

2009 HOUSE FINANCE AND TAXATION

HB 1468

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1468

House Finance and Taxation Committee

☐ Check here for Conference Committee

Hearing Date: **January 28, 2009**

Recorder Job Number: 7981

Committee Clerk Signature



Minutes:

**Chairman Belter opened the hearing of HB 1468.**

**Representative Bill Amerman, District 46**, introduced the bill. The intent of this bill is to try to give back in a small way to volunteer first responders, ambulance crews and fire departments. When they volunteer their job doesn't just exist when they go out on a call. They have pagers and their lives are affected because when you wear that pager you can't travel very far. This involves over 11,000 people across the state. I know this Committee has had an abundance of these types of bills, and I hope you will give a favorable recommendation on this bill.

**Dominic Olson, Gwinner Fire and Rescue**, testified in favor of the bill. There are numerous volunteers that put in countless hours every year not only training but also responding to emergency situations. Volunteers give their time, energy, and family willingly and effortlessly to help the citizens of North Dakota when things are not normal. This would give back to the volunteers and spark new interest in emergency organizations. It would benefit communities.

**Travis Swanson, Gwinner Fire and Rescue**, testified in favor of the bill. We thought this bill up one evening while we were in school. Other states have things for first responders and

firemen. Minnesota does. Certain areas have retirement funds for volunteer services. I am in favor of this bill.

**John McFarland, Gwinner First Responders**, testified in favor of the bill. I'm in favor of this bill to help continue and maintain people who are already committed to volunteering their time and help to these organizations. I think this bill would help them to continue to further their education. It's getting harder and harder to find volunteers because when they get in and see the time involved it's either this or time with the family. The furthering of the education—there are many hours we have to drive to Bismarck and Jamestown. That's out of our own pocket and our own time. This would be a great way for the State of North Dakota to say "thank you" to the people that do this.

**Representative Pinkerton:** Do you provide fire protection for Bobcat? How many people do they employ there?

**McFarland:** Yes, we do as well as EMS. We've been to Bobcat for multiple fires—usually welding smoke. We're up on the roof and in the building. They employ 860 persons currently. It's a big building and a very large operation. It requires specialty training and equipment.

**Representative Drovdal:** The membership in your organization—is it a set number? Or whoever can make the fire call?

**McFarland:** We have a set number. As first responders we currently have 16. We live in a fortunate place in the state. There are a lot of young people from Bobcat. They are stepping forward. If you look at the Western side of the state, you have towns of 100-200 people. I don't see how they can make it as far as volunteers and trying to find equipment.

**Representative Drovdal:** I know some departments have a set number and the only time they take in someone new is when someone leaves.

**McFarland:** In our department we have 40.

**Representative Winrich:** This question is for someone in the tax department. This \$2000 is the reduction in the computation of taxable income. Is that correct?

**Joe Becker, Tax Department:** You are correct.

**Representative Winrich:** This doesn't depend on their receiving \$2,000 income from their service or expending \$2000? It's just a strait out reduction in taxable income.

**Becker:** That's the way I understand it.

**Representative Grande:** If a volunteer who is an older person doesn't have that income, do they still get some kind of deduction. How is this going to happen?

**Becker:** There will be no benefit if they have no income to offset.

**Chairman Belter:** This is calculated on the days they served and you just take a percentage of the \$2000 based on the number of days they served.

**Becker:** It is measured on a taxable year which will be a calendar year. If they are part of that organization for the entire year then it's a full \$2000. If they are only a member of the organization for part of the year then it would be prorated on the number of days. It does not impact full-time salaried individuals—it is just for volunteers.

**Chairman Belter:** This is calculated on the days they served and you just take a percentage of the \$2000 based on the number of days they serviced.

**Representative Grande:** Is this based on days they actually work? On call? Or just the length of time they are a volunteer?

**Becker:** It is my understanding that you are a member of the organization then you will get the deduction.

**McFarland:** We do have members who do not respond to calls but they are active on the roster. The reason we have that is that once in a while you need a break. I have a pager in

my house 24/7 and without other help I would feel like I can't leave the town. The nearest out of town ambulance is 22 minutes away—that's one way. Time is the issue when you are dealing with these responses. You will have members that are on your charter, but they are there for backup.

