

PROGRAM NARRATIVE

127 Office of State Tax Commissioner

Date: 12/23/2014**Time:** 11:50:34**Program:** Tax Department**Reporting level:** 00-127-150-00-00-00-00000000**Program Performance Measures**

See Agency Performance Measures identified in the Agency Overview.

Program Statistical Data

Each biennium the Research and Communication section in the Commissioner's Division assists the Office of Management and Budget with the preparation of three revenue forecasts, responds to more than 175 fiscal note requests, prepares 12 statistical publications, and completes numerous ad hoc research projects. In addition, this function answers over 1,000 requests for research and statistical information each biennium. This area also develops public and media outreach efforts to provide information about the department's policies, programs, actions, services, and related tax matters; designs forms and publications for the department; and assists with maintenance of the department's web site.

The Legal Division handles approximately 20 major cases, assists the Office of the Attorney General with opinion requests concerning state tax matters, initiates approximately 200 legal actions, and monitors about 130 bankruptcy cases involving unpaid tax liabilities per year. In addition, the division conducts approximately 20 administrative hearings (i.e. sales tax permit revocations). During each legislative session, the Legal Division is responsible for drafting approximately 25 agency bills, coordinating bill tracking for Tax Department staff, and monitoring up to 150 bills that directly or indirectly impact state tax laws. The Division provides legal support services to the Commissioner, to all the divisions of the Tax Department, and to local political subdivisions on tax matters, including the valuation and assessment of property. The Legal Division also provides testimony and offers tax expertise to legislative committees and other interest groups during the legislative session and throughout each interim.

The Fiscal Management staff prepares the Department's executive budget request each biennium, maintains the department's internal budget, along with maintaining revenue collections, asset management, insurance overview, payroll, accounts payable, accounts receivable payment application functions, and purchasing. The revenue accounting function provided the basis for timely certifications of revenue and transfers to the general fund and other special accounts in excess of \$5 billion during FY 2013. Each year this division deposits over 400,000 checks, processes over 50,000 accounts receivable payments, and processes over 2,000 accounts payable transactions.

Total collections from taxes administered by the Tax Administration Division were approximately \$4.8 billion for the 2011-2013 biennium. Corporate Income Tax conducted 727 audits in the 2011-2013 biennium, resulting in over \$20.9 million in additional assessments. Federal audits, office audits, and compliance reviews conducted for Individual Income Tax resulted in more than \$8.6 million in additional assessments. For Sales and Use Tax, approximately 38,400 taxpayers are registered to collect and remit Sales and Use Taxes. There were 660 audits conducted of in-state and out-of-state businesses which resulted in additional Sales and Use Tax assessments of \$39.2 million for the 2011-2013 biennium. Sales Tax compliance office assessments for the Customs crosscheck program generated an additional \$625,000 in assessments. Motor Fuels Tax completed 11 audits during this same period, resulting in \$149,279 in assessments.

The Property and Utility Taxes Division administers the Coal Severance Tax, the Coal Conversion Privilege Tax on electrical generating plants, coal gasification plants, and coal beneficiation plants, and Electric Generation, Distribution and Transmission Line Taxes. Total collections for the 2011-2013 biennium were more than \$21.9 million in Coal Severance Tax and over \$50.3 million in Coal Conversion Tax. Collections of Electric Generation, Distribution, and Transmissions Line Taxes were approximately \$15.4 million during the 2011-2013 biennium. This division also is responsible for providing instruction and monitoring the required certification of over 1,000 assessment officials. Annually this division performs a sales ratio study, which compares true and full value of real estate with the sale price of properties that have been sold and includes approximately 12,000 sales and appraisals. Taxable value of all property as equalized by the State Board of Equalization in 2013 was \$3.54 billion.

