

FISCAL NOTE
Requested by Legislative Council
01/21/2019

Amendment to: SB 2352

- 1 A. **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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$124,400,000		
Expenditures						
Appropriations						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **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 2352 creates a long-term care surtax applied to individual income tax liabilities.

- 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 2352 imposes a 15 percent surtax on individual income tax liabilities. Section 2 distributes the surtax revenue to the North Dakota health care trust fund.

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, SB 2352 is expected to generate approximately \$124.4 million for the North Dakota health care trust fund in the 2019-21 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn Strombeck

Agency: Office of Tax Commissioner

Telephone: 701.328.3402

Date Prepared: 01/26/2019

FISCAL NOTE
Requested by Legislative Council
01/21/2019

Bill/Resolution No.: SB 2352

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Date Prepared: 01/26/2019

2019 SENATE FINANCE AND TAXATION

SB 2352

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2352
1/29/2019
Job #31634

- Subcommittee
 Conference Committee

Committee Clerk: Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new subsection to section 57-38-30.3 of the North Dakota Century Code, relating to a long-term care surtax on income; to amend and reenact section 57-38-55 of the North Dakota Century Code, relating to the disposition of long-term care surtax revenue; to provide an effective date; and to provide an expiration date.

Minutes:

Attachments: 0

Chairman Cook: Called the hearing to order on SB 2352.

Senator Dotzenrod: Introduced the bill. This is a bill that deals with nursing home funding. I think the previous bill really covered what this issue is regarding the need for funding. This bill deals with long term care funding and this continuing problem on how we need to pay for it. ND currently has a health care trust fund. This bill imposes on income tax payers, a 15% sur tax on their state income tax liability. That would be for individuals as estates and trusts, to be deposited into the current health care trust fund. This fund has been on our century code for several sessions. It hasn't been used a lot but there is money that goes through there that goes in to support long term care. There should generate about \$124 million in the next biennium. Line 24 shows a figure of \$281 million and as indicated, if the balance in the fund exceeds that then the sur tax goes away. That number came from looking at the states obligation in the next biennium. Total spending with federal and state together is about double that. \$281 is what is estimated to be our state obligation in the next two years. The way that that language works is that if we exceed the \$281 million in this trust fund, then the sur tax goes away. I introduced this bill because the problem seems to be with us every session. I really wanted to make this obligation a priority. We are treating this issue as an afterthought rather than an obligation to those who have gone before us who are exhausted and need us to make this a priority. Government should function to provide services and funding for them. I wanted to find a way to get us to the point where we are not treating this as an inconvenience. It is a straight forward proposition. I will stand for questions.

Chairman Cook: Any further testimony in support? Any opposed? Neutral? Hearing none we will close the hearing on SB 2352.

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2352
2/4/2019
Job #32112

- Subcommittee
 Conference Committee

Committee Clerk: Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new subsection to section 57-38-30.3 of the North Dakota Century Code, relating to a long-term care surtax on income; to amend and reenact section 57-38-55 of the North Dakota Century Code, relating to the disposition of long-term care surtax revenue; to provide an effective date; and to provide an expiration date.

Minutes:

Attachments: 1

Chairman Cook: Called the committee to order on SB 2352.

Senator Dotzenrod: I do have some amendments. See attachment #1. The way the bill was written measured how much came in in terms of total accumulative deposits. When those total deposits hit \$231 million, the tax went away. I didn't want it to work that way. I wanted the revenue to flow in there and if the balance ever went over \$281 million, then the tax would go away. I wanted the money to flow in and flow out and be appropriated. This says is that if the ending balance as of the last day of any year exceeds \$281 million, then the tax become ineffective. You only measure it once a year at the last day of the year.

Chairman Cook: How does this money get spent?

Senator Dotzenrod: This goes into the nursing home Health Care Trust Fund. Any revenue that is generate would go into that fund. The legislature has been appropriating and taking some funds out of that. It covers only a few nursing homes. IT was created because of a few nursing homes. It can be appropriated by the legislature for nursing home expenses in general.

Chairman Cook: So the only way the money in this trust fund gets spent is if it is appropriated by the legislature?

Senator Dotzenrod: Yes.

Chairman Cook: Any they can appropriate it to a certain nursing home.

Senator Dotzenrod: I do not know about that. I think it can be generally appropriated. The 50-30-02 is very short. It is about a one-page thing. It looks like the revenues that go in there are available to be appropriated.

Chairman Cook: When was the last time the money was appropriated out of this fund.

Senator Dotzenrod: I think there has been some taken out every session.

Chairman Cook: How did the original money get in there?

Senator Dotzenrod: I think it was created because there were several nursing homes that were publically owned by the tax payers and they didn't have a way to deal with some of the money that flowed in and out. That is why they created this trust fund. It is a chapter called "Nursing Facility Alternative Funding". "North Dakota Health Care Trust Fund created uses: continuing appropriation there is created in the State Treasurer special fund known as the ND Health Care Trust Fund. It consists of revenue received from government nursing facilities for remitting to the fund under the former section. The department should administer the fund. The state investment board shall invest the money in accordance with chapter 21-10. Any income earned must be deposited in the ND Health Care Trust Fund. All money is available to the department for transfer to long term care facility loan fund as authorized by legislative appropriation for making loan pursuant to the requirement chapter B. Payment is authorized by legislative appropriations of cost and other programs authorized by the legislative assembly." –ND Century Code I read it that B would give them the authority to transfer that money to the nursing homes.

