

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2202

2007 SENATE FINANCE AND TAXATION

SB 2202

# 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2202**

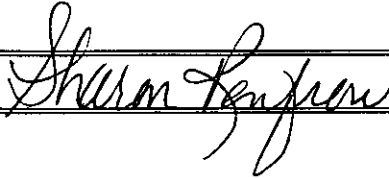
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 30, 2007

Recorder Job Number: # 2314

Committee Clerk Signature



Minutes:

**Sen. Urlacher** called the committee to order and opened the hearing on SB 2202.

**Sen. Cook:** prime sponsor of the bill appeared in support with handouts on Streamline Sales Tax stating that when you purchase something and the retailer collects the tax from you and remits it to the State, that's called sales tax. If the retailer does not collect the tax from you because you bought it from an out of state retailer, you still owe the tax and that tax is called use tax. SB 2202 simply requires that all of the sales tax dollars, the state sales tax dollars not the local tax dollars that are collected from vendors who register through the central registration system who do not have nexus in ND but they collect them in our sales tax, those dollars would go into, and this bill is called the property tax relief fund, its intended to be there for a future legislature to then address in a manner that would reduce the citizens taxes.

**Sen. Tollefson:** the volunteer part of it is difficult for me to understand, what advantage is there for them to do that?

**Sen. Cook:** we thought that they did not want to collect it because they wanted to take advantage of this uneven playing field and have some market advantage because they didn't have to collect the sales tax. I have since found out in my involvement that there are very few

companies out there that feel that way, but there are some. They didn't collect it because it was so complicated which subjects themselves to an audit.

**Sen. Horne**: help me understand the tax payer relief fund and its purpose?

**Sen. Cook**: my intent that it goes for tax relief and this particular bill was drafted for property tax relief and I chose that because we are having a lot of conversations about property tax relief this session.

**Sen. Triplett**: regarding the fiscal note, the 2.5-2.6 million is that the same that's been collected in the last biennium or is somebody making increasing for the next biennium.

**Sen. Cook**: out of the 31.9 million I referenced I think ND got about 1 ½ million.

**Sen. Tollefson**: this seems to dwell along the lines of interstate commerce, is the Congress in there anywhere, have they passed legislation affecting this and has Congress acted on these or don't they have to?

**Sen. Cook**: when the States are sitting at the tables dealing with issues we are always cognizant of Interstate Commerce Laws. The taxes applied at the destination for both interstate and intrastate sales, I don't think we're challenging any of them. My guess is if we did something that conflicted with Congress's laws that somebody would challenge it. Congress isn't going to slap our hands somebody else will.

**Sen. Urlacher**: isn't it fair to say that Congress is waiting on the action on Stream line sales tax agreements to see how it fits into the overall picture.

**Sen. Cook**: they are weighing very heavily on the states that have come forward in past legislation to be in full compliance. My understanding is that they really have one issue in over turning Quill vs. ND and that issue is what's called a small business exemption.

**Sen. Horne:** we are already a part of this stream line sales tax and we've been getting some money from the collection, voluntary payments, but the money has been going into the general fund and you're proposing to put it into property tax relief program?

**Sen. Cook:** that's correct.

**Sen. Anderson:** the money that's coming from this, stream line sales tax, why couldn't it go into the same pot and distributed the same way as the other state aid funds are? The state aid distribution.

**Sen. Cook:** it probably could, it was not my intent.

**Sen. Triplett:** a lot of what's been done in the past to get our laws in compliance with the agreement was required to sign on basically, but this particular is a voluntary thing, there is nothing requires us as part of the stream line sales tax group to do this, this is just a legislative choice as to where the new money is used, is that correct?

**Sen. Cook:** that's correct

**Sen. Oehlke:** this would apply to the 5 1/2 % of the State sales tax or 5 or whatever it is, it doesn't apply to local taxes at all and doesn't get that specific does it?

