

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1474

2005 HOUSE FINANCE AND TAXATION

HB 1474

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1474**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **January 26, 2005**

Tape Number	Side A	Side B	Meter #
1		X	11.1
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

REP. JAMES KERZMAN, DIST. 31 Introduced the bill. See attached written testimony.

REP. BELTER This is not a tax credit, it is a deduction on your income tax?

REP. KERZMAN That is correct.

REP. OWENS What financial burdens does a donor go through?

REP. KERZMAN Some of the financial burdens, many times, they have to take time off of work, go through testing,

REP. DROVDAL Is this a line item on both ND1 and ND2?

REP. KERZMAN I don't know if I can answer that, deferred to the tax department.

REP. PAM GULLESON, DIST. 26 Co-Sponsor of the bill. Testified in support. This goes in the right direction, this may help other people to make a decision. It is good policy on behalf of the state.

STEVE RIXEN, MEDCENTER ONE HEALTH SYSTEMS, BISMARCK Testified in support of the bill. See attached written testimony, together with some amendments to the bill.

JANELLE JOHNSON, ON HER OWN BEHALF Testified in support of the bill. She related an experience where her sister donated a kidney to one of her co-workers. Related to the cost of donating the kidney. There were two trips to Minneapolis, she missed about two and a half weeks of work, without pay, travel and lodging expenses, were all the responsibility of the donor. This bill gives some sensitivity to the fact that there are some costs to the donor.

JILL WEIGEL, STATE TAX DEPARTMENT Testified in a neutral position. She stated she assisted in preparing some of the amendments to the bill. Basically, what the bill is trying to address is the medical expenses that are not reimbursed, traveling and lodging, defined as deductible expenses for federal purposes. If you itemize on your federal return, you may be allowed certain medical expenses. If you exceed seven and a half percent of your federal AGI. The expenses that you don't get to deduct on your federal return, basically, is what this bill will end up addressing.

There is a provision on the long form, that you can take the medical expenses which you were not allowed to take on the federal return when you itemized, since that would be a duplication, in this bill, we made sure that was rectified in the language in Section 1, it only applies if it has not already been deducted on the federal return.

REP. BELTER For most individuals, it is difficult to get that medical deduction on the federal form?

JILL WEIGEL That is correct, you have to exceed seven and a half percent of your earnings, and you only get the excess above that.

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House Finance and Taxation Committee

Bill/Resolution Number **HB 1424**

Hearing Date **January 26, 2005**

With no further testimony, the hearing was closed.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1474**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **February 1, 2005**

Tape Number	Side A	Side B	Meter #
1		X	13.6
Committee Clerk Signature			

Minutes:

COMMITTEE ACTION

REP. BELTER submitted amendments to committee members, prepared by the tax department.

Medcenter One had proposed these amendments in their testimony.

The amendments were quite extensive, Rep. Belter stated we would act on this bill at a later date, and we would have someone from the tax department explain the amendments to committee members.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1474**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **February 1, 2005**

Tape Number	Side A	Side B	Meter #
2	X		29.1
Committee Clerk Signature			

Minutes:

COMMITTEE ACTION

REP. BELTER Asked committee members whether they wanted to add an extra line to the income tax form for 22 cases of organ donors.

RICK CLAYBURGH, STATE TAX COMMISSIONER Appeared before the committee to answer any questions the committee had regarding the bill and the amendments. He explained all of the check offs there are on the tax form to date.

REP. HEADLAND Made a motion for a do not pass.

REP. BRANDENBURG Second the motion.

After discussion regarding the pros and cons of the bill and amendments, the motions were withdrawn.

REP. FROELICH Made a motion for a do pass.

REP. WEILER Second the motion.

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House Finance and Taxation Committee

Bill/Resolution Number **HB 1474**

Hearing Date **February 1, 2005**

After the vote, committee members realized they did not adopt the amendments which were prepared by the Legislative Council.

REP. WEILER Made a motion to reconsider by which the bill was passed in committee.

REP. DROVDAL Second the motion. Motion carried by voice vote.

REP. DROVDAL Made a motion to adopt the amendments 50475.0201.