The Information Management & Technology Division mails out approximately 750,000 pieces of correspondence yearly. It also opens, images, and keys over 700,000 pieces of mail, and is responsible for destroying roughly the same number of documents. It maintains the IT infrastructure for the department. This includes all department

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software used for audit, compliance, and discovery and all hardware, including PCs, laptops, printers, copiers, scanners, and fax machines. Also provided is security for over 3,300 linear feet of paper, almost 9 million images requiring almost 2,000 GB of electronic images, and all the data housed within Department databases.

Explanation of Program Costs

The Office of State Tax Commissioner has 134 FTEs who are responsible for the administration of State of North Dakota tax laws. Program costs for the Department include:

- The Travel object includes costs for in-state and out-of-state auditing, compliance activities, travel necessitated for litigation of tax cases, continuing education requirements for attorneys and certified public accountants, and travel necessary to keep employees up-to-date on tax administration. In addition, the Tax Department incurs expenses for employees to participate in Streamlined Sales Tax (N.D.C.C. §57-39.4), Multistate Tax Commission (N.D.C.C. §57-59) and Federation of Tax Administrators meetings, seminars, and workshops. The Travel object includes spending authority in the amount of \$75,000 for the Motor Fuels Dyed Fuel Enforcement Federal Grant.
- The IT Software object includes costs for audit sampling software, Microsoft Software Assurance licenses, GIS software which is utilized by taxpayers to determine the sales and use tax rate in effect in any location, software to write XML code for electronic filing applications, Adobe software for forms design and document manipulation, and QuickBooks which provides field auditors with the opportunity to obtain transaction information from taxpayers using QuickBooks.
- The Miscellaneous Supply object includes costs for supplies needed when conducting Dyed Fuel enforcement activities. These costs are covered under the Motor Fuels Dyed Fuel Enforcement Federal Grant of which \$30,000 in spending authority is allocated to this object. This object also covers purchasing miscellaneous small tools (hammers, screwdrivers, etc.) used to do minor repair to office equipment.
- The Professional Supplies and Materials object includes the cost of professional materials used by Department employees. This includes reference materials, legal books, and tax service subscriptions to remain current with changes affecting state laws and to conduct audit and compliance research. The cost for Property valuation subscriptions and related books are necessary for ongoing education and training in the Property tax area.
- The Office Supply object includes costs for essential office supply items employees need to perform their jobs such as calculators, file pockets, folders, paper, pens, and toner cartridges for printers.
- The Postage object includes cost for mail service fees, postage for mailing correspondence such as worksheets, billings, statements, letters, tax forms, and instruction booklets. The Homestead Tax Credit brochure, refund applications for renters, tax refunds, rate charts, and other tax documents are also mailed.
- The Printing object includes costs for printing tax forms, instruction booklets, assessor manuals and training materials used in classroom instruction, statistical publications such as the Biennial Report, Red Book, and the Taxpayer Bill of Rights. It also includes the cost to print envelopes necessary for mailing printed items and correspondence to our customers as well as color-coded envelopes for taxpayers to use when mailing tax returns.
- The IT Equipment under \$5,000 object includes the replacement cost of Department personal computers and printers. The Tax Department follows ITD's recommended replacement schedule for these items.
- The Office Equipment and Furniture supply object includes the cost of chairs that are scheduled for replacement, modular workstations and accessories, file cabinets, and bookcases.
- The Insurance object includes the cost of the Risk Management premium fee and cost to insure the Department's equipment and supplies.
- The Equipment lease object includes the ongoing cost to lease the Department's copiers and a high-volume network printer used daily to print outgoing worksheets, billings, correspondence, and tax forms.
- The Lease/Rent of buildings object includes the cost to rent offices in Fargo, Grand Forks, Minot, Williston and Dickinson. The increased oil activity in the western part of the state has significantly impacted the cost to rent office space in Williston and Dickinson. Having a presence in these cities has been beneficial to the Tax Department as well as helping to keep time in travel status and travel costs down.
- The Repairs object covers the cost to maintain service contracts and repair on equipment that would significantly impact our operations should they be nonfunctional, such as the copiers, the mail slicer, and the high-volume network printer. This object also includes the cost for scan kits, fusers, equipment parts, janitorial service contracts in field offices, and costs of renovations being made to optimize efficiency in an environment of limited space.

