

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1368

2005 HOUSE FINANCE AND TAXATION

HB 1368

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1368**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **January 24, 2005**

Tape Number	Side A	Side B	Meter #
<b>1</b>	<b>x</b>		<b>11.5</b>
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

**REP. WES BELTER, CHAIRMAN** Called the committee hearing to order.

**REP. GERRY UGLEM, DIST. 19** Introduced the bill. See attached written testimony.

**DEAN LAMPE, EXECUTIVE DIRECTOR OF THE NORTH DAKOTA EMERGENCY**

**MEDICAL SERVICES ASSOCIATION** Testified in support of the bill. See attached written testimony.

**REP. BELTER** You said that twenty five to fifty percent of the ambulance services would be affected by this, what is the difference between the different ambulance services?

**DEAN LAMPE** Some are already under the umbrella of a city or municipality. They would be exempt just by that organizational status. Others in the same circumstance, may have organized a 501c3 or 50166 corporation, which would be a nonprofit corporation, just as our association is a 501c6 nonprofit association corporation. We still pay sales tax, when we go to an office supply store or anywhere else. Gave an example of the ambulance service in Minot, saying it was a

501c3, unless they buy supplies from the hospital, which is already sales tax exempt, if the ambulance goes to the hospital for supplies they don't pay sales tax, if they go somewhere else, they pay sales tax.

**REP. SCHMIDT** Does your association set the qualifications to drive those ambulances?

**DEAN LAMPE** No, the State Department of Health, Division of Emergency Medical Services is in charge of the licensing and certification requirements.

**REP. SCHMIDT** I called someone from my district and asked about their financial condition, they said, financially, we have no problem, our problem is in these small towns, it is required to have four hundred hours of training before they can drive an ambulance. It is getting real hard to get people to volunteer, because they have other jobs. When I get sick, I don't care if a truck driver comes to pick me up.

**REP. GRANDE** Is there something that would stop the rural ambulance from cooperating with buying their supplies through the hospital, so that they would have that exemption?

**DEAN LAMPE** In some cases, depending on the ambulance service, they may have worked out something with Trinity Hospital, but under a fine analysis of that transaction, that would be probably an attempt to get around the sales tax law.

Looking at the fiscal note, where it says it would have an expected decrease in the general fund, of \$175,000, if I did the reverse math on that, it would go back to twenty five thousand dollars in supplies and equipment costs for one hundred and forty ambulance services. If that were the case, all of the one hundred and forty ambulance services would have to buy twenty five thousand dollars worth of stuff to generate 3.5 million dollars in sales times five percent to get to

the hundred and seventy five thousand dollars. I very respectfully think that fiscal note needs work. I would hope the committee would allow our association to have some input in that.

**SHELLY PETERSON, NORTH DAKOTA LONG TERM CARE ASSOCIATION.**

Testified in support of the bill. We are one of the exempt facilities that represent your basic care facilities. We are very appreciative of that sales tax exemption. Currently, you passed HB 1179, that was a bill to allow a sales tax exemption for assisted living facilities. What has happened, we have many nursing homes that are kind of blended facilities, they provide skilled care, basic care and assisted living, and what we found is, many of those that have the assisted living component, were not paying sales tax, as they thought they were sales tax exempt, because they had the 501c3. According to the State Tax Department, even though you are of the same nonprofit corporation, only the eligible facility, outlined in statute, that gets the sales tax break, as long as it is used for the patients benefit. We found a lot of confusion out there. After hearing HB 1179, the question was raised, what other medical providers are we forgetting that might also pay sales tax, that maybe should be included, and the ambulance services came up in that discussion. In rural North Dakota, the ambulance service is the lifeline in the community. Most of those rural ambulance services are operated by dedicated volunteers. They do have a lot of training. There was a survey done by NDSU of North Dakotans over the age of fifty, in 2002, when asked the question, do you want to stay in rural North Dakota, the answer came back, we want to stay in rural North Dakota, but in the next ten years, a move is very likely. If they can't get services, and emergency help being one of those, they will move to the city. I think this is in support of rural North Dakota.

Related to the fiscal note. Our fiscal note, is under fifty thousand, I think it was forty two thousand, that was for sixty plus facilities throughout North Dakota purchasing all of their supplies.

**REP. FROELICH** You stated rural and frontier, can you define frontier?

**SHELLY PETERSON** I don't have the data with me, but it is unbelievable, the amount of frontier counties we have. She stated she would get that information.