REP. KELSH Second the motion. Motion carried by voice vote.

REP. FROELICH Made a motion for a **do pass as amended**.

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

9 yes

2 no

3 absent

REP. KELSH Was given the floor assignment.

FISCAL NOTE

Requested by Legislative Council
02/08/2005

Amendment to: HB 1474

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			(\$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.*

Engrossed HB 1474 creates an individual income tax deduction for certain expenses and lost wages incurred by a (living) person who donates a human organ for transplantation.

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.*

Statistics indicate approx. 23 living donor organ transplantations occur each year in North Dakota. Engrossed HB 1474 would allow a deduction of expenses up to \$10,000. Assuming all 23 donors incur the maximum allowable expenses, and further assuming they all have a tax liability, Engrossed HB 1474, if enacted, is estimated to reduce state general fund revenues by \$14,000 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.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	02/09/2005

FISCAL NOTE

Requested by Legislative Council
01/18/2005

Bill/Resolution No.: HB 1474

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			(\$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 1474 creates an individual income tax deduction for certain expenses and lost wages incurred by a (living) person who donates a human organ for transplantation.

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.*

Statistics indicate approx. 23 living donor organ transplantations occur each year in North Dakota. HB 1474 would allow a deduction of expenses up to \$10,000. Assuming all 23 donors incur the maximum allowable expenses, and further assuming they all have a tax liability, HB 1474, if enacted, is estimated to reduce state general fund revenues by \$14,000 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.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	01/19/2005

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

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1474

House FINANCE & TAXATION

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Motion Made By

Rep. Fraelich

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	A				
HEADLAND, CRAIG	✓				
IVERSON, RONALD	✓				
KELSH, SCOT	✓				
NICHOLAS, EUGENE	✓				
OWENS, MARK	✓				
SCHMIDT, ARLO	✓				
WEILER, DAVE	✓				
WRANGHAM, DWIGHT		✓			

Total (Yes) 12 No 1

Absent 1

Floor Assignment

Rep. Weiler

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

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

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1474

House FINANCE & TAXATION

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 50475.0201

Action Taken Do Pass as amended

Motion Made By Rep. Froelich Seconded By Rep. Nicholas

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

Total (Yes) 9 No 2

Absent 3

Floor Assignment Rep. Kelsh

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

REPORT OF STANDING COMMITTEE

HB 1474, as amended, Finance and Taxation Committee (Rep. Belter, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (9 YEAS, 2 NAYS, 3 ABSENT AND NOT VOTING). HB 1474, as amended, was placed on the Sixth order on the calendar.

Page 1, line 8, replace ", not deducted in" with "that"

Page 1, line 9, remove "computing federal taxable income, which" and remove "qualified donor's"

Page 1, line 10, after "donation" insert "by a taxpayer or a taxpayer's dependent" and remove "of the qualified donor's"

Page 1, line 11, remove "To determine the"

Page 1, remove lines 12 through 16

Page 1, line 17, replace "Revenue Code [26 U.S.C. Section 62]. An individual" with "A taxpayer"

Page 2, remove lines 6 through 8

Page 2, line 9, replace "(4)" with "(3)", after "means" insert "lost wages not compensated by sick pay and", after "unreimbursed" insert "medical", and replace "for both the" with "as defined for federal income tax purposes, to the extent not deducted in computing federal taxable income, whether or not the taxpayer itemizes federal income tax deductions, and not already deducted under subdivision e."

Page 2, remove lines 10 and 11

Page 2, line 14, replace ", not deducted in" with "that"

Page 2, line 15, remove "computing federal taxable income, which" and remove "qualified donor's"

Page 2, line 16, after "donation" insert "by a taxpayer or a taxpayer's dependent" and remove "of the qualified donor's"

Page 2, line 17, remove "To determine the"

Page 2, remove lines 18 through 22

Page 2, line 23, replace "Revenue Code [26 U.S.C. Section 62]. An individual" with "A taxpayer"

Page 3, remove lines 3 through 5

Page 3, line 6, replace "(4)" with "(3)", after "means" insert "lost wages not compensated by sick pay and", after "unreimbursed" insert "medical", and replace "for both the" with "as defined for federal income tax purposes, to the extent not deducted in computing federal taxable income, whether or not the taxpayer itemizes federal income tax deductions."