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- The IT Data Processing object includes costs for the ongoing coordination with ITD of the operational data processing costs. This includes the maintenance of tax programs and processing automation such as e-file, scanning, automated data capture programs, the Department's web site, ongoing costs for new programs implemented, server hosting fees, and electronic document and data storage costs. For the 2013-2015 biennium, this object includes a one-time expense of \$65,000 to cover the project management cost of developing the Taxpayer Access Point software for the Tax Department.
- The IT Communications object covers the cost for telephone services provided by ITD as well wireless modems used during off-site audits.
- The IT Contractual Services object covers the ongoing GenTax and Taxpayer Access Point (TAP) software maintenance, on-site support, service packs, and GenTax upgrades. Also included in this object are service contracts on the Department's high-volume scanning equipment and software customization with third party vendors. For the 2013-2015 biennium, this object includes a one-time expense of \$935,000 to cover the cost of developing the Taxpayer Access Point software for the Tax Department.
- The Professional Development object includes the cost of dues to continue to be a member state of the Streamlined Sales Tax and Multistate Tax programs as well as membership dues to the Federation of Tax Administrators. This object also includes the cost of fees for seminars, conferences, and workshops necessary to keep employees up-to-date on tax administration, the completion of continuing education requirements, and professional development. This object includes \$20,000 of Motor Fuels Federal Grant spending authority.
- The Operating Fees and Services object covers costs associated with conducting background checks on potential employees, employee service awards, advertising for position vacancies and legal notices, shredding services for the proper disposal of records approved for destruction, and fees paid to county Sheriffs for serving garnishments, summons and complaints, and notice of hearings.
- Professional Services cover the ongoing fees for participating in the Multistate Tax Commission audit program and Nexus programs, expert witness fees, and the Office of Administrative Hearings fees.

Program Goals and Objectives

The Office of State Tax Commissioner is comprised of six divisions: Commissioners, Legal, Fiscal Management, Tax Administration, Property, and Information Management & Technology. Each division has individual goals and objectives that together represent the goals and objectives of the Department. The program goals and objectives for the divisions are:

The goals and objectives of the Commissioner's Division are to provide general administration of all tax types and to develop and maintain an efficient system of staff support in general administration, management and planning, human resources, research and education, and communications.

The goals and objectives of the Legal Division are to represent the Department and the State Board of Equalization in the litigation of civil tax cases; to provide legal advice to the Department staff, the State Board of Equalization and local officials in matters of tax law; to assist state's attorneys in the prosecution of criminal complaints initiated by the Department for violation of tax laws; and to provide essential direction and counsel on the formation and implementation of tax policy for the Tax Commissioner and senior administrative staff.

The goals and objectives of the Fiscal Management Division are to provide timely, accurate, and relevant financial information in order to meet the internal and external financial requirements of the Tax Department; to ensure that existing policies and procedures for financial operations are enforced; to work with all other divisions in order to achieve the overall goals and objectives of the Tax Department; to utilize continuous improvement processes to improve efficiency, effectiveness, and productivity of the Department's financial operations for revenue accounting, payroll, accounts payable, accounts receivable payment application, fraud risk, asset management, and purchasing.

The goals and objectives of the Tax Administration Division are to administer and ensure compliance with the state's tax laws for Individual Income, Income Withholding, Corporation Income, Sales and Use, Motor Fuel, Financial Institution, Oil and Gas Gross Production, Oil Extraction, Alcoholic Beverages, Tobacco Products, Estate, Special Taxes, Telecommunications Taxes, and applicable local option taxes.

