

Testimony in Opposition to House Bill 1177
March 14, 2023
Senate Finance and Taxation Committee
Bill Wocken on behalf of the North Dakota League of Cities

Good morning, Mr. Chairman and members of the Senate 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. The League of Cities has consistently opposed sales 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. There are any number of worthwhile and well reasoned items one can assist with a tax exemption. Each one seems small but the cumulative effect of these exemptions on sales tax revenues is significant. It shifts the tax burden to those who do pay the tax.

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 now exempted from sales tax are consistent with the treatment of these conditions.

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. Diapers are normal expenses experienced in the 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 new exemption 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.