Page 3, remove lines 7 and 8

Renumber accordingly

2005 SENATE FINANCE AND TAXATION

HB 1474

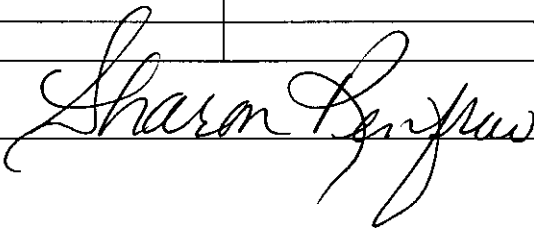
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1474**

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date **March 2, 2005**

Tape Number	Side A	Side B	Meter #
#1	X		0.7 - 15.7
Committee Clerk Signature 			

Minutes:

CHAIRMAN URLACHER CALLED THE COMMITTEE TO ORDER AND OPENED THE HEARING ON HB 1474.

REP. KERZMAN: appeared as the prime sponsor with written testimony stating the purpose of this bill is to make the process of organ donation more palatable for those who decide to make that sacrifice.

SEN. COOK: what you do mean by the collection procedure? You say most of the actual medical costs are covered for the collection procedure.

ANSWER: that's when the actual organ is taken from the hospital, the recipients medical or whoever's got medical wouldn't cover that part.

SEN. URLACHER: so this is primarily for the wages lost and that type of insurance.

ANSWER: yes, for what isn't covered by insurance such as travel, lodging, lost wages.

STEVE RIXEN: lobbyist for MedCenter One Health Systems appeared in support with written testimony stating any measure that will serve to better the health of our community and the State of ND is worth encouraging.. With the potential to lend some assistance to this small number of heroes it has been well worth the effort.

SEN. TOLLEFSON: is there any compensation that goes to the donor?

ANSWER: nothing legally, we actually looked at doing a tax credit for this bill but because it was found to violate federal organ trafficking laws, we looked at it and thought we were going to do this like Wisconsin did and just provided a deduction for expenses incurred. If you offer some kind of compensation on top that your looking at there's a possibility of violating that federal law.

BETH STENEHJEM: on behalf of herself appeared to support the bill with written testimony stating this bill will recognize that a live donor has costs associated with the donation and the message that this bill sends to possible donors is that the state of ND recognizes the need for these donors and is willing to do what they can to support that decision.

KATHRYN GRAFSGAARD, Health Care Advocate for ND Catholic Conferences appeared in support with written testimony stating the bill recognizes the broad social justice implications of organ donation, and recognizes the value of donation by a living person. It also recognizes the financial burden, and offers an amount of relief to an individual taxpayer.

JILL WEIGEL: from the Tax Dept. Appeared for questions

SEN. COOK: I'm concerned, did I hear something about some federal tax policy regarding this and if so, can you explain that?

ANSWER: the issue that was raised by Steve Rixen during his testimony, when we were looking at whether a tax deduction, meaning a deduction from income, would apply vs. a tax credit and the research that we did. There is a federal law that prevents marketing of organs, its immoral, illegal and that sort of thing to compensate somebody for selling their organs to another person. By allowing a tax credit there was an opinion that was issued in Kansas I believe when they were looking at similar legislation, they were going to look at a tax credit and the opinion at that time was that that would appear to give compensation to an organ donor that could violate that federal policy. The deduction however is something that has been acceptable, Wisconsin has approved, MN is looking at it and maybe some other states that I'm not aware of. In looking at this some of the things that, medical expenses how they flow through the federal insurance, currently if you file your federal return, your medical expenses if you itemize are deductible but now you deductible after you pass a floor. Many people don't get to take those medical expenses because they can't go above that floor of their federal AGI, so they are locked. This bill would actually provide them the opportunity to take those medical expenses up to the point of \$10,000 on their state return.

SEN. COOK: so the bill as before us and written can be administered by the Tax Dept.?