**MYLES VOSBERG, STATE TAX DEPARTMENT** Appeared before the committee to answer questions.

**REP. DROVDAL** Do you know how many ambulances would fall under the tax free and how many of the one hundred forty one would be tax exempt on the current status?

**MYLES VOSBERG** Explained how they came up with the fiscal note. He stated they looked at the Department of Health licensed entities, thinking this would be a small number of entities which this bill would affect, because under existing law, they thought there would be only about fifty entities under this law. We anticipated four entities which would be making purchases of about three hundred thousand, and eleven entities that would make purchases of fifty thousand each, that equates to a tax amount of \$87,500, for the biennium. That was the premise of the fiscal note.

**REP. DROVDAL** That doesn't include ambulance purchases?

**MYLES VOSBERG** That would not.

**REP. CONRAD** You should be exempting vehicles, that the basic operation.

**DEAN LAMPE** I thought this bill would exempt a five percent sales tax for an ambulance purchase. The number two hundred twenty seven, versus, my hundred and forty three, we have

one hundred forty three licensed ambulance services in this state. We also have sixty five quick response units. Those are generally, in smaller communities, that can't support an ambulance service at the level of service that an EMT would have to have in order to transport. I would still request the committee to allow us to help refine this fiscal note. I would be surprised that there would be three hundred thousand dollars for supplies purchases.

**REP. CONRAD** If the Fargo ambulance service is buying cars in Minnesota to get a tax deduction, I would rather see them buy the cars in North Dakota. Could we amend the bill to include that.

**REP. IVERSON** That is exactly why I signed on to this bill, because I would rather see them, there are medical supply companies in Fargo, Grand Forks and Bismarck, that can supply the same bandages, the same syringes that they are getting out of state right now.

**REP. DROVDAL** Could you get the information to us which deals with the hours Rep. Schmidt talked about earlier,

**DEAN LAMPE** Stated he would get that information.

**REP. DROVDAL** Asked Myles Vosberg to explain the difference in numbers between the Tax Department and the Emergency Medical Services Association numbers.

**MYLES VOSBERG** Stated that they went to the Health Department and looked at their list, and from there tried to determine who was already exempt.

With no further testimony, the committee hearing was closed.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1368**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **January 26, 2005**

Tape Number	Side A	Side B	Meter #
<b>2</b>		<b>X</b>	<b>1.1</b>
Committee Clerk Signature			

Minutes:

**COMMITTEE ACTION**

Some committee members felt the bill had merit, but maybe the ambulance services should examine the way they are structured in regard to sales tax, etc.

In discussion, some of the committee members felt maybe it was not the intent of the legislature to tax some and not others, it was probably just an oversight which took place.

Committee members stated they needed more information in regard to this bill. The bill will be acted on at a later date.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1368**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **February 2, 2005**

Tape Number	Side A	Side B	Meter #
<b>1</b>	<b>x</b>		<b>29.3</b>
Committee Clerk Signature			

Minutes:

**COMMITTEE ACTION**

**REP. WRANGHAM** Questioned what was being asked for, exemptions on sales of things they buy, or ambulances that have to charge sales tax, they felt they were at a disadvantage with ambulances who didn't charge a sales tax.

**REP. BELTER** Stated the sales tax was on the purchases they make.

**REP. WRANGHAM** Read from the century code, relating to sales of services, he questioned whether ambulances were involved in that.

**DEAN LAMPE, DIRECTOR OF EMS** Appeared to answer some of the questions the committee members had. He stated that the bill deals only with supplies of the ambulance services.

**REP. GRANDE** Asked why ambulance services don't do whatever it takes to be able to buy their supplies from the hospitals.

**DEAN LAMPE** Stated there was a mismash of charters, some are nonprofit, some have their own charters, some don't pay income tax, but pay sales tax. Some are organized as 501c3's, they don't pay income tax, but pay sales tax.

**REP. GRANDE** Wondered why they don't have an affiliation with the hospitals.

**REP. DROVDAL** Stated that there were 227 different ambulance entities and first responders out there, and of that number, I have heard a small number that is actually being taxed, I have 15 or whatever that number is, we are looking at \$175,000, that is a lot of five percent tax, is that just supplies we are talking about?