**Chairman Belter:** You are saying that an individual who is on call would qualify for this.

**McFarland:** I think they should in some small way. I don't know if that is something you have to change, but because they are on call they have gone through the continuing education to keep up their status as a first responder, EMT, or firefighter. You have to have so many hours every two years to maintain this status. There are people who in the year may never go on a call but they go to the training and they are at the meetings. That's how you stay on the roster.

**Representative Froseth:** An inequity I see in this is that you might have someone on your staff that makes \$30,000 per year and has 4 children. They aren't paying much income tax and would not get much benefit out of this; whereas someone making \$50,000 and who has no children would get the full benefit. Do you see the inequity?

**McFarland:** I can see these all being issues. The reason I came is because as a State I feel we should be something. We need to get membership in to these volunteer services somehow—and we need to maintain them. This is the best way I could see it.

**Representative Froseth:** Do you think to pay for their education and expenses incurred will be as beneficial as this?

**McFarland:** Most definitely. When I took my EMT class, we had a gal that wanted to become a paramedic. She didn't have the financing to do it. As a group, we donated the money so she could become a paramedic contingent upon her working for us for two years.

**Representative Froseth:** Say I wanted to join your organization, what would the cost be to become an EMT.

**McFarland:** \$1400. The first responders paid for it and we agreed to work for them for a year.

**Representative Brandenburg:** What does it cost to keep your training up? Do you lose work?

**McFarland:** There is training coming up here in Bismarck and one in Jamestown. It's not just the time you lose away from work because it usually starts on a Friday and ends on Saturday. But, you have the driving time and you take time away from your family. In the long run I don't want you guys to pay for all of that. That isn't what this bill is about. This about saying "Thank You" and giving something back to these guys that are doing this. Without these guys around and you are the one laying on the floor, you are going to regret it.

**Representative Pinkerton:** These crews have fairly strict criteria that they have to maintain to belong to the organization. I can see someone my age wanting to contribute but may not want to crawl on top of the building. Those people are part of the organization too and serve as backup and still have to maintain the same criteria. It's just not anybody in town that can come and join.

**McFarland:** That is right. It's not a good ole boys club. There are liability issues so they have to have a certain amount of training that they all have to have.

**Representative Drovdal:** In reading the Century Code, this would qualify for all volunteers whether they are trained or not? It appears that way. Is that the intent?

**McFarland:** My initial intent was to help maintain the level of people we have and to better their knowledge. I don't want this to become something that all people join because they get a tax credit. I want them there as a volunteer because they have it in their heart. A little break

at the end of the year for them however you guys go about it just says thank you from everyone in the state.

**There being no further testimony, Chairman Belter closed the hearing on HB 1468.**

Not present but providing written testimony: **Jeff Anderson, Gwinner Fire Chief.**

**(Attachment 1)**

## 2009 HOUSE STANDING COMMITTEE MINUTES


Bill/Resolution No. **HB 1468**

House Finance and Taxation Committee

☐ Check here for Conference Committee

Hearing Date: January 28, 2009

Recorder Job Number: 8073

Committee Clerk Signature 

Minutes:

**Chairman Belter:** This is Representative Amerman's bill dealing with volunteer emergency responder's tax deduction. I have a motion for a "do not pass" from Representative Grande and a second from Representative Wrangham. Is there any discussion?

**Representative Grande:** I don't see that this is equitable amongst the workers for a number of reasons. You can have some people that are fighting fires every week and some that never go on a job and they still qualify for this. The other thing is the inequity of their real-life job and the salary they are working from. My main reason comes down to the inequity across the state. I personally pay a tremendous amount for our EMTs and firefighters already. We pay a lot in taxes in Fargo, Bismarck and Grand Forks to have our full-time firefighters. Now I am being asked to sacrifice some more of my tax dollars to cover volunteers all across the state. I have sympathy for their purpose, but we are paying a lot. We also all pay into an insurance fund. They get money in their volunteer programs due to the money I am paying in my insurance. I think this is above and beyond what my constituents would agree to pay.

**Representative Pinkerton:** In Minot, as you drive towards Bottineau or Bismarck, you drive through areas where emergency services are all being maintained by volunteers. The Bobcat plant would shut down without emergency medical technicians or they would have to provide



services through the corporation. I think that these emergency people are not looking for money, but what they are looking for is some recognition of what they do in everyday commerce to provide safety.