ANSWER: certainly.

SEN. COOK: on the fiscal note I see your using 23 possible donors, organ transplants a year, you take that times 2 = 46 times \$10,000 how then do you go from \$460,000 to \$14,000?

ANSWER: we take that times the effective rate, we kinda go by the middle of the bracket and estimate that out.

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Senate Finance and Taxation Committee

Bill/Resolution Number HB 1474

Hearing Date March 2, 2005

SEN. COOK; the only way there would ever be a \$14,000 fiscal note on this is if everybody if that much income tax was actually owed?

ANSWER: that's correct - somewhere would end up getting about \$200 to \$300 per donor

SEN. WARDNER: So this is a deduction taken off before taxable income? Yes

No further testimony. Closed the hearing.

SEN. COOK: made a **MOTION FOR DO PASS**, seconded by Sen. Tollefson

ROLL CALL VOTE: 6-0-0 Sen. Tollefson will carry the bill.

Date: 3-2-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1474

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By COOK Seconded By Tollefson

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 2, 2005 11:49 a.m.

Module No: SR-38-3956
Carrier: Tollefson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1474, as engrossed: Finance and Taxation Committee (Sen. Urlacher, Chairman)
recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1474 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

HB 1474

TESTIMONY HB1474
HOUSE TAXATION AND FINANCE COMMITTEE
1-26-05

Chairman Belter and Members of the Committee,

For the record, my name is Rep. James Kerzman. I am a representative for District 31. I am here to introduce and offer my support for House Bill 1474.

HB 1474 is a bill to provide for a tax deduction for live organ donors. Effectively the purpose of this bill is to make the process of Organ Donation more palatable for those who decide to make that sacrifice. Because they are giving so much of themselves for the sake of another, our conscience should dictate that we lighten that burden in whatever way we are able.

Currently there are over 85,000 people nationwide on the waiting list to receive an organ. Anything we can do to help those who give to reduce that number is a worthwhile endeavor especially at such a small cost to the State of North Dakota. Make no mistake about it, these people are saving lives.

The bill itself can be seen as somewhat confusing. However, I think that it is important not to lose sight of the intent behind this legislation in discussing the language. This bill will reduce to some extent the financial burden that these donors incur by choosing to give of themselves.

I hope you will support this measure and I urge a "do pass" recommendation. I will be happy to answer any questions.

Thank you.

Testimony before the House Taxation and Finance Committee
HB 1474
(1-26-05)

Chairman Belter and Members of the Committee,

For the record my name is Steve Rixen. I am a lobbyist for Medcenter One Health Systems here in Bismarck. I am here to today to provide our support for House Bill 1474. We strongly encourage enacting any measure that will serve to better the health of our community and our state.

We have been working hand in hand with Representative Kerzman and the tax commissioner's office to bring this bill to you in the best form possible. We started out with language in hand from a Wisconsin law that was enacted on January 30th of 2004 and a bill considered by the Minnesota State legislature. Armed with those two pieces of legislation, and the idea that providing a tax deduction for a live organ donor was a noble cause, we put together this bill. However, as the drafts of the bill were examined, difficulties in administration of it kept showing up. We tried to work through them with the tax commissioner's offices as best we could. Even as late as yesterday afternoon, we were trying to find the most agreeable, manageable form of this legislation.

We feel that the language still needs to be altered. We have prepared a very rough draft of some amendments to ensure the easiest possible of the administration of the bill.

Here are the changes we are recommending.

It just looks like a complicated mess of wordplay, but as you already know and I have recently learned, in discussing taxes every word has the potential to muddy the waters and leave things open to interpretation. This clarifies that some extent the intent of the bill. What we are trying to do with these changes is be able to provide a deduction for both those people who itemize on their federal deduction and those who choose to take the standard deduction.

Despite these changes and the complications involved in examining the language we urge you not to lose sight of the merits intended in the bill before you. We can work out the kinks in whatever way is most agreeable to you.