**DEAN LAMPE** I believe you are referring to testimony that was given by the tax commissioner's office. We have a slight disagreement, there are more than 15, there are about 8 or 9 for profit ambulance services today, and based on my calls around the state, I would guess there are another 25 or 30 ambulance services that are organized as 501c3's. We disagree with the numbers given by the tax commissioner's office. We get back 3 ½ million dollars in sales for these supplies. I checked with two ambulance services, two of the biggest in the state, and their supply purchases are under one hundred thousand dollars a year. I don't know how we can get to 3 ½ million.

**REP. BELTER** Might the tax department be dealing with vehicles also?

**DEAN LAMPE** I don't think so.

**REP. WRANGHAM** Made a motion for a **do pass**.

**REP. WEILER** Second the motion. **Motion carried.**

10 yes      2 no      2 absent

**REP. IVERSON** Was given the floor assignment.

# FISCAL NOTE

Requested by Legislative Council  
01/14/2005

Bill/Resolution No.: HB 1368

**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.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$161,000)	(\$14,000)		
Expenditures						
Appropriations						

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

HB 1368 creates a sales tax exemption for sales made to an emergency medical services provider.

**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, HB 1368 is expected to decrease state general fund and state aid distribution fund revenues by \$175,000 during the 2005-07 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, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Office of Tax Commissioner
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	01/21/2005

Date: 2-2-05  
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1368

House FINANCE & TAXATION

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken

Do Pass

Motion Made By

Rep. Wrangham

Seconded By

Rep. Weiler

Representatives	Yes	No	Representatives	Yes	No
BELTER, WES, CHAIRMAN	✓				
DROVDAL, DAVID, V-CHAIR		✓			
BRANDENBURG, MICHAEL	✓				
CONRAD, KARI	✓				
FROELICH, ROD		✓			
GRANDE, BETTE	✓				
HEADLAND, CRAIG	✓				
IVERSON, RONALD	✓				
KELSH, SCOT	✓				
NICHOLAS, EUGENE	✓				
OWENS, MARK	✓				
SCHMIDT, ARLO	✓				
WEILER, DAVE	✓				
WRANGHAM, DWIGHT	✓				

Total (Yes)

10

No

2

Absent

2

Floor Assignment

Rep. Iverson

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

**REPORT OF STANDING COMMITTEE (410)**  
February 2, 2005 12:03 p.m.

**Module No: HR-22-1671**  
**Carrier: Iverson**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1368: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS (10 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING). HB 1368 was placed on the Eleventh order on the calendar.**

2005 SENATE FINANCE AND TAXATION

HB 1368

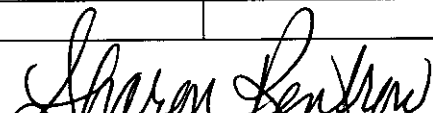
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1368**

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date **March 9, 2005**

Tape Number	Side A	Side B	Meter #
# 1	X		21.8 - 42.7
Committee Clerk Signature 			

Minutes:

**CHAIRMAN URLACHER** CALLED THE COMMITTEE TO ORDER AND OPENED THE HEARING ON HB 1368.

**REP. UGLEM:** Prime sponsor of the bill appeared in support with written testimony,

**DEAN LAMPE:** Exec. Director of the ND EMS Association appeared in support with written testimony.

**SEN. TOLLEFSON;** you specify licensed ambulance services, are there unlicensed services?

**ANSWER:** yes, either licensed as ground ambulances, air ambulance in two different care levels or they are licensed or certified as a quick response unit. They are all licensed

**SEN. COOK:** would this exemption apply to the excise tax on a new ambulance?

**ANSWER:** no it would not, it was a strategic decision for us, we were quite frankly concerned with the fiscal note that I'm sure the Tax Commissioner will speak about this morning and we felt in this political comment that that might push it over the edge. We feel comfortable that you will

see the benefit in this bill and if we threw the excise tax on ambulance services we thought we might scare the legislature and the governor away.

**SEN. COOK:** when it comes to an uneven playing field out there, we still have one then, I would assume that municipally owned or politically, ambulance services owned by a political subdivision, do they pay excise tax on a new ambulance?

**ANSWER;** your correct in that assumption.

**SHELLY PETERSON;** ND Long Term Care Association appeared in support with written testimony.

**SEN. URLACHER:** Would this reduce the cost of ambulance service?

**ANSWER;** probably not, you wouldn't see a measurable amount in your reduction in your bill, but it might help the bottom line maybe not be so red.

