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ROLL NUMBER

DESCRIPTION

1246

2005 HOUSE FINANCE AND TAXATION

HB 1246

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1246**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **January 18, 2005**

Tape Number

2

Side A

X

Side B

Meter #

50

Committee Clerk Signature

Janice Stein

Minutes:

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

REP. DON VIGESAA, DIST. 23 Introduced the bill. Stated this was of great interest to his friend, former Rep. Dale Syverson. Dale was a great champion for emergency medical services, over all, and especially rural medical services and EMT's. This bill will provide a corporate tax credit for the purchase and replacement of automated and external defibrillators in work places. This bill, if enacted, will provide an incentive for our state's larger businesses to install this important life saving device in offices and other work environments in our state, where most of us spend one third of our lives. This bill will also rely on our public access to defibrillation, commonly known as, tablock, to assure that key employees in the work place are properly trained in CPR and defibrillator use, with the most current heart association course. This same law also pertains to good samaritan language to protect the individual to take their time to properly train in the machine's use. Related to an experience in a committee meeting, where a machine like

this is very important. To have emergency medical services in our business places could be very helpful to save lives.

REP. BELTER What is the average cost for one of these machines?

REP. VIGESAA From what I understand, the average cost could be from \$1,500 to \$2,000 at this present time, and they are coming down.

REP. DROVDAL One of my concerns, I have seen in some areas, sometimes emergency equipment is dated, like air tanks can only be filled so long, in the past, we have had companies donate their air tanks to fire departments, and come to find out, these air tanks were obsolete, and it would cost more to update them then actually buying the equipment ourselves, if that happens, we don't want to give a tax credit for used equipment, is this limited to new equipment?

REP. VIGESAA To my understanding, it is only for new purchases. As far as how long they last, or if they need service, I will defer that question.

REP. CONRAD Do we have these kinds of equipment in public places?

REP. VIGESAA To my knowledge, we have several of these kinds of equipment in public places. There are several in the state capital.

REP. WRANGHAM In looking at the fiscal note, we are looking at \$150,000, in doing the math, if the three hundred units which the fiscal note is showing, were purchased at \$2,000, that would be \$600,000, I would assume the sales tax on that, would be approximately a \$30,000 plus to the sales tax coffers, which could offset this \$150,000.

REP. VIGESAA I would guess that would probably be true.

DEAN LAMPE, EXECUTIVE DIRECTOR OF THE NORTH DAKOTA EMERGENCY

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

REP. CONRAD Do we have similiar legislation for nonprofit organizations so that they can get a grant to have these things?

DEAN LAMPE We have federal programs for devices provided to rural access. The federal government has done a good job to place AED's in rural ambulance squads and community centers in smaller towns. We have not done such a good job in our larger communities, that is part of the aim of this bill.

REP. DROVDAL Of the one hundred and forty three ambulance services which you represent, how many of those do not currently have AED's and also approximately what years of service can you get out of a machine.

DEAN LAMPE I would say every ambulance in the state, has either an automated defibrillator or a manual defibrillator.

SEAN QUINN, PARAMEDIC WITH FARGO - MOORHEAD AMBULANCE SERVICE
Testified in support of the bill. See attached written testimony.

REP. DROVDAL Asked what the life expectancy is of these machines.

SEAN QUINN Stated he has one in his personal vehicle which is about sixteen years old, and it still works just fine.

HARRY KOHLER, BISMARCK Testified in support of the bill. Gave a personal experience of how a defibrillator worked for him.

MARY LOFTSGARD, STATE TAX DEPARTMENT Testified in a neutral position.

She pointed out several concerns the State Tax Department has regarding the bill. No where in the bill does it say that the defibrillator must be located in North Dakota. There could be a couple of corporations that have businesses in both Minnesota and North Dakota. As we read this bill, if they purchase a defibrillator and install it in a Minnesota location, they would still be eligible for the North Dakota credit on their North Dakota return. We are not too sure whether this bill will limit the credit to one defibrillator or for each location, if they have two. And, the credit is available based on the purchase price of the defibrillator, and also confines the requirement of the North Dakota Century Code 32-03, there are some changes to that section of the code, which are being proposed in HB 1226. That section of the century code requires training and maintenance of the defibrillator, protocol for the use of the defibrillator, are we in the tax department as tax auditors, really qualified to audit and make sure that corporations are in compliance with those kinds of requirements. It would be helpful to us if you want somebody else to monitor that compliance and certify to us, or if you might want to separate that. We would like some clarification.

REP. BELTER Currently, a corporation would be able to deduct this as a business expense in the original purchase?