As of 7:20 am today, there are currently 87,265 friends and family members nationwide on a waiting list for an organ for transplantation. Despite the growing number of those who are willing to make the sacrifice and give an organ, the number of those who will continue to wait for a donation is still substantial. Make no mistake about it those who do decide to give are saving lives. They should not have to sacrifice anymore than they already are to give their gift.

In light of that the intent of the bill is not to offer some kind of a bribe to encourage donation. We are simply trying to make the process less financially burdensome to those

who do make the decision to give of themselves. If removing some of the financial hurdles leads to decreased reluctance for potential donors to give, naturally we are ok with that byproduct.

This is a worthy cause. It will simply ease the burdens associated with the process of donation. As Representative Kerzman said, "because they are giving so much of themselves for the sake of another, our conscience should dictate that we lighten that burden in whatever way we are able."

I hope you will support this measure and I urge a "do pass" recommendation as amended.

I would be happy to try and answer any your questions, however, as I am an individual who still looks to his father for help his taxes, the detailed questions about the language may be better left to the representative from the tax commissioner's office.

Thank you

HB1474
Testimony
By Rep. James Kerzman

Chairman Urlacher and Members of the Finance & Tax Committee,

For the record, my name is Rep. James Kerzman. I am a representative from District 31.

HB 1474 is a bill to provide a tax deduction for live organ donors. Effectively the purpose of this bill is to make the process of organ donation more palatable for those who decide to make that sacrifice. Because they are giving so much of themselves for the sake of another, our conscience should dictate that we lighten that burden in whatever way we can. These donors are live "Humanitarians"; they help save lives and society so much. People in need of organs many times don't have quality of life, add to health care costs, and may even be at risk of death.

Currently there are over 85,000 people nationwide on the waiting list to receive an organ. Anything we can do to help those who give to reduce that number is a worthwhile endeavor especially at such a small cost to the State of North Dakota. Make no mistake about it, these people are saving lives.

The bill can be seen as somewhat confusing. However, I think that it is important not to lose sight of the intent behind this legislation in discussing the language. This bill will reduce to some extent the financial burden that these donors incur by choosing to give of themselves.

Most of the actual medical costs are covered for the collection procedure. The expenses incurred by donors are things like, time off from work for testing, time off for procedures, transportation which may involve several trips, and recovery time.

I hope you will support this measure and give it a good recommendation. I will be happy to answer any questions.

Thank you.

Rep. James Kerzman

**Testimony Before the Senate Finance and Taxation Committee
Regarding House Bill 1474
March 2, 2005**

Chairman Urlacher and members of the committee,

For the record my name is Steve Rixen. I am a lobbyist for Medcenter One Health Systems. I am here to today to offer our support for House Bill 1474. We strongly encourage enacting any measure that will serve to better the health of our community and the state of North Dakota.

Medcenter One operates a kidney transplant center in Bismarck. It is one of only two facilities in the state that offer transplant services; the other is at Meritcare Hospital in Fargo. We also operate a dialysis unit and are currently building a new center to meet the growing need for this lifesaving service. Over the last four years our dialysis center has experienced, on average, 18 percent growth yearly. With the growing diabetes epidemic and North Dakota's aging population, increased patient loads are expected to continue. Additionally, the local population of Native Americans - who suffer a disproportionate rate of diabetes - is increasing.

This unfortunate growth is indicative of a growing problem. Although dialysis and organ transplantation are separate treatments with many different risks and sacrifices involved, the growth of reliance on dialysis is an indicator of a greater future need for kidney transplantation.

This bill has really been transformed from where we started. We began with language in hand from a Wisconsin law that was enacted on January 30th of 2004 and a bill currently being considered by the Minnesota State legislature. From there we worked a great deal with Representative Kerzman, the Legislative Council and the Tax Commissioner's office to bring this bill to you in the best possible form. It has not been an easy task. But I must say, with the potential to lend some assistance to this small number of heroes, it has been well worth the effort. This is a worthy cause. The House passed this bill 91-0 and we hope that today will be the first step towards repeating that success on the Senate side.