**Sen. Cook:** all of the local taxes, the 1%, 2% that are out there continue to be collected by the State of ND and remitted to the local governments.

**Bob Frantsvog** (?) ND League of Cities (didn't sign in) appeared to answer some questions by the committee.

**Sen. Cook:** the way I had it wrapped it originally, all of the sales tax went into the relief fund, Connie S. convinced me that the local tax should not go in there and I agreed. Of that 41 million dollars, 4.6 of that goes to local governments.

Closed the hearing.

**Sen. Tollefson** made a Motion for **DO PASS**, seconded by Sen. Oehlke.

**Sen. Horne**: If there is concern about all of this going into one depository area like in this case, property tax relief, this can be amended by another legislature sometime down on the road, can it not?

**Sen. Cook**: yes, it can be changed, voided or amended by future legislation. If it does pass this session it will take whatever is collected and put it in funds, not going to be part of our budget.

**Sen. Horne**: question on how distributed

**Sen. Triplett**: made a comment

Roll call vote: 7-0-0      Sen. Cook will carry the bill.

**FISCAL NOTE**  
**Requested by Legislative Council**  
01/16/2007

Bill/Resolution No.: SB 2202

**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>			(\$2,576,000)	\$2,576,000		
<b>Expenditures</b>						
<b>Appropriations</b>						

**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 2202 allocates all sales tax revenue collected through the streamlined sales tax central registration system to the North Dakota taxpayer relief fund.

**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.*

Current estimates indicate the total revenue received through the streamlined sales tax central registration system will be approx. \$2.8 million in 2007-09 biennium. Under the provisions of this bill, this \$2.8 million will be deposited in the North Dakota taxpayer relief fund. This will result in a decrease in state general fund revenues of approx. \$2.576 million, and a decrease in the state aid distribution fund of approx. \$224,000.

**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, 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>	01/29/2007

Date: 1-30-07

Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2202

Senate Finance & Tax Committee

Check here for Conference Committee

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

Action Taken DO Pass & Refer to Appropri's

Motion Made By Sen. Tollefson Seconded By Sen. Oehlke

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Anderson	✓	
Sen. Tollefson	✓		Sen. Horne	✓	
Sen. Cook	✓		Sen. Triplett	✓	
Sen. Oehlke	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Sen. Cook

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



**REPORT OF STANDING COMMITTEE**

**SB 2202: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2202 was rereferred to the Appropriations Committee.**

2007 SENATE APPROPRIATIONS

SB 2202

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2202

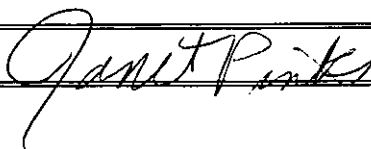
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02/09/07

Recorder Job Number: 3272

Committee Clerk Signature



Minutes:

**Chairman Holmberg** opened the hearing on SB 2202.

**Dwight Cook, District 34, Mandan**, introduced SB 2202 indicating it takes dollars ND receives from remote sellers who voluntarily sign up to collect sales tax and transfers those dollars into a tax relief fund. He indicated that the 13 states have 1100 sellers that remit the sales tax to those states. The intention is to take that money, put it in a relief fund so the future legislators can give back to the taxpayers.

**Senator Bowman** asked how this worked and how everyone shares equally. The response was this session it is created and dollars collected during the next biennium will go into it and future legislators will have the opportunity to decide how they will offer the relief.

**Senator Mathern** asked if the money would still be identifiable with or without this bill. The response was yes.

**Chairman Holmberg** closed the hearing on SB 2202.

**Senator Grindberg** moved a do pass, **Senator Bowman** seconded. There was discussion about how the bill works, whether it reduces the ending fund balance. A roll call vote was taken resulting in 8 yes, 5 no, 1 absent. The motion carried and **Senator Cook** will carry the bill.