**SEN. WARDNER:** (asked Mr. Anderson) do they go out and buy it and then apply to the Tax Dept. For the exemption or when they go out to the wherever they purchase the items, do they have a tax id?

**GARY ANDERSON:** Tax Dept. Stating the Tax Dept. Issues with an exemption like this, we issue an exemption certificate which actually is a form with a special identification number. If they forget to take it with them, we will allow them to use a warrant check from the organization and we will accept that.

**SEN. COOK:** when you send one of your auditors into a retailer to audit them and they come across an invoice where the tax is not collected because it was exempt, do you not then require that retailer to have on file a certificate of exemption?

**ANSWER:** we certainly do, we will assess that retailer and we have a form that's called bill back form and on there the retailer is able to fill the information and send it to his customer and say we've been audited, we've been identified as not charging tax, if your exempt, please check the block and provide the documentation.

**SEN. COOK:** follow up on the fiscal note, do you feel that is very accurate?

**ANSWER;** our fiscal note is correct we believe.

**SEN. BERCIER:** 143 licensed ambulance services, that your saying there are 84 and take that from 143, those other ones are run through other agencies.

**ANSWER;** several ways there are ways ambulances are affiliated, there's a handful of non profits, I believe our numbers showed approximately 8 on non profits, there are some affiliated with hospitals, with cities, county owned as well as a couple of federal.

Closed the hearing.

**SEN. COOK:** made a **MOTION FOR DO PASS AND REFER TO APPROPRIATIONS**, seconded by Sen. Bercier.

**ROLL CALL VOTE:** 6-0-0

Sen. Tollefson will carry the bill.

Date: 3-9-05  
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1368

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO Pass & Refer to Approps.

Motion Made By Cook Seconded By Bercier

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Bercier	✓	
Sen. Wardner	✓		Sen. Every	✓	
Sen. Cook	✓				
Sen. Tollefson	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Tollefson

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

**REPORT OF STANDING COMMITTEE (410)**  
March 9, 2005 11:51 a.m.

**Module No: SR-43-4497**  
**Carrier: Tollefson**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1368: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1368 was rereferred to the Appropriations Committee.**

2005 SENATE APPROPRIATIONS

HB 1368


2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1368

Senate Appropriations Committee

☐ Conference Committee

Hearing Date March 18, 2005

Tape Number	Side A	Side B	Meter #
1	x		0-3228
Committee Clerk Signature 			

Minutes:

**Vice Chairman Bowman** called the hearing to order on HB 1368.

**Representative Gerry Uglem, District 19, Grand Forks County**, distributed written testimony and testified in support of HB 1368 on the EMS sales and use tax for supplies of EMS providers.

**Dan Lampe, Executive Director, ND Emergency Medical Services (EMS) Association**, distributed handouts and testified in support of HB 1368 identifying EMS providers as the only health care providers not receiving sales and use tax exemption. This bill would cover all EMS providers private, corporate, county or city owned and will do two primary things; 1) lower overall cost care cost and 2) level their playing field with nonprofit providers.

**Senator Grindberg** indicated this may come for review if the school bus ruling is repealed.

**Senator Lindaas** asked if the ambulance itself would be tax exempt. The response was not at this time.

**Senator Thane** asked how Minnesota handles this. The response was Minnesota is exempt from both sales/use and excise taxes.

**Senator Kilzer** agrees that someday the equity of this needs to be looked at and he has concerns that this is allowing private enterprise to be exempt from tax.

**Senator Fischer** asked if this is just the consumable that are being exempt. The response was that is not the way the bill is worded.

**Senator Thane** asked about the first response individuals and if they are licensed by the State Health Department. The response was yes they are and they would be exempt.

**Gary Anderson, Director of Income Specialty Tax** testified providing information on HB 1368 indicating that what the committee heard is correct all materials in office and ambulance supplies would be exempt. He indicated that in ND being a nonprofit organization does not automatically qualify for ND sales exemption it must be supplied to the retailer at the time of purchase.

**Senator Krauter** raised the question about reducing the general fund and the state aid to distribution fund. The response was that anytime there is a decrease in sales tax the state aid fund would be reduced.

**Senator Krauter moved a DO PASS, Senator Thane seconded. No further discussion. A roll call vote was taken with 9 yes, 3 no, and 4 absent.** The carrier will be finance and tax, Senator Ben C Tollefson.

