

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2325

2007 SENATE FINANCE AND TAXATION

SB 2325

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2325**

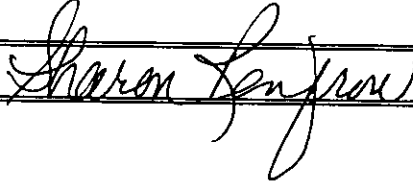
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 24, 2007

Recorder Job Number: # 1821

Committee Clerk Signature



Minutes:

Sen. Urlacher called the committee to order and opened the hearing on SB 2325.

Sen. Nething appeared as prime sponsor of the bill stating this bill is a reduction in the tax and the whole thing reflects the percentage and carries with it about a 60 million dollar impact.

Sandy Clark of NDFB appeared in opposition with written testimony. (See attached)

Woody Barth of NDFU appeared in opposition stating we understand the need for tax relief but the priority of NDFU's is if there's tax reduction and such we'd like to the priority meaningful property taxes being reduced, property tax deductions here in ND to help family farmers and ranchers, and rural citizens with tax burden. We would like the most relief to be shown in the area of property taxes.

Sen. Oehlke: What do you mean by meaningful property tax reductions?

Woody: funding education at 70%, in the area of when you're talking 55 to 60% of property taxes in my area for education and if you increase the state fund in proportionally we would be looking at 1/3 to 40% reduction in property taxes on my farm.

Sen. Cook: the goal would be to reduce that percentage down to 1 ½ %, would you support efforts that assured nobody in the state of ND paid more than 1 ½ % of their true and full value of their property?

Woody: yes, we could support that if it is done with a balance that the counties could live with the services that we ask for the gravel roads, social services and things like that. Yes, we could support something like that.

Cheryl Bershian: ND Human Rights Coalition appeared in opposition of the tax cuts and asked the committee as they consider any tax reductions in any fashion including income tax that it provide an avenue for the other committees to make sure they have funded the programs that we should fund for the folks are the least capable of surviving in our economy first.

Sen. Urlacher, so the question is what's adequate?

Sen. Cook: the total changes in the Governor's budget based on legislation that's been introduced increasing spending some are over a billion dollars. In those bills must be the adequate services that you are asking for, is that a fair assumption?

Cheryl: I'm just asking that you give those that deserve and need are being recognized.

Arvid Winkler: Barnes Co. Assessor appeared in opposition basically stating that the mill determines what that will be for Ag Land on the 10% factor.

No further testimony, Closed the hearing.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2325**

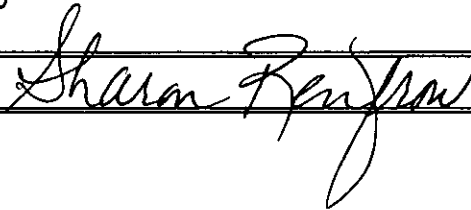
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 31, 2007

Recorder Job Number: # 2476

Committee Clerk Signature



Minutes:

Sen. Urlacher called the committee back to order to take action on SB 2325.

Sen. Cook: made a **Motion for DO NOT PASS**, seconded by Sen. Triplett.

Sen. Urlacher: relates to income tax rate for individual State trusts.

Sen. Anderson: It basically reduces individual income rates by two tenths of 1% in all the brackets.

Roll call vote: 7-0-0

Sen. Anderson will carry the bill.

FISCAL NOTE
 Requested by Legislative Council
 01/17/2007

Bill/Resolution No.: SB 2325

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
Revenues			(\$32,700,000)			
Expenditures						
Appropriations						

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 2325 reduces individual income tax rates by 2/10's of a percent beginning with tax year 2007.

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.*

Section 1 of SB 2325 reduces the rates on the state's optional "long form," Form ND-2. Section 2 of the bill increases the brackets for the state's primary form, Form ND-1, to the level established for tax year 2007, and reduces each rate 2/10's of a percent.

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.*

SB 2325 is expected to reduce state general fund revenues by an estimated \$32.7 million in the 2007-09 biennium.

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.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	01/23/2007

Date: 1-31-07

Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2325

Senate Finance & Tax Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Sen. Cook Seconded By Sen. Triplett

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

Total (Yes) 7 No 0

Absent 0

Floor Assignment Sen. Anderson

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

REPORT OF STANDING COMMITTEE (410)
February 1, 2007 8:23 a.m.

Module No: SR-22-1731
Carrier: Anderson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2325: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO NOT PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2325 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

SB 2325



1101 1st Ave. N., Fargo, ND 58102
P.O. Box 2064, Fargo, ND 58107-2064
Phone: 701-298-2200 • 1-800-367-9668 • Fax: 701-298-2210

4023 State St., Bismarck, ND 58503
P.O. Box 2793, Bismarck, ND 58502-2793
Phone: 701-224-0330 • 1-800-932-8869 • Fax: 701-224-9485

Senate Finance & Tax Committee

January 24, 2007

SB 2325 Testimony by North Dakota Farm Bureau

presented by Sandy Clark, public policy team

Good morning, Chairman Urlacher and members of the committee. My name is Sandy Clark and I represent North Dakota Farm Bureau.

North Dakota Farm Bureau stands today in opposition to SB 2325. We don't disagree that a reduction in income tax rates is a noble effort.

However, North Dakota Farm Bureau is a staunch advocate for property tax relief as the vehicle to return budget surplus to the taxpayers of North Dakota.

Property tax relief was the election theme for both parties last fall. We believe it is important for the Legislature to follow through on that promise.

You will hear proponents of this bill support the premise that the surplus should be returned to those who paid it through income tax, because property tax did not generate the surplus. While that is true, North Dakota's income tax rates are among the lowest in the nation, while our property taxes are high.

At the same time, property tax relief will increase the state's share of K-12 education funding. That will assist the equity problem that faces education funding and help fulfill the state's obligation to provide uniform K-12 education funding.

I would point out that NDFB's highest priority is property tax relief. We do have a policy that calls for an increase in income tax with a corresponding reduction in property tax.

We must oppose this bill because it does not call for an increase, but a decrease in income tax.

We encourage you to consider a "do not pass" recommendation on this bill. Thank you for your consideration. I would be happy to try to answer any questions you may have.