Date:  
Roll Call Vote #:

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2202

Senate Appropriations Committee

Check here for Conference Committee

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

Action Taken Do Pass

Motion Made By Grindberg Seconded By Bowman

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) 8 No 5

Absent 1

Floor Assignment Cook FinTax

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

REPORT OF STANDING COMMITTEE (410)  
February 9, 2007 1:22 p.m.

Module No: SR-28-2752  
Carrier: Cook  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**SB 2202: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS**  
(8 YEAS, 5 NAYS, 1 ABSENT AND NOT VOTING). SB 2202 was placed on the  
Eleventh order on the calendar.

2007 HOUSE FINANCE AND TAXATION

SB 2202

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2202

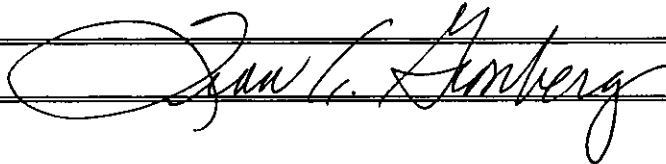
House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 2-27-07

Recorder Job Number: 3931

Committee Clerk Signature



Minutes:

**Chairman Belter** opened the hearing on SB 2202.

**Senator Dwight Cook, Dist 34:** SB 2202 deals with the streamlined sales tax. This is not a bill that we have to pass to stay in compliance. This is a bill that I introduced to assure that the dollars that ND receives because of remote sellers who voluntarily collect and remit our sales tax, that those dollars go into a special fund for tax relief. I believe that over the years that if we look at all the dollars that the state has not received because of the complexity of the sales tax laws, because we've had to pass a balanced budget, we had to go out and find more dollars from the tax payers of ND to fund the services that we try to provide. And I think that it's only fair then as we start to correct this problem, and start seeing these dollars start to come in, that we don't use these dollars just to expand government, but we use these dollars to give back to the people who have been paying for the government services over all these years because these sales taxes have not been collected. That is the sole intent of SB 2202. If we had this in place last session, we would have \$1.7M in this fund already. The fiscal note on here is a projection of what the state's going to receive in the next biennium - I think it's around \$2.5M.

**Rep Weiler:** You just mentioned the number that by 2008 it could be 40 to 60M? That's not the money that would go into this fund.

**Senator Cook:** No, that would not be the money that would go into that fund. That would only be the money that fund if we ever managed to get all of it collected.

**Rep Weiler:** Page 2, line 2 of the bill says "property tax relief" and I applaud the bill. What would be do with \$2.576M? How can we take that amount and have property tax relief?

**Cook:** It doesn't have to be property tax relief. The key to me is that it is tax relief. It can complement other dollars that we have.

**Rep Wragham:** Is there a ND tax relief fund in place now? Or is that another bill?

**Cook:** SB 2202 creates it. It's not in place now. First thing I need to do is get it out of the budget and then it's dedicated to tax relief and I would see that the next legislative assembly will deal with it.

**Rep Pinkerton:** I think it's an excellent bill and it should have a do pass on it.

**Cook:** Being involved in streamline as I have been is gotten me to be exposed all over including the Wall Street Journal. I was happy to be able to tell him that we had legislation coming into the ND legislature to do just that - give it back.

Opposition or neutral

**Rep Froseth:** I would like some discussion on property tax relief purposes with the emphasis on property. This is a sales tax being collected and this would dedicate it back to property tax relief. I'm not so sure that that's what it should do. Maybe if there is enough money in this fund eventually it should lower the sales tax by .5%.

**Rep Pinkerton:** (cannot hear his comments)

**Rep Vig:** Line 8 says only the tax collected by the streamlined sales tax - it's not all sales tax, only the ones that are registered.