Vice Chairman Bowman closed the hearing.

Date 3/18/05  
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB

Senate SENATE APPROPRIATIONS

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

1368

Action Taken

Do Pass

Motion Made By

Krauter

Seconded By

Krauter, Thane

Senators	Yes	No	Senators	Yes	No
CHAIRMAN HOLMBERG		✓	SENATOR KRAUTER	✓	
VICE CHAIRMAN BOWMAN	✓		SENATOR LINDAAS	✓	
VICE CHAIRMAN GRINDBERG			SENATOR MATHERN	✓	
SENATOR ANDRIST			SENATOR ROBINSON	✓	
SENATOR CHRISTMANN			SEN. TALLACKSON	✓	
SENATOR FISCHER		✓			
SENATOR KILZER		✓			
SENATOR KRINGSTAD	✓				
SENATOR SCHOBINGER	✓				
SENATOR THANE	✓				

Total (Yes)

9

No

3

Absent

4 3

Floor Assignment

For Tap

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

REPORT OF STANDING COMMITTEE (410)  
March 18, 2005 2:07 p.m.

Module No: SR-50-5488  
Carrier: Tollefson  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**HB 1368: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS**  
(9 YEAS, 3 NAYS, 3 ABSENT AND NOT VOTING). HB 1368 was placed on the  
Fourteenth order on the calendar.

**2005 TESTIMONY**

HB 1368



**59<sup>th</sup> North Dakota Legislative Assembly  
House Finance & Taxation Committee  
HB 1368, Sales Tax Exemption – Emergency Medical Services – Jan 24, 2005**

**North Dakota Emergency Medical Services Association**

Good morning, Chairman Belter and Members of the Committee. My name is Dean Lampe, and I am the Executive Director of the North Dakota Emergency Medical Services (EMS) Association. Our association represents approximately 1600 individual EMS provider members throughout the state who primarily serve on North Dakota's 143 licensed ambulance services. On behalf of our membership, I am pleased to share with you this morning our thoughts concerning this bill and why we stand in support of this important legislation.

If enacted, this bill would provide an exemption from sales tax for items used for the treatment or benefit of the patients for our state's EMS service providers; or, ambulance squads and quick response units. This bill would include our ambulance services right along with the other healthcare providers in the state; including hospitals, intermediate care facilities, and virtually all other healthcare stakeholders.

In anticipation of questions from the Committee, I had hoped to see the fiscal note on this bill prior to preparing my testimony for today hoping that it would provide information which I was unable to obtain. This is because the first question I would anticipate from the committee would be; how many ambulance services would this bill affect? I'm sorry, but we cannot give you any more than an estimate.

In North Dakota, we have what could be described as a wide assortment of organizational structures for ambulance services. Some are municipally owned, some by the county and others are owned from within the political subdivision, "Rural Ambulance Service District." Also, in North Dakota, we have ambulance services which are owned privately and others which are owned by hospitals. The hospital owned services, as are some of the services organized within cities or counties are mostly set up as 501(c) 6 or (c) 3 non-profit corporations. Even though these corporations are non-profit, of course they presently pay state sales tax on the items which they purchase for the care of their patients.

Mr. Chairman and Members, without hesitation I can say to you the financial condition of most all of the state's ambulance services is "financially fragile." I can also assure you of two additional things. First, medical costs continue to rise and, as I've testified in other committees, ambulance services (along with other medical service providers) are already over-burdened with inadequate rate reimbursement schedules from Medicare, Medicaid and now a Workforce Safety rate schedule which will soon be implemented. In our smaller communities, a number approaching 50% of the ambulance service runs are for Medicare or Medicaid patients. In a surprising number of these cases, reimbursement rates do not even cover the fixed overhead of making the run.

Absent hard data, I would estimate 25% to 50% of our state's ambulance services would be affected by the enactment of this bill. If enacted it would do two primary things. First, it would lower the overall costs of patient supplies and equipment. Second, it would "level the playing field" for those ambulance services which do not currently fall under the organizational structure of a political subdivision or those organized as non-profit corporations.

One final interesting fact is that our neighboring state of Minnesota exempts ambulance services from both sales tax and vehicle excise and registration taxes. So, our largest ambulance service, F-M Ambulance Service, purchases all of their patient supplies, equipment, and ambulances in Minnesota because they have ambulance stations addressed in Moorhead and are doing business in that state. In this regard, HB 1368 would again "level the playing field" for our other ambulance services which do not have stations with Minnesota addresses.

