

Testimony in Opposition to House Bill 1177
January 17, 2023
House Finance and Taxation Committee
Bill Wocken on behalf of the North Dakota League of Cities

Good morning, Mr. Chairman and members of the House Finance and Taxation Committee. For the record, my name is Bill Wocken, appearing on behalf of the North Dakota League of Cities in opposition to House Bill 1177.

This bill proposes to add a sales tax exemption to the Century Code to cover children's diapers and another exemption for child restraint systems. It also takes the current definition of various diapers out of subdivision d of subsection 26 of section 57-39.2-04 of the Century Code.

The League of Cities has consistently opposed tax exemptions in the past on the grounds that each exemption results in a loss of revenue to the sales tax and a loss of utility to the items funded with sales tax revenue. We do not favor adding two new exemptions for these items.

The League has no quarrel with the existing exemption for supplies, including adult diapers, needed for ostomy care or bladder dysfunction. These health issues affect many of our state residents. The care items exempted from sales tax are consistent with the treatment of conditions that result from ostomies or bladder dysfunction.

House Bill 1177 seeks to extend the diaper exemption to cover children's diapers. We will not argue that expenses for children's diapers are not significant. This is particularly true if a family has multiple children in diapers at the same time. But diapers for children are a normal part of biological development, not a disease or malady. Child restraint devices (car seats) are a similar expense. Both diapers and car seats are necessary expenses experienced in the normal growth of children. We do not believe that these expenses should be exempted from the sales tax.

If one were to argue that items needed for the normal development of a child should be exempt from the sales tax, we can easily see arguments that properly sized shoes for growing feet, outerwear of the correct size, new school clothes in the Fall when high-water pants are replaced with correctly sized clothing should also be exempted, and the list goes on. We believe the present exemption addresses disease and dysfunction expenses appropriately and we do not favor the two new exemptions this bill proposes.

For these reasons the North Dakota League of Cities opposes this bill and respectfully requests a Do Not Pass recommendation from the committee. I will be happy to answer any questions you may have of me.