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The goals and objectives of the Property Tax Division are to effectively supervise and assist county and other local officials in the administration of the assessment and taxation of property. Its objectives are to provide training for assessment officials, annually conduct a sales/assessment ratio study, make tentative valuations of utility, pipeline, railroad, and airline property, and certify final valuations to the counties for taxation. Additional objectives are to administer the Senior Citizens and Disabled Persons Homeowners Property Tax Credit, Renter Refund Program, State Paid Property Tax Credit Program, Coal Severance Tax, Coal Conversion Tax, Electric Generation, Distribution, and Transmission Tax, and Disabled Veterans Property Tax Credit laws.

The goals and objectives of the Information Management & Technology Division are to provide the services that support tax administration for all tax types. The support services provided include processing incoming and outgoing mail; printing; imaging; data entry/verification; security and network administration; programming; project management and business process reengineering; electronic tax return filing and payment; and electronic and paper document retention and management. The Information Management & Technology Division is also responsible for the Individual Income Tax Processing Center and temporary staff associated with the income tax processing.

REQUEST DETAIL BY PROGRAM

127 Office of State Tax Commissioner

Bill#: SB2006

Date: 12/23/2014

Time: 11:50:34

Biennium: 2015-2017

Program: Tax Department		Reporting Level: 00-127-150-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Salaries and Wages					
Salaries - Permanent	12,604,089	13,863,619	1,131,876	14,995,495	516,888
Salaries - Other	0	0	0	0	366,555
Temporary Salaries	245,206	208,600	(2,775)	205,825	0
Overtime	17,709	59,923	(59,923)	0	0
Fringe Benefits	4,743,685	6,045,346	166,535	6,211,881	270,081
Total	17,610,689	20,177,488	1,235,713	21,413,201	1,153,524
Salaries and Wages					
General Fund	17,610,689	20,177,488	1,235,713	21,413,201	1,153,524
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	17,610,689	20,177,488	1,235,713	21,413,201	1,153,524
Accrued Leave Payments					
Salaries - Permanent	0	624,818	(624,818)	0	0
Total	0	624,818	(624,818)	0	0
Accrued Leave Payments					
General Fund	0	624,818	(624,818)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	624,818	(624,818)	0	0
Operating Expenses					
Travel	312,605	408,000	0	408,000	7,800
Supplies - IT Software	86,302	165,130	5,000	170,130	2,100
Supply/Material-Professional	87,287	117,067	4,532	121,599	0
Miscellaneous Supplies	2,918	32,000	0	32,000	0
Office Supplies	67,830	89,076	5,000	94,076	2,800
Postage	834,142	970,961	0	970,961	199,315
Printing	151,568	189,805	21,633	211,438	0
IT Equip Under \$5,000	82,853	161,451	(102,717)	58,734	11,900
Other Equip Under \$5,000	20,104	4,000	0	4,000	0
Office Equip & Furn Supplies	224,692	160,260	(12,942)	147,318	45,500
Insurance	14,990	7,981	778	8,759	0
Rentals/Leases-Equip & Other	59,886	56,629	1,920	58,549	0
Rentals/Leases - Bldg/Land	100,967	112,872	7,608	120,480	57,960
Repairs	179,901	105,411	9,488	114,899	0

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127 Office of State Tax Commissioner