**Representative Grande:** I think my company would like some recognition for what they do because they get called out all over Cass County.

**Representative Froseth:** I believe that the EMS Association has requested an additional \$5 million in state funding this past year. I am not sure if it is in the Governor's budget or not. I think there is a better incentive as our rural communities are crying for ambulance and EMT people. In West Hope, there are two EMTs on the staff; one of those two has to be on call all the time. An incentive to pay for their training might be better to get more people involved and more people willing to go into this area. I am not sure if that is in the request from the association or not. I know our people would rather request money to buy equipment or to pay for education than to have a personal deduction. I am sure they would.

**Representative Brandenburg:** I was on the Public Safety Committee. There is money there for classes and schools, but you have to apply for grants. Some of them get left out because they missed out on the grant process. I am not going to support this because it doesn't hit everybody fairly. Some people do a lot of work and some just want to be there.

**Vice Chairman Drovdal:** We need to appreciate our firemen. There is no doubt and we do appreciate our ambulance people and firemen and emergency personnel. In our community, if they are willing to take the training, it is paid for. We put on appreciation days. The definition is wide open here. I don't think there is a lot of effect here. These people do not do it for a tax break. They do it for the community. There are better ways to appreciate them.

**Representative Schmidt:** In my area, it isn't the firemen as much as the ambulance personnel. It just came to our attention that if you want to start a factory, you have to have an

ambulance service or you aren't going to get a license. We are just having an awful time keeping ambulance personnel. Our population is all my age or older. I am going to have to support the sponsors. I don't know how far it is going to go, but we have to do something in the rural areas.

**Chairman Belter:** My thought on it is that they are volunteers and we are all very appreciative, but the \$2000 deduction equals roughly \$100 if you are at the top of the tax bracket in ND so if you are in a mid-bracket, you are talking about \$60. Quite frankly, there would be better ways to compensate through training or something else. All the paperwork they are going to have to go through to get this amount of money isn't worth it. That is why I am not going to support the bill.

**A roll call vote was taken on a "do not pass" motion, resulting in 8 ayes, 4 nays, 1 absent/not voting. Representative Weiler will carry the bill.**

**FISCAL NOTE**  
**Requested by Legislative Council**  
01/20/2009

Bill/Resolution No.: HB 1468

**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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$1,200,000)			
Expenditures						
Appropriations						

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1468 creates an individual income tax deduction for volunteer emergency responders including volunteer firefighters.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The deduction is \$2000 per year for a full year of service, and is made available on both of the state's individual income tax returns, Form ND-1 and ND-2. If enacted, HB 1468 is expected to reduce state general fund revenues by an estimated \$1.2 million during the 2009-11 biennium.

**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.*

**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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Office of Tax Commissioner
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	01/27/2009

Date: 1/28/09

Roll Call Vote #: 1

**2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 1468**

House FINANCE AND TAXATION Committee

☐ Check here for Conference Committee

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

Action Taken ☐ Do Pass ☒ Do Not Pass ☐ Amended

Motion Made By Grande Seconded By Wrangham

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter	/		Representative Froelich		
Vice Chairman David Drovdal	/		Representative Kelsh		/
Representative Brandenburg	/		Representative Pinkerton		/
Representative Froseth	/		Representative Schmidt		/
Representative Grande	/		Representative Winrich		/
Representative Headland	/				
Representative Weiler	/				
Representative Wrangham	/				

Total (Yes) 8 No 4

Absent 1 / (Froelich)

Floor Assignment Representative Weiler

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

## REPORT OF STANDING COMMITTEE

HB 1468: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **DO NOT PASS** (8 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). HB 1468 was placed on the Eleventh order on the calendar.

2009 TESTIMONY

HB 1468

HB 1468  
January 28, 2009  
Testimony 1

**Amerman, Bill D.**

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**From:** jeff anderson [jaains23@hotmail.com]  
**Int:** Tuesday, January 27, 2009 9:09 AM  
**To:** Amerman, Bill D.  
**Subject:** HB 1468

Bill,

I am excited to see that this bill is being introduced. I was asked by Travis Swanson to come to Bismarck to testify on this, but I am unable to take time off from work to get there. I wish I could. Seeing the Legislators try to pass a bill