**Chairman Belter:** Yes, that's correct.

**Chairman Belter** closed the hearing on SB 2202.



## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2202

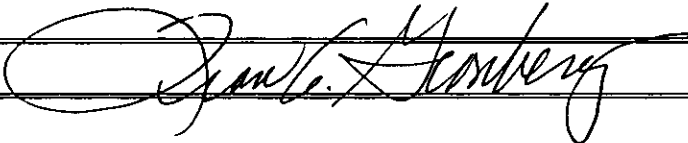
House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 2-27-07

Recorder Job Number: 3990

Committee Clerk Signature



Minutes:

**Chairman Belter** asked the committee to act on SB 2202.

**Rep Drovdal** moved the amendment (delete the word property on page 2).

**Rep Owens** seconded the motion

**Rep Weiler:** I'm going to resist the motion. Although it is a small amount of dollars right out of the chute, the sponsor of the bill wanted it and I also think that the property tax situation that we have I think that any additional money that we can put into property tax relief is going to help us sustain that package and I would rather see it be property tax than just a simple tax relief.

**Rep Pinkerton:** It seems as a merchant that you are hit twice - sales tax and property tax.  
(can't hear all the comments)

**Rep Drovdal:** With all due respect to Rep. Weiler. I though Sen Cook said he was in support of a tax relief bill as property or other. I would like to not tie the hands of future legislators by restricting it strictly to property tax.

**Rep Owens:** Partially I am in agreement. I don't want to tie the hands of the legislature.

**Rep Headland:** If we were to leave it the way it currently was, could it still not be used for any other tax relief purposes? By changing it then do we force it into a conference committee? If you leave it as is, it goes through and the governor can sign it, right?

**Chairman Belter:** You don't force it. If they accept your amendment, it's a done deal.

**Rep Weiler:** One advantage to leaving it the way it is, is we could keep it out of conference committee. But it doesn't tie the hands of the next legislative body. Because they can come in and switch this if there is a better reason for it.

**Rep Pinkerton** (can't hear)

**Roll Call Vote on the amendment**

(yes) 8 (no) 6 (absent) 0

**Rep Wrangham made a Do Pass As Amended motion**

**Rep Brandenburg seconded the Motion**

(yes) 13 (no) 1 (absent) 0

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2202

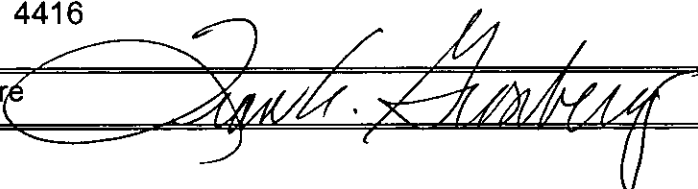
House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 3-6-07

Recorder Job Number: 4416

Committee Clerk Signature



Minutes:

**Chairman Belter** called the committee to order to act on SB 2202. We sent it out with a do pass but it needs to be rereferred to appropriations.

**Rep Grande made a motion to reconsider the previous action**

**Rep Drovdal seconded the motion**

**The motion passed on a voice vote**

**Rep Froseth made a Do Not Pass motion**

**Rep Froelich seconded the motion**

**Rep Weiler:** We just voted yester day for a do pass. I would like an explanation why we would not pass it. We brought it back for reconsideration, and now someone makes a motion to do not pass. I like the idea that the money goes into a tax payer relief fund. If we get money from the streamlined tax, I would rather the money go into a fund for the people than be spent. We have enough money to spend. I'm going to resist the motion.

