budget is salary adjustments with the 4 and 4. That is pretty much the budget. This is one agency that has been dropping FTE's. There is just not a lot to talk about in this budget this biennium as far as where things are headed.

**Chm. Svedjan:** So the amendment just clarifies the one time spending?

**Rep. Kempenich:** Well it's phase 1 of phase 3 on one time spending

**Rep. Kempenich motioned to adopt amendment .0101. Rep. Carlson seconded the motion.**

**Chm. Svedjan:** Is there discussion?

**Rep. Nelson:** On item 2 on the green sheets with the yearly payment, that would be paid over 3 biennium's?

**Chm. Svedjan:** Correct.

**Rep. Ekstrom:** They are still rolling it out. They haven't gotten all of the system in place. It was sold to us last biennium that this was going to increase the collections and the efficiency would be improved. That is one thing that they are going to hold their feet to the fire with that. That is one of the statements made when they sold us those two years ago. After we saw it the other day I think they probably will. We should start seeing some results on how this is changing.

**Rep. Nelson:** Will the payments drop off in subsequent bienniums? It appears that the \$5 million will?

**Rep. Kempenich:** Yes it is basically five. It will be this payment amount for another two years. They did go out and get Bank America. They have went outside the Bank of ND and got a 3% rate on this.

**Rep. Ekstrom:** There are two property tax bills out there right now. It is spending authority for the tax department to administer those two?

**Rep. Kempenich:** We talked about that and it was from our understanding that the language is in those bills for if those bills pass. One thing is the homestead tax credit is run through their office too and they will have to have an adjustment in that if it passes. The language is one thing. We discussed that.

**Rep. Klein:** Item 4 on the green shit where we went from general funds to unexpended loan funds, where did that come from?

**Rep. Kempenich:** It is all part of that. The system came in at like \$11.5 million. They had \$2.5 million of unexpended funds. The \$1.1 and \$550,000 was stuck into the first payment. That is basically where those funds came from.

**Rep. Gulleason:** You referred to \$205,000 in equity? That is additional equity put in there?

**Rep. Kempenich:** That is out of that \$10 million.

**Rep. Gulleason:** Was that the committee's recommendation to leave that in the budget?

**Rep. Kempenich:** We didn't put it in the budget I just brought that up. There is money that got put into the budget with the 4 and 4. This is out of that pool so it is already moved through.

**Rep. Gulleason:** Is it their share of the \$10 million or is it additional equity money?

**Rep. Kempenich:** Their share. We didn't put any extra money into this budget outside of what is in play right now.

**Rep. Gulleson:** Do they have additional equity money put in?

**Rep. Kempenich:** No. Outside the 4 and 4 there was no equity money put in there.

**Rep. Carlson:** I think it's important that we keep track of that. Every budget has an equity pool. An example of the Attorney General's office included \$654,000 of equity dollars included in the executive budget in addition to the \$350,000 that was in the equity pool. That is starting to amount to some fairly significant dollars that we have to keep track of.

**Rep. Ekstrom:** They have 9 open vacancies in their section. One of them is military which doesn't concern me. A couple of them have been open for quite some time. One has been open for 37 months.

**Rep. Kempenich:** They didn't talk about that. I think a couple of those positions are where they are having some trouble filling them and that is part of the equity business. They are trying to reduce that because a couple of them are fiscal people. They have had some trouble filling those positions. We didn't get into the length of time they have been open and stuff. It was mentioned and we did ask them about that.

**Rep. Carlisle:** There are three scenarios. We have had a couple of budgets where you've had scenario one with the OMB budget, scenario 2 with equity and governors, and scenario 3 where the Senate has added equity. We are trying to track those and there is some where the total is 3 separate scenarios.

**Rep. Monson:** I guess I still have a question about the \$14 million loan. I understand that there was some money left over. They went ahead and borrowed the money anyway to make payments?

**Rep. Kempenich:** They came in last biennium with this number. They put some of the money towards that. They didn't use it. It came in time and under budget. What they did was use some of this money to carry forward and do a support training for their staff and for ITE staff

that works with the tax department. When these upgrades take place they will save money. It is an expense right now but it is coming out of funds that are already borrowed. We are going to have our people that know how to upgrade the system without someone sending someone here to upgrade it.

**Chm. Svedjan:** The funds were borrowed for the system?

**Rep. Kempenich:** Yes.

**Chm. Svedjan:** There was some excess money that they devoted into those areas?

**Rep. Kempenich:** Yes and that is 3 % interest. They did use some of it to prepay it. They borrowed it out because it is set up on a six year note. That is what is going on. Instead of taking that back to the loan, they use that money to further the system. It is all tied into the system. We either spend this money through general fund money or do it, or we use this borrowed money to do it. It's a general fund. You are going to spend general fund money.