Bill#: SB2006

Date: 12/23/2014

Biennium: 2015-2017

Time: 11:50:34

Program: Tax Department		Reporting Level: 00-127-150-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
IT - Data Processing	863,012	1,008,000	71,669	1,079,669	37,275
IT - Communications	189,880	191,775	0	191,775	9,154
IT Contractual Srvcs and Rprs	3,235,336	4,145,990	(934,790)	3,211,200	200,000
Professional Development	156,914	186,562	4,030	190,592	0
Operating Fees and Services	110,934	178,726	0	178,726	0
Fees - Professional Services	418,212	452,747	(452,747)	0	413,369
Total	7,200,333	8,744,443	(1,371,538)	7,372,905	987,173
Operating Expenses					
General Fund	7,183,493	8,619,443	(1,371,538)	7,247,905	987,173
Federal Funds	16,840	125,000	0	125,000	0
Special Funds	0	0	0	0	0
Total	7,200,333	8,744,443	(1,371,538)	7,372,905	987,173
Capital Assets					
Equipment Over \$5000	7,164	0	0	0	0
IT Equip/Sftware Over \$5000	0	16,000	0	16,000	0
Total	7,164	16,000	0	16,000	0
Capital Assets					
General Fund	7,164	16,000	0	16,000	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	7,164	16,000	0	16,000	0
Total Expenditures	24,818,186	29,562,749	(760,643)	28,802,106	2,140,697
Funding Sources					
General Fund					
Total	24,801,346	29,437,749	(760,643)	28,677,106	2,140,697
Federal Funds					
G068 Motor Fuel Tax Grant	16,840	125,000	0	125,000	0
Total	16,840	125,000	0	125,000	0
Total Funding Sources	24,818,186	29,562,749	(760,643)	28,802,106	2,140,697

REQUEST DETAIL BY PROGRAM

127 Office of State Tax Commissioner

Biennium: 2015-2017

Bill#: SB2006

Date: 12/23/2014

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Program: Tax Department		Reporting Level: 00-127-150-00-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
FTE Employees	133.00	134.00	0.00	134.00	7.00

CHANGE PACKAGE DETAIL
 127 Office of State Tax Commissioner
 Biennium: 2015-2017

Bill#: SB2006

Date: 12/23/2014

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Program: Tax Department			Reporting Level: 00-127-150-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes

One Time Budget Changes

A-E 1 Remove one-time funding for Taxpayer Access Poin		0.00	(1,000,000)	0	0	(1,000,000)
A-E 4 Remove NDSU grant		0.00	(22,609)	0	0	(22,609)
Total One Time Budget Changes		0.00	(1,022,609)	0	0	(1,022,609)

Ongoing Budget Changes

A-A 23 Base Level inflation increases and decreases		0.00	(348,929)	0	0	(348,929)
A-A 3 Reinstate capital assets - IT Equipment over \$5,		0.00	16,000	0	0	16,000
A-F 2 Remove capital assets		0.00	(16,000)	0	0	(16,000)
Base Payroll Change		0.00	610,895	0	0	610,895
Total Ongoing Budget Changes		0.00	261,966	0	0	261,966

Total Base Budget Changes

0.00	(760,643)	0	0	(760,643)
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Optional Budget Changes

One Time Optional Changes

A-D 100 AD100 - oil impact pay differential	6	0.00	90,426	0	0	90,426
Total One Time Optional Changes		0.00	90,426	0	0	90,426

Ongoing Optional Changes

A-C 20 Multistate Tax Commissioner and Nexus Programs	1	0.00	413,369	0	0	413,369
A-C 21 Inflation Increase for GenTax System Support	2	0.00	200,000	0	0	200,000
A-C 22 Inflation and Volume changes for Temporary wage	3	0.00	221,315	0	0	221,315
A-C 5 New FTEs to meet critical needs - 4 FTEs	4	4.00	553,599	0	0	553,599
A-C 100 AC100 - Equity adjustments	5	0.00	254,129	0	0	254,129
A-C 6 New FTEs to meet critical needs - 3 FTEs	7	3.00	407,859	0	0	407,859
Total Ongoing Optional Changes		7.00	2,050,271	0	0	2,050,271

Total Optional Budget Changes

7.00	2,140,697	0	0	2,140,697
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PROGRAM NARRATIVE

127 Office of State Tax Commissioner

Date: 12/23/2014**Time:** 11:50:34**Program:** Homestead Tax Credit**Reporting level:** 00-127-801-00-00-00-00000000**Program Performance Measures**

The results of the Homestead Tax Credit program are measured by the number of qualifying applicants and dollars expended. The number of homeowner and renter applicants increased for 2013 payable in FY 2014, due to an expanded income schedule and a Tax Department advertising campaign. The asset test for homeowners was established at \$500,000, including the market value of the homestead. Dollars expended are limited by statutory homestead maximum taxable value reductions for various income levels and a maximum renter's refund of \$400 for 2013 payable in FY 2014.