MARY LOFTSGARD Presumably, they would, I am not sure what federal regulations are in that regard.

REP. BELTER These are subject to North Dakota sales tax?

MARY LOFTSGARD I am not sure about that, I would confirm that. The three hundred companies we used for the fiscal note, was basically, a best guess.

REP. DROVDAL If a corporation gave the money to the fire department or ambulance service, they are in most cases tax exempt, there would be no sales tax on that equipment, would they still be able to deduct this five hundred dollars if they gave the money directly to the fire department.

MARY LOFTSGARD I don't believe they would, because it specifies the purchase of. I believe the corporation, itself, would have to purchase the machine.

With no further testimony, the committee hearing was closed.

COMMITTEE ACTION Tape #2, Side B, Meter 39.8

REP. BELTER Suggested committee member discuss the concerns Mary Loftsgard, with the Tax Department, had with the bill.

Committee members discussed several amendments they felt should be added to the bill.

There was a concern with out of state corporations getting a tax credit. There was a question whether there should be a tax credit for every machine purchased.

There were several suggestions made to amend the bill such as possibly give the credit to anyone who purchases the defibrillator.

The intern, Karl Nordvall, was going to prepare amendments relating to the committee members suggestions.

The committee will act on this bill as soon as the amendments are prepared.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1246**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **January 31, 2005**

Tape Number	Side A	Side B	Meter #
1		X	31.4

Committee Clerk Signature

Minutes:

COMMITTEE ACTION

MARY LOFTSGARD, STATE TAX DEPARTMENT Explained amendments which were prepared for the committee. The amendments would take care of the concerns she raised in testimony when the bill was heard. The amendments state that the defibrillator must be placed in North Dakota and there is only one credit. The amendment also removes the section of the bill which would require training, which we were never sure we would be able to audit to determine if they were in compliance.

REP. BELTER You would only be able to get credit for one machine, no matter how many you purchased?

MARY LOFTSGARD Yes, the most credit would be \$500.00.

REP. BELTER would that reduce the fiscal note?

MARY LOFTSGARD I think the fiscal note was simply based on an estimate, assuming three hundred corporations would purchase one.

REP. DROVDAL This bill would still limit the credit to just a corporation, not an individual business, or limited liability company?

MARY LOFTSGARD Yes

REP. WRANGHAM Would that mean once a year, they can have this credit?

MARY LOFTSGARD Yes, you can purchase one per year.

REP. DROVDAL Corporations get to deduct this as a business expense, don't they?

MARY LOFTSGARD To be best of my knowledge, they would be able to take a business expense.

The bill will be acted on at a later time.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1246**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **February 1, 2005**

Tape Number	Side A	Side B	Meter #
1	X		30.5

Committee Clerk Signature

Minutes:

COMMITTEE ACTION

REP. BELTER Reviewed the bill.

Amendments from the tax department were presented to committee members.

REP. GRANDE Made a motion to adopt the amendments as presented.

REP. BRANDENBURG Second the motion. Motion carried unanimously.

REP. IVERSON Made a motion for a **do not pass as amended**.

REP. WEILER Second the motion. **MOTION CARRIED**

10 Yes 1 No 3 Absent

REP. IVERSON Was given the floor assignment.

FISCAL NOTE
Requested by Legislative Council
01/10/2005

Bill/Resolution No.: HB 1246

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						
Expenditures						
Appropriations						

(\$150,000)

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 1246 creates a corporation income tax credit equal to 25% of the purchase price of an automated external defibrillator for use in the workplace.

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.*

Assuming 300 corporations would purchase one defibrillator each during the 2005-07 biennium, the fiscal impact would be a reduction in state general fund revenues totaling \$150,000.

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.*

Name: Kathryn L. Strombeck
Phone Number: 328-3402

Agency: Office of Tax Commissioner
Date Prepared: 01/17/2005

Date: 6/10/01

Roll Call Vote #:

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES

House **FINANCE & TAXATION**

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Motion Made By

Seconded By

Representatives
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

Yes

No

Representatives

Yes No

Total (Yes)

No

Absent

Floor Assignment

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

REPORT OF STANDING COMMITTEE

HB 1246, as amended, Finance and Taxation Committee (Rep. Belter, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO NOT PASS (10 YEAS, 1 NAY, 3 ABSENT AND NOT VOTING). HB 1246, as
amended, was placed on the Sixth order on the calendar.