For those reasons, the ND EMS Association urges this committee to recommend a Do Pass for HB 1368 and thanks this committee for the opportunity to address you this morning. I would be happy to answer questions at this time.

HB 1368

Chairman Belter, Committee Members

For the record, I am Rep Gerry Uglem from Dist 19( rural Grand Forks County)

Most of us assume medical supplies in North Dakota are not taxable. However EMS has been overlooked. EMS have really developed in the last 30 years from nothing to a necessity in all our communities. I really believe EMS should have the same tax exemption as other medical providers.

The EMS association is here to give any statistics he could gather.

I want to thank you in advance for giving this serious consideration.

I would be happy to try to answer any questions you may have.

HB 1368

Chairman Urlacher, Committee Members

For the record, I am Rep Gerry Uglem from Dist 19( rural Grand Forks County)

Most of us assume medical supplies in North Dakota are not taxable. However EMS has been overlooked. EMS have really developed in the last 30 years from an undertaker giving rides to a necessity in all our communities. I really believe EMS should have the same tax exemption as other medical providers.

Dean Lampe with the EMS association is here to provide further information.

I want to thank you in advance for giving this serious consideration.

I would be happy to try to answer any questions you may have.

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**59<sup>th</sup> North Dakota Legislative Assembly  
Senate Finance & Taxation Committee  
HB 1368, Sales Tax Exemption – Emergency Medical Services – March 9, 2005**

**North Dakota Emergency Medical Services Association**

Good morning, Chairman Urlacher and Members of the Committee. My name is Dean Lampe, and I am the Executive Director of the North Dakota Emergency Medical Services (EMS) Association. Our association represents approximately 1600 individual EMS provider members throughout the state, who primarily serve on North Dakota's 143 licensed ambulance services. On behalf of our membership, I am pleased to share with you this morning our thoughts concerning this bill and why we stand in support of this important legislation.

If enacted, this bill would provide an exemption from sales tax for items used for the treatment or benefit of the patients for our state's EMS service providers; or, ambulance squads and quick response units. This bill would include our ambulance services in a sales tax exemption right along with the other healthcare providers in the state; including hospitals, intermediate care facilities, if enacted this session, assisted living facilities, and virtually all other healthcare stakeholders.

In North Dakota, we have what could be described as a wide assortment of organizational structures for ambulance services. Some are municipally owned, some by the county and others are owned from within the political subdivision, "Rural Ambulance Service District." Also, in North Dakota, we have ambulance services which are owned privately and others which are owned by hospitals. The hospital owned services, as are some of the services organized within cities or counties are mostly set up as 501(c) 6 or (c) 3 non-profit corporations. Even though these corporations are non-profit, of course they would pay state sales tax on the items which they purchase for the care of their patients if it weren't for their present exemptions under law.

Mr. Chairman and Members, without hesitation I can say to you the financial condition of most all of the state's ambulance services is "financially fragile." I can also assure you of two additional things. First, medical costs continue to rise and, as I've testified before other committees, ambulance services (along with other medical service providers) are already over-burdened with inadequate rate reimbursement schedules from Medicare, Medicaid and now a Workforce Safety rate schedule which was recently implemented. In our smaller communities, a number approaching 50% of the ambulance service runs are for Medicare or Medicaid patients. In a surprising number of these cases, reimbursement rates do not even cover the fixed overhead of making the run.

Absent hard data, I would estimate 25% to 50% of our state's ambulance services would be affected by the enactment of this bill. If enacted it would do two primary things. First, it would lower the overall costs of patient supplies and equipment. Second, it would "level the playing field" for those ambulance services which do not currently fall under the organizational structure of a political subdivision, those affiliated with hospitals, or those organized as other governmental operations and are not presently paying state sales tax.

Finally, I must mention a fact which this committee is probably aware of; that is, this bill passed the House unanimously by a vote of 91-0. So, for those reasons, the ND EMS Association urges this committee to recommend a Do Pass for HB 1368 and we thank this committee for the opportunity to address you this morning. I would be happy to answer questions at this time.