Chairman Cook: Did you say something about a continuing appropriation?

Senator Dotzenrod: That was on the previous page on A. When I started inquiring about this, I talked to Allan Knudson about this health care fund and asked him if it got used and what it was for. I also asked him if this money could be used for nursing homes. He said yes.

Senator Dotzenrod: Moved to adopt the amendments.

Senator Unruh: Seconded.

Chairman Cook: Any Discussion?

A Voice Vote Was Taken.

Motion Carried.

Senator Dotzenrod: Moved a Do Pass as Amended on SB 2352.

Senator Patten: Seconded.

Chairman Cook: Any Discussion?

A Roll Call Vote Was Taken. 1 yea, 5 nays, 0 absent.

Motion Failed.

Senator Kannianen: Moved a Do Not Pass on SB 2352 as Amended.

Senator Unruh: Seconded.

Chairman Cook: Any Discussion?

A Roll Call Vote Was Taken. 5 yeas, 1 nay, 0 absent.

Motion Carried.

Senator Patten will carry the bill.

Senator Dotzenrod: Thank you for allowing me to put the amendments on.

SL
1/26/19

PROPOSED AMENDMENTS TO SENATE BILL NO. 2352

Page 1, line 24, after "that" insert "the ending balance of the North Dakota health care trust fund, as of December thirty-first of any year, exceeds"

Page 1, line 24, remove "has been deposited in the North Dakota health care"

Page 2, line 1, remove "trust fund from the long-term care surtax imposed in section 57-38-30.3"

Renumber accordingly

Date: 2-4-19
Roll Call Vote #: 1

**2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2352**

Senate Finance and Taxation

Committee

Subcommittee

Amendment LC# or Description: 19-1131-01001

Recommendation:	<input checked="" type="checkbox"/> Adopt Amendment <input type="checkbox"/> Do Pass <input type="checkbox"/> Do Not Pass <input type="checkbox"/> As Amended <input type="checkbox"/> Place on Consent Calendar <input type="checkbox"/> Reconsider	<input type="checkbox"/> Without Committee Recommendation <input type="checkbox"/> Rerrefer to Appropriations
Other Actions:	<input type="checkbox"/>	

Other Actions: Reconsider _____

Motion Made By Dotzenrod Seconded By Unruh

Total (Yes) _____ No _____

Absent

Floor Assignment

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

Date: 2-4-19
Roll Call Vote #: 2

**2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2352**

Senate Finance and Taxation Committee

Committee

Subcommittee

Amendment LC# or Description:

Recommendation:	<input type="checkbox"/> Adopt Amendment <input checked="" type="checkbox"/> Do Pass <input type="checkbox"/> Do Not Pass <input checked="" type="checkbox"/> As Amended <input type="checkbox"/> Place on Consent Calendar <input type="checkbox"/> Reconsider	<input type="checkbox"/> Without Committee Recommendation <input type="checkbox"/> Rerrefer to Appropriations
Other Actions:	<input type="checkbox"/>	

Other Actions: Reconsider

Motion Made By Potzenried Seconded By Patten

Total (Yes) 1 No 5

Absent D

Floor Assignment

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

Date: 2-4-19
Roll Call Vote #: 3

**2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2352**

Senate Finance and Taxation Committee

Committee

Subcommittee

Amendment LC# or Description:

Recommendation:	<input type="checkbox"/> Adopt Amendment <input type="checkbox"/> Do Pass <input checked="" type="checkbox"/> Do Not Pass <input checked="" type="checkbox"/> As Amended <input type="checkbox"/> Place on Consent Calendar <input type="checkbox"/> Reconsider	<input type="checkbox"/> Without Committee Recommendation <input type="checkbox"/> Rerrefer to Appropriations
Other Actions:	<input type="checkbox"/>	

Other Actions: Reconsider _____

Motion Made By Kannianen Seconded By Unruh

Total (Yes) 5 No 1

Absent D

Floor Assignment Patten

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

REPORT OF STANDING COMMITTEE

SB 2352: Finance and Taxation Committee (Sen. Cook, Chairman) recommends
AMENDMENTS AS FOLLOWS and when so amended, recommends **DO NOT PASS** (5 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). SB 2352 was placed on the Sixth order on the calendar.

Page 1, line 24, after "that" insert "the ending balance of the North Dakota health care trust fund, as of December thirty-first of any year, exceeds"

Page 1, line 24, remove "has been deposited in the North Dakota health care"

Page 2, line 1, remove "trust fund from the long-term care surtax imposed in section 57-38-30.3"

Renumber accordingly

2019 TESTIMONY

SB 2352

2/4 SB 2352 #1 Pg. 1

Prepared by the Legislative Council staff for
Senator Dotzenrod

February 4, 2019

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Renumber accordingly