**Rep Wrangham:** I supported this bill. It's the best thing I've seen since streamlined sales tax.

**Page 2**

**House Finance and Tax Committee**

**Bill/Resolution No. SB 2202**

**Hearing Date: 3-6-07**

**Rep Owens: Ditto**

**The Do Not Pass motion failed**

**(yes) 5 (no) 8 (absent) 1**

**Rep Weiler made a Do Pass As Amended and be Rereferred to Appropriations**

**Rep Owens seconded the motion**

**(yes) 8 (no) 5 (absent) 1**

**Carrier: Rep Weiler**

70099.0101  
Title.0200

Adopted by the Finance and Taxation  
Committee

February 27, 2007

**House Amendments to SB 2202 (70099.0101) - Finance and Taxation Committee  
02/27/2007**

Page 2, line 2, remove "property"

Renumber accordingly

Date: 2-27-07  
Roll Call Vote #: 2202

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

House \_\_\_\_\_ Finance & Tax \_\_\_\_\_ Committee

Check here for Conference Committee

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

Action Taken Amendment - 0200

Motion Made By Drovdal Seconded By Owens

Representatives	Yes	No	Representatives	Yes	No
Chairman Belter	✓		Rep. Froelich	✓	
Vice Chairman Drovdal	✓		Rep. Kelsh		✓
Rep. Brandenburg	✓		Rep. Pinkerton		✓
Rep. Froseth	✓		Rep. Schmidt		✓
Rep. Grande		✓	Rep. Vig	✓	
Rep. Headland		✓			
Rep. Owens	✓				
Rep. Weiler		✓			
Rep. Wrangham	✓				

Total (Yes) 8 No 6

Absent 0

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

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

Date: 2-21-07  
Roll Call Vote #: 2202

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

House \_\_\_\_\_ Finance & Tax \_\_\_\_\_ Committee

Check here for Conference Committee

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

Action Taken Do Pass as Amended

Motion Made By Rep. Wrangham Seconded By Rep. Brandenburg  
~~Rep. Pinkerton~~

Representatives	Yes	No	Representatives	Yes	No
Chairman Belter	✓		Rep. Froelich	✓	
Vice Chairman Drovdal	✓		Rep. Kelsh	✓	
Rep. Brandenburg	✓		Rep. Pinkerton	✓	
Rep. Froseth	✓		Rep. Schmidt	✓	
Rep. Grande	✓		Rep. Vig		✓
Rep. Headland	✓				
Rep. Owens	✓				
Rep. Weiler	✓				
Rep. Wrangham	✓				

Total (Yes) 13 No 1

Absent 0

Floor Assignment Rep. Weiler

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

**REPORT OF STANDING COMMITTEE**

**SB 2202: Finance and Taxation Committee (Rep. Belter, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2202 was placed on the Sixth order on the calendar.**

Page 2, line 2, remove "property"

Renumber accordingly



Date: 3-6-07  
Roll Call Vote #: 2202 #1

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

House \_\_\_\_\_ Finance & Tax \_\_\_\_\_ Committee

Check here for Conference Committee

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

Action Taken Do Not Pass

Motion Made By Rep. Froseth Seconded By Rep. Froelich

Representatives	Yes	No	Representatives	Yes	No
Chairman Belter	✓		Rep. Froelich	✓	
Vice Chairman Drovdal		✓	Rep. Kelsh		✓
Rep. Brandenburg			Rep. Pinkerton		✓
Rep. Froseth	✓		Rep. Schmidt		✓
Rep. Grande		✓	Rep. Vig	✓	
Rep. Headland	✓				
Rep. Owens		✓			
Rep. Weiler		✓			
Rep. Wrangham		✓			

Total (Yes) 5 No 8

Absent 1

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

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

Failed

Date: 3-6-07  
Roll Call Vote #: 2202 #2

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

House \_\_\_\_\_ Finance & Tax \_\_\_\_\_ Committee

Check here for Conference Committee

Legislative Council Amendment  
Number

Action Taken Do Pass <sup>AS Amended</sup> + Rerefer to Appropriations

Motion Made By Rep. Weiler Seconded By Rep. Owens

Representatives	Yes	No	Representatives	Yes	No
Chairman Belter		✓	Rep. Froelich	✓	✓
Vice Chairman Drovdal	✓		Rep. Kelsh	✓	
Rep. Brandenburg			Rep. Pinkerton	✓	
Rep. Froseth		✓	Rep. Schmidt	✓	
Rep. Grande	✓		Rep. Vig		✓
Rep. Headland		✓			
Rep. Owens	✓				
Rep. Weiler	✓				
Rep. Wrangham	✓				

Total (Yes) 8 No 5

Absent 1

Floor Assignment Rep. Weiler

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

REPORT OF STANDING COMMITTEE (410)  
March 6, 2007 1:41 p.m.