**Rep. Monson:** I just don't know why we would borrow money at 3% if you've got a lot? I know we are trying to balance the budget but it seems like a lot more money from the Bank of America even if it is 3%.

**Rep. Kempenich:** I don't know what the contract said either. I don't know if they are tied at that rate or if they are tied into something where payment becomes an issue. We didn't ask them that.

**Rep. Carlson:** Just a little clarification on that. They are still rolling out some of the packages. This is not complete so there is still money to be spent with this. They borrowed all the money with the 3%. It was set aside and they are paying as they go. They still anticipate having some of this extra money that shows up on the items. It's not done but in fact I don't know which one is going to be the next to roll out. They still have some work and money to spend on that project.

**Rep. Wald:** On the bottom of page 2 it talks about the salary of the tax commissioner. Is the authority to raise all of the elected officials in another bill or where does it come from?

**Rep. Kempenich:** That is right here. That is the whole thing. We need to do that because it is in statute of what those salaries are. It runs down through those sections of the code. That is what we have to do. Each budget has got to be changed if we are going to do this. Each one is in a different section of code.

**The motion to adopt amendment .0101 carried by a voice vote and the amendment was adopted.**

**Rep. Kempenich motioned for a Do Pass as Amended. Rep. Klein seconded the motion.**

**The motion carried by a roll call vote of 21 ayes, 0 nays and 3 absent and not voting.**

**Rep. Kempenich was designated to carry the bill.**

March 7, 2007

PROPOSED AMENDMENTS TO SENATE BILL NO. 2006

Page 3, after line 2, insert:

**"SECTION 7. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIRST LEGISLATIVE ASSEMBLY.** The total general fund appropriation line item in section 3 of this Act includes \$5,356,702 for the one-time funding items identified in this section. This amount is not a part of the agency's base budget to be used in preparing the 2009-11 executive budget. The state tax commissioner shall report to the appropriations committees of the sixty-first legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2007, and ending June 30, 2009.

Principal and interest costs for the integrated tax processing system      \$5,356,702"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2006 - State Tax Commissioner - House Action**

The House added a section identifying one-time funding included in the budget and providing for a report to the 61st Legislative Assembly on the agency's use of the one-time funding.

Date: 3/14/07

Roll Call Vote #: \_\_\_\_\_

**2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2006**

House \_\_\_\_\_ Appropriations- Government Operations \_\_\_\_\_ Committee

Check here for Conference Committee

Legislative Council Amendment Number 78030.0101

Action Taken Do Pass As Amended

Motion Made By Kempenich Seconded By Skarphol

Representatives	Yes	No	Representatives	Yes	No
Chairman Al Carlson	✓		Vice Chairman Ron Carlisle	✓	
Rep Keith Kempenich	✓		Rep Bob Skarphol	✓	
Rep Blair Thoreson	✓		Rep Eliot Glassheim	✓	
Rep Joe Kroeber	✓		Rep Clark Williams	✓	

Total Yes 8 No 0

Absent 0

Floor Assignment Kempenich

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

Date: 3/14/07  
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2006

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number 78030.0101

Action Taken Adopt Amendment 0101

Motion Made By Kempenich Seconded By Carlson

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Representative Wald			Representative Aarsvold		
Representative Monson			Representative Gulleson		
Representative Hawken					
Representative Klein					
Representative Martinson					
Representative Carlson			Representative Glassheim		
Representative Carlisle			Representative Kroeber		
Representative Skarphol			Representative Williams		
Representative Thoreson					
Representative Pollert			Representative Ekstrom		
Representative Bellew			Representative Kerzman		
Representative Kreidt			Representative Metcalf		
Representative Nelson					
Representative Wieland					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

*Vote - carries*



Date: 3/14/07  
 Roll Call Vote #: 2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2006

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number 78030.0101

Action Taken Do Pass as Amended by 0101

Motion Made By Kempenich Seconded By Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Representative Wald	✓		Representative Aarsvold	✓	
Representative Monson	✓		Representative Gulleon	✓	
Representative Hawken	✓				
Representative Klein	✓				
Representative Martinson	✓				
Representative Carlson	✓		Representative Glassheim	✓	
Representative Carlisle	✓		Representative Kroeber	✓	
Representative Skarphol	✓		Representative Williams	✓	
Representative Thoreson	✓				
Representative Pollert	✓		Representative Ekstrom	✓	
Representative Bellew	✓		Representative Kerzman	✓	
Representative Kreidt	✓		Representative Metcalf	✓	
Representative Nelson	✓				
Representative Wieland	✓				

Total (Yes) 21 No 0

Absent 3

Floor Assignment Kempenich

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

**REPORT OF STANDING COMMITTEE**

**SB 2006: Appropriations Committee (Rep. Svedjan, Chairman) recommends AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (21 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING). SB 2006 was placed on the Sixth order on the calendar.