Page 1, line 2, replace "certain" with "an"

Page 1, line 3, replace "defibrillators" with "defibrillator"

Page 1, line 10, replace "an" with "one", replace the first "the" with "a", and replace "and
compliance with the" with "located in North Dakota."

Page 1, remove line 11

Renumber accordingly

2005 TESTIMONY

HB 1246



**59th North Dakota Legislative Assembly
House Finance & Taxation Committee
SB 1246, Corporate Tax Credit for AED's – Jan 18, 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 a tax credit for North Dakota corporations for the purchase and placement of Automated External Defibrillators (AED) in their workplace and the proper American Heart Association (AHA) training of key employees in both CPR and the machine's proper use.

As Mr. Chairman and Members may know, as Executive Director of the EMS Association, my offices are located in the same building as the North Dakota Healthcare Association and the North Dakota Medical Association; and, I am happy to report that we have an AED in our workplace, and there is also an AED located in the legislative wing of the Capitol complex. I am also proud to say that I am a trained "Heartsaver - AED" having received the AHA training and passing a proficiency examination.

As I sit in my office everyday and as we sit here together this morning, we all have an added measure of lifesaving safety because of these fantastic machines being located on site. This bill, if enacted, would provide an incentive for North Dakota corporations to also add this measure of safety to their workplaces. The North Dakota EMS Association thanks the committee for this opportunity and urges this committee to recommend a Do Pass recommendation to this bill.

Keeping in mind that I have experts to follow me, I would be happy to answer questions the committee may have.

59th North Dakota Legislative Assembly
House Finance and Taxation Committee
HB 1246, corporate income tax credit for AED purchase
January 18, 2005

Good morning Chairman Belter and members of the House Finance and Taxation Committee. My name is Sean Quinn; I am a Paramedic with F-M Ambulance Service. I appreciate the opportunity to provide testimony today in regards to House Bill 1246. This bill, if enacted, would provide a tax credit to businesses in North Dakota who purchase an Automated External Defibrillator. As a paramedic with F-M Ambulance Service, one of my responsibilities is to consult and assist businesses with the implementation of an AED program. I am pleased to share with you this morning my experiences and to support this piece of important legislation.

Sudden Cardiac Arrest kills more than 250,000 people each year. Approximately 600 people each day suffer from Sudden Cardiac Arrest in the United States. The majority of these events occur outside a medical facility. The chance of an individual surviving such an event is less than 5%. With immediate access to an Automated External Defibrillator, the survivability increases by as much as 5-7%. A study published in the New England Journal of Medicine in 2000 showed that; sudden cardiac arrest victims who received defibrillation within the first 3 minutes of the event had a survivability rate of 74%.

I am not aware of anything in the pre-hospital environment that has impacted cardiac arrest patients' survivability since the development of CPR. This is a device that can literally "cheat death". An Automated External Defibrillator applies electrical therapy to a patient in 2 potentially correctable cardiac rhythms. In these cases the heart "quivers" uselessly and is ineffective in pumping blood around the body. With easy to follow commands, accompanied with voice prompts, these devices are able to be used appropriately and effectively by the lay public with little prior training.

I would like to take this opportunity to speak of an event that occurred in Fargo in October of this last year. A 66 year old gentleman was working out at the YMCA in downtown Fargo. He was in the locker room changing when he collapsed. This man

suffered a Sudden Cardiac Arrest. Less than 5% of patients who have a similar experience survive. With each minute that passes his chances decrease by approximately 7-10%. It took the ambulance only 4 minutes to arrive on the scene, but that 4 minutes could have been the difference between life and death. This patient was lucky. A lifeguard was at his side in minutes, performing CPR. A Fargo Police Officer was 1 block away and arrived on the scene in seconds. An AED from the officer's police car was attached to this man, and the 18 year old lifeguard and police officer saved his life.

I had the opportunity in October to visit this gentleman just prior to his release from the hospital. I was able to show him the print out from the AED. I was able to show him the exact moment he went from having no pulse, to having a heart beat again.

I, as an advanced life support provider, am unaware of a piece of equipment that can make such a quantifiable difference in so many lives. In the Fargo area, I am aware of approximately 250 AED's. Since 2001, I am also aware of 13 lives who have been saved because they where lucky enough to have an AED near by when they experienced Sudden Cardiac Arrest.

It is my hope that this bill will provide the necessary encouragement to business owners in the state of North Dakota to purchase an AED for their facilities. The implementation of AED programs will save lives.

I urge this committee to recommend a Do Pass to HB 1246. Thank you for allowing me the opportunity to speak to you this morning, I would be happy to provide a brief demonstration of an AED, or to answer any questions you may have.