Module No: HR-42-4560  
Carrier: Weller  
Insert LC: 70099.0101 Title: .0200

**REPORT OF STANDING COMMITTEE**

**SB 2202: Finance and Taxation Committee (Rep. Belter, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (8 YEAS, 5 NAYS, 1 ABSENT AND NOT VOTING). SB 2202 was placed on the Sixth order on the calendar.**

Page 2, line 2, remove "property"

Renumber accordingly

2007 HOUSE APPROPRIATIONS

SB 2202

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2202

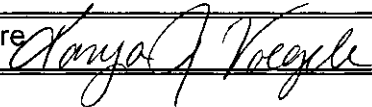
House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 3/20/07

Recorder Job Number: 5343

Committee Clerk Signature



Minutes:

Chairman Carlson opened the hearing on Senate Bill 2202

Senator Cook explained the bill. Talking points are on attachment 2202.3.20.07 A

**Chairman Carlson:** We are not going to debate streamline sales tax just the fund and why you think that money should be set aside and not just rolled into the general fund like any other sales tax is collected. Why do you want this money set aside?

**Senator Cook:** We have been losing money. We have money that has not been collected because of the fact that our sales tax system is not up to the 21<sup>st</sup> century where we have people doing commerce out sided of state borders which causes the fact that out of state sellers are not collecting our tax dollars. That has been dollars that for years have not been coming into our accounts. If everybody was legally paying the taxes that we are owed, we would not have had to make up for our lost revenue.

**Chairman Carlson:** How do we get it back when it is setting in a fund?

**Senator Cook:** That would be a decision of a future legislature.

**Representative Kroeber:** Page one line 22, are we talking about the same state aid distribution fund we have now?

**Senator Cook:** 5% Sales tax is going into the fund and part of that goes to the state aid distribution fund.

**Representative Kroeber:** So it is only four-tenths of a percent like it is now.

**Senator Cook:** That is correct. Local taxes still go to local Government.

**Chairman Carlson:** One could take the argument that being these taxes have not been collected over the years that now because we are getting some of those they should be used in the general fund today to fund general government because we have not received the money in the past. So the opposite side of your argument of putting it aside for tax relief could also be that now that we have gotten it maybe we should be using it.

**Senator Cook:** Good point. If you believed that we short changed local government because we didn't have this money then you are right. I don't think we short changed government. I think we are going back on taxpayers to fund the government that we want to deliver.

**Representative Glasheim:** The \$41-64million is that in sales or in anticipated tax collection?

**Senator Cook:** That is sales tax dollars collected.

**Representative Glasheim:** That would depend upon enough states agreeing and the federal government allowing it?

**Senator Cook:** The only way we can start to collect 100% of that money is to number one: every remote seller that is selling into the state of ND says I am going to collect ND sales tax and number two every ND citizen who is buying from out of state and not having the sales tax collected from then all of a sudden say I am going to do what I am supposed to do and pay my use tax or number three streamline of course is up and running, congress had overturned quill and would mandate that every remote seller collects and remits a state sales tax.

**Chairman Carlson:** That would be internet, catalog and all those type of sales that are not collected today. These are dollars from voluntary submission by retailers that have voluntarily agreed to submit the sales tax in our state.

**Representative Skarphol:** What would happen if I bought something in Canada or Mexico?

**Senator Cook:** You would still owe the sales tax.

**Representative Skarphol:** I would still owe it but there would be no one to collect it.

**Senator Cook:** Unless they volunteered to collect it.

The hearing was closed.