Page 1, line 4, remove "and"

Page 1, line 5, after "Code" insert "; and to provide for a report to the legislative assembly"

Page 3, after line 2, insert:

**"SECTION 7. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIRST LEGISLATIVE ASSEMBLY.** The total general fund appropriation line item in section 3 of this Act includes \$5,356,702 for the one-time funding items identified in this section. This amount is not a part of the agency's base budget to be used in preparing the 2009-11 executive budget. The state tax commissioner shall report to the appropriations committees of the sixty-first legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2007, and ending June 30, 2009.

Principal and interest costs for the integrated tax processing system       \$5,356,702"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2006 - State Tax Commissioner - House Action**

The House added a section identifying one-time funding included in the budget and providing for a report to the 61st Legislative Assembly on the agency's use of the one-time funding.

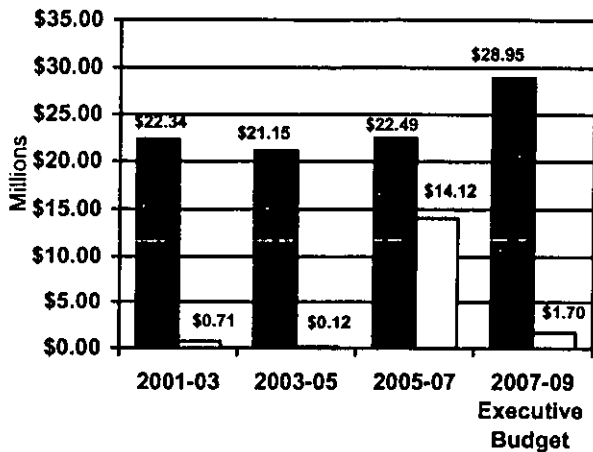
2007 TESTIMONY

SB 2006

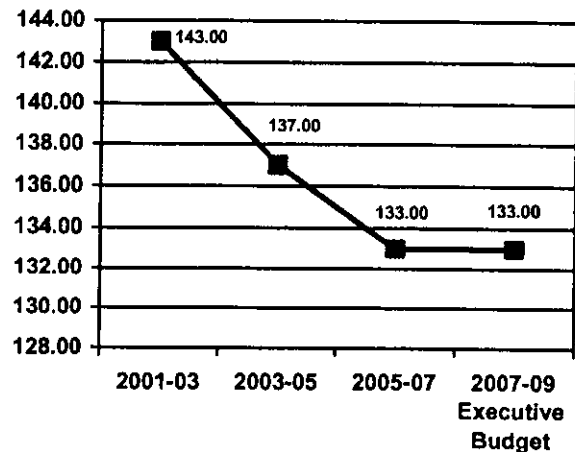
Department 127 - State Tax Commissioner  
 Senate Bill No. 2006

	FTE Positions	General Fund	Other Funds	Total
2007-09 Executive Budget	133.00	\$28,948,998	\$1,700,000	\$30,648,998
2005-07 Legislative Appropriations	133.00	22,485,152	14,120,000	36,605,152
Increase (Decrease)	0.00	\$6,463,846	(\$12,420,000)	(\$5,956,154)

Agency Funding



FTE Positions



■ General Fund □ Other Funds

Executive Budget Highlights

	General Fund	Other Funds (\$14,000,000)	Total (\$14,000,000)
1. Removes one-time funding for integrated tax processing system. (The Tax Department entered into an agreement with the Bank of America to finance, over a six-year period, the purchase of the integrated tax processing software from FAST Enterprises.)			
2. Adds funding for principal (\$4,083,705) and interest (\$1,272,997) costs for the integrated tax processing system. Payments for six years beginning July 2007 (executive budget identified as one-time funding).	\$5,356,702		\$5,356,702
3. Adds funding from unexpended funds relating to the \$14 million loan for the integrated tax processing system for onsite and postproduction system support		\$1,150,000	\$1,150,000
4. Changes funding for the annual maintenance agreement for the integrated tax processing system from the general fund to unexpended loan funds	(\$550,000)	\$550,000	\$0
5. Provides funding for information technology equipment over \$5,000 to purchase scanners	\$18,000		\$18,000
6. Provides \$4.5 million from the general fund for the homestead tax credit, the same as the 2005-07 biennium			\$0
7. Decreases funding for information technology contractual services due to elimination of the Federal Highway Administration program that has been providing grant money to states to enhance motor fuels tax projects		(\$120,000)	(\$120,000)
8. Adds funding for anticipated growth in information technology data storage needs and telephone service rates	\$380,485		\$380,485