According to the National Organ Procurement and Transplantation Network, as of 5:00 p.m. yesterday, there were 87,232 friends and family members nationwide on a waiting list for an organ for transplantation. Our transplant center currently has 46 people on the waiting list for transplantation. The state of North Dakota has a total of 96 people waiting for an organ. Despite the growing number of those who are willing to make the sacrifice and give an organ, the number of these people in need who will continue to wait for a donation is still substantial. Sadly, not all of those people waiting will receive this lifesaving gift.

Make no mistake about it - those who do decide to give an organ are saving lives at great inconvenience and potential risk to themselves. They should not have to sacrifice more than they already are to give their gift.

Despite the modest financial assistance we are hoping to offer, bear in mind that the intent of the bill is not to give some kind of "bribe" to encourage donation. We are simply trying to make the process less financially burdensome to those who do make the decision to give of themselves. If removing some of those hurdles leads to a decreased reluctance for potential donors to give, naturally we are ok with that byproduct.

This is a worthy cause. As Representative Kerzman said, "Because they are giving so much of themselves for the sake of another, our conscience should dictate that we lighten that burden in whatever way we are able."

I hope you will support this measure and I urge a "do pass" recommendation on House Bill 1474.

I would be happy to answer any of your questions.

Thank you very much for your consideration,

Steve Rixen
Public Policy and Community Development
Medcenter One Health Systems

HB 1474

Testimony in FAVOR of tax deduction for organ donors

Beth Bakke Stenehjem

March 2, 2005

Good morning, Chairman Urlacher and members of the Senate Finance and Taxation Committee. My name is Beth Bakke Stenehjem. I am here to support HB 1474 and ask you to vote in favor of tax deductions for organ donors.

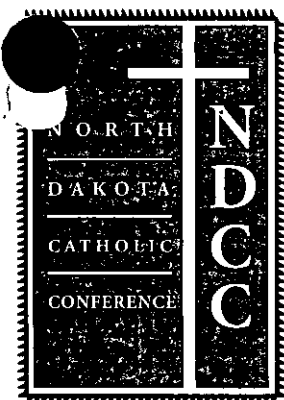
In 2001 I donated a kidney to a friend of mine, and it was by far the most rewarding experience of my life. This is why I ask you to vote in favor of HB1474. This bill will recognize that a live donor has costs associated with the donation. I personally don't think that it would convince someone to donate who is otherwise not willing to go through the procedure. But the bill shows that the State of North Dakota realizes the need for live organ donation and realizes that there is a cost to the donor.

I had no medical bills from the procedure and tests, but my husband and I did have the following costs:

- 3 trips to Mayo Clinic in Rochester
- 10 nights stay in hotels for the initial consultation, the operation, and the checkup.
- telephone charges
- 3 weeks loss of pay as I had just started a job and had no sick leave

One thing I learned from my experience was that there is less chance of rejection if the donor is a live donor than when a person gets a cadaver kidney. The message that this bill sends to possible donors is that the state of ND recognizes the need for these donors and is willing to do what they can to support this decision.

Thank you for your time.



*Representing the Diocese of Fargo
and the Diocese of Bismarck*

Christopher T. Dodson
Executive Director and
General Counsel

To: Senate Finance and Taxation Committee

From: Kathryn Grafsgaard, Health Care Advocate

Subject: House Bill 1474, Income Tax Deduction for Organ Donation

Date: March 2, 2005

Chairman Urlacher and members of the committee. I am Kathryn Grafsgaard, Health Care Advocate for the North Dakota Catholic Conference. I am here today to offer support for House Bill 1474.

The bill recognizes the broad social justice implications of organ donation, and recognizes the value of donation by a living person. Organ donation is, as Pope John Paul II states, a "concrete gesture of solidarity and self-giving love". Outside of emergency medicine, few medical interventions so dramatically save the lives of imminently dying patients.

Certainly, a living donor undergoes a tremendous amount of personal physical and emotional hardship while undergoing a procedure of this extensive nature. This can, in reality, potentially include a significant financial burden to the donor or an individual who claims the donor as a dependent.

House Bill 1474 recognizes the financial burden, and offers an amount of relief to an individual taxpayer.

We urge the committee to give a Do Pass recommendation to House Bill 1474.

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