Program Statistical Data

Payments for 2012 credits made in FY 2013: 4,265 homeowners qualified for credit for a total of \$3,337,980 (to counties and state medical center); 2,284 renters qualified for refunds for a total of \$583,706. Payments for 2013 credits made in FY 2014: 6,293 homeowners qualified for credit for a total of \$4,940,985 (to counties and state medical center); 2,656 renters qualified for refunds for a total of \$716,112.

Explanation of Program Costs

Property Tax Division personnel administer the Homestead Tax Credit program. The program has three distinct parts:

1. An elderly or disabled homeowner with limited income may qualify for a reduction in the taxable value of the homestead, according to a statutory income schedule
2. A qualifying homeowner may elect to receive a credit for the installment of a special assessment that is due in the year for which the homeowner has received a taxable value reduction
3. An elderly or disabled renter with limited income may qualify for a refund of part of the rent paid that is deemed to represent property taxes.

Program costs include payments to counties to reimburse them for taxes and special assessment installments, payment to the state medical center fund to reimburse it for taxes, and direct payments to qualifying renters. No wages or operating expenses come out of the Homestead Tax Credit appropriation.

Responsibilities include auditing abstracts of qualifying homeowners submitted by each county and certifying the amount to be reimbursed to each county and the state medical center fund; recording a lien for each homestead credit for special assessments, reimbursing the counties, and releasing the lien when payment is made to satisfy the lien; and auditing and paying each qualifying renter's refund application.

The homestead credit appropriation of \$20 million is included in the Tax Department budget for 2013-2015.

Program Goals and Objectives

The goal of the Homestead Tax Credit program is to ensure that all North Dakota residents who qualify for the program are made aware of it and receive the benefits to which they are entitled. The objectives are to provide assistance to elderly and disabled persons by reducing the property taxes and special assessments on homeowners' homesteads, and by refunding a portion of the rent paid by elderly and disabled persons who rent living quarters.

REQUEST DETAIL BY PROGRAM

127 Office of State Tax Commissioner
 Biennium: 2015-2017

Bill#: SB2006

Date: 12/23/2014

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Program: Homestead Tax Credit		Reporting Level: 00-127-801-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Homestead Tax Credit					
Grants, Benefits & Claims	7,846,945	20,000,000	2,000,000	22,000,000	28,000,000
Total	7,846,945	20,000,000	2,000,000	22,000,000	28,000,000
Homestead Tax Credit					
General Fund	7,846,945	20,000,000	2,000,000	22,000,000	28,000,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	7,846,945	20,000,000	2,000,000	22,000,000	28,000,000
Total Expenditures	7,846,945	20,000,000	2,000,000	22,000,000	28,000,000
Funding Sources					
General Fund					
Total	7,846,945	20,000,000	2,000,000	22,000,000	28,000,000
Total Funding Sources	7,846,945	20,000,000	2,000,000	22,000,000	28,000,000

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 Biennium: 2015-2017

Bill#: SB2006

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Program: Homestead Tax Credit			Reporting Level: 00-127-801-00-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes

Ongoing Budget Changes

A-A 7 Homestead Tax Credit following current program c		0.00	2,000,000	0	0	2,000,000
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Total Ongoing Budget Changes		0.00	2,000,000	0	0	2,000,000
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Total Base Budget Changes		0.00	2,000,000	0	0	2,000,000
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Optional Budget Changes

Ongoing Optional Changes

A-C 9 Homestead Tax Credit Program Expansion	8	0.00	28,000,000	0	0	28,000,000
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Total Ongoing Optional Changes		0.00	28,000,000	0	0	28,000,000
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Total Optional Budget Changes		0.00	28,000,000	0	0	28,000,000
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PROGRAM NARRATIVE