**Testimony on HB 1368**  
**Senate Finance & Taxation Committee**  
**March 9, 2005**

Chairman Urlacher and members of Senate Finance & Taxation Committee, thank you for the opportunity to testify on HB 1368. My name is Shelly Peterson, President of the ND Long Term Care Association. I am here to testify in support of HB 1368.

As you've heard this morning, currently the facilities exempt from sales tax include hospitals, nursing facilities, basic care facilities and intermediate care facilities. Further, we are requesting in HB 1179 a sales tax exemption for assisted living. After our initial hearing in House Human Services on HB 1179, the question was raised about what other "medical services" might be out there who should be considered for a sales tax exemption. The entity that came to everyone's mind was ambulance/emergency transport services.

In rural North Dakota, ambulance service is the lifeline in the community. People want to know help is only a telephone call away. Most rural ambulance services are operated by dedicated volunteers. Many nursing facilities serve as the call center. They are operational 24/7 and can alert the response system.

A 2002 survey of the 50 plus population in North Dakota indicated a move in the next 10 years was very unlikely. This was especially true in rural and frontier North Dakota. North Dakotans want to stay where they are currently living.

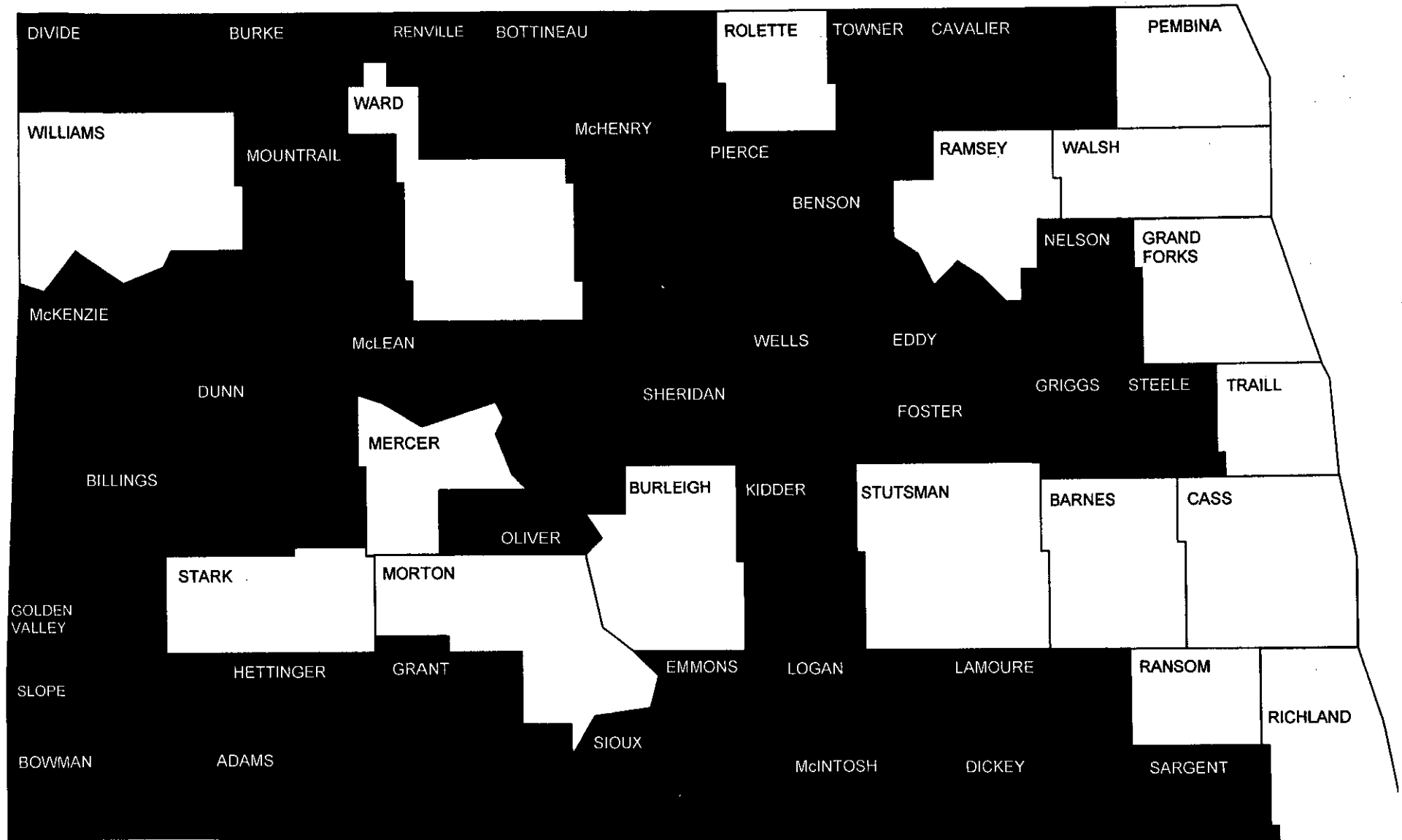
The presence of emergency services are critical for individuals and most often their children, for them to stay in rural North Dakota.

As volunteers age or become non-existent, we may see nursing facilities try to be this vital link. Extending the sales tax exemption for medical supplies used to deliver this importance service will aide the survival of this vital lifeline in North Dakota.

Your positive consideration of HB 1368 is appreciated. Thank you.

Shelly Peterson, President  
ND Long Term Care Association  
1900 N. 11<sup>th</sup> St  
Bismarck, ND 58501

# North Dakota Frontier Counties



Center for  
Rural Health

University of North Dakota  
School of Medicine & Health Sciences



36 of 53 North Dakota Counties designated as Frontier  
(less than 6 persons per square mile) Based on 2000 Census

Executive Offices  
1622 E. Interstate Ave.  
Bismarck, ND 58503



(701) 221-0567 Voice  
(701) 221-0693 Fax  
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**59<sup>th</sup> North Dakota Legislative Assembly  
Senate Appropriations Committee  
HB 1368, Sales Tax Exemption – Emergency Medical Services – March 18, 2005**

**North Dakota Emergency Medical Services Association**

Good morning, Chairman Holmberg and Members of the Committee. My name is Dean Lampe, and I am the Executive Director of the North Dakota Emergency Medical Services (EMS) Association. Our association represents approximately 1600 individual EMS provider members throughout the state who primarily serve on North Dakota's 143 licensed ambulance services. On behalf of our membership, I am pleased to share with you this morning our thoughts concerning this bill and why we stand in support of this important legislation.

If enacted, this bill would provide an exemption from sales tax for items used for the treatment or benefit of the patients for our state's EMS service providers; or, ambulance squads and quick response units. This bill would include our ambulance services in a sales tax exemption along with the other healthcare providers in the state; including hospitals, intermediate care facilities, when enacted this session, assisted living facilities, and virtually all other healthcare stakeholders.

In North Dakota, we have what could be described as a wide assortment of organizational structures for ambulance services. Some are municipally owned, some by the county and others are owned from within the political subdivision, "Rural Ambulance Service District." Also, in North Dakota, we have ambulance services which are owned privately and others which are operated by hospitals. The hospital owned services, as are some of the services organized under municipal or county governments are mostly set up as 501(c) 6 or (c) 3 non-profit corporations. Even though these corporations are non-profit for income tax purposes, of course they would pay state sales tax on the items which they purchase for the care of their patients if it weren't for their present exemptions under law.

Mr. Chairman and Members, without hesitation I can say to you the financial condition of most all of the state's ambulance services is "financially fragile." I can also assure you of two additional things. First, medical costs continue to rise; and second, as I've testified before other committees, ambulance services (along with other medical service providers) are already over-burdened with inadequate rate reimbursement schedules from Medicare, Medicaid and now a Workforce Safety rate schedule which was recently implemented. In our smaller rural communities, approximately one half of the ambulance service runs are for Medicare or Medicaid patients. In a surprising number of these cases, reimbursements made to our ambulance services do not even cover the fixed overhead of making the run.

Absent hard data, I would estimate 25% to 50% of our state's ambulance services would be affected by the enactment of this bill. If enacted it would do two primary things. First, it would lower the overall costs of patient supplies and equipment. Second, it would "level the playing field" for those ambulance services which do not currently fall under the organizational structure of a political subdivision, those affiliated with hospitals, or those organized as other governmental operations and are not presently paying state sales tax.

Finally, I must mention a fact which this committee is probably aware of; that is, this bill passed the House unanimously by a vote of 91-0 and it received a Do Pass recommendation from your Senate Finance and Taxation Committee by a vote of 6-0. So, for all of the reasons I've mentioned, the ND EMS Association asks this committee to recommend a Do Pass for HB 1368, and we thank you for the opportunity to address the committee this morning. I would be happy to answer questions at this time.