127 Office of State Tax Commissioner

Date: 12/23/2014**Time:** 11:50:34**Program:** Disabled Veteran Credit**Reporting level:** 00-127-802-00-00-00-00000000**Program Performance Measures**

The results of the Disabled Veterans Property Tax Credit program are measured by the number of qualifying applicants and dollars expended. Tax year 2009 was the first year for which the credit was in effect. Dollars expended are limited by the statutory maximum reduction of \$5,400 taxable value of fixtures, buildings, and improvements of the disabled veteran's homestead. Cost is also limited by the fact that the percentage of credit is restricted to the disabled veteran's disability compensation rating for service-connected disabilities as certified by the Department of Veterans Affairs for the purpose of applying for a property tax exemption.

Program Statistical Data

This was a new program for the 2009-2011 biennium. A Total of 1,513 applicants qualified for the credit for the 2009 tax year. Counties reported 2,556 applicants for the 2013 tax year. Credit payments are made to counties and to the state medical center. Credits for tax year 2011 were \$2,322,776. Credits for tax year 2012 were \$2,595,509. Credits for tax year 2013 were \$2,765,832.

Explanation of Program Costs

Property Tax Division personnel administer the Disabled Veterans Property Tax Credit program. Eligibility requirements include:

1. The applicant is a disabled veteran of the United States armed forces with an armed forces service-connected disability of 50 percent or greater, or a disabled veteran who has an extra-schedular rating to include individual unemployability that brings the total disability rating to 100 percent;
2. The applicant was honorably discharged or has been retired from the armed forces of the United States;
3. The unremarried surviving spouse of a disabled veteran who would qualify for the credit if living is eligible for the credit. An unremarried surviving spouse who is receiving Department of Veterans Affairs dependency and indemnity compensation receives a 100 percent exemption.

Program costs include payments to counties to reimburse them for taxes and payment to the state medical center fund to reimburse it for taxes. No Tax Department wages or operating expenses are expended from the Disabled Veterans Property Tax Credit appropriation.

Responsibilities include auditing abstracts of qualifying disabled veterans submitted by each county and certifying the amount to be reimbursed to each county and the state medical center fund. The appropriation for the 2013-2015 biennium is \$7,678,000.

Program Goals and Objectives

The goal of the Disabled Veterans Property Tax Credit program is to ensure that all North Dakota disabled veterans who qualify for the program are made aware of it and receive the benefits to which they are entitled. The objectives are to provide assistance to disabled veterans or their unremarried surviving spouses by reducing the property taxes on their homesteads.

REQUEST DETAIL BY PROGRAM

127 Office of State Tax Commissioner
Biennium: 2015-2017

Bill#: SB2006

Date: 12/23/2014

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Program: Disabled Veteran Credit		Reporting Level: 00-127-802-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Disabled Veteran Credit					
Grants, Benefits & Claims	4,903,732	7,678,000	767,000	8,445,000	0
Total	4,903,732	7,678,000	767,000	8,445,000	0
Disabled Veteran Credit					
General Fund	4,903,732	7,678,000	767,000	8,445,000	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	4,903,732	7,678,000	767,000	8,445,000	0
Total Expenditures	4,903,732	7,678,000	767,000	8,445,000	0
Funding Sources					
General Fund					
Total	4,903,732	7,678,000	767,000	8,445,000	0
Total Funding Sources	4,903,732	7,678,000	767,000	8,445,000	0

CHANGE PACKAGE DETAIL

127 Office of State Tax Commissioner
 Biennium: 2015-2017

Bill#: SB2006

Date: 12/23/2014

Time: 11:50:34

Program: Disabled Veteran Credit			Reporting Level: 00-127-802-00-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes

Ongoing Budget Changes

A-A 8 Disabled Veteran Credit projected increase		0.00	767,000	0	0	767,000
Total Ongoing Budget Changes		0.00	767,000	0	0	767,000
Total Base Budget Changes		0.00	767,000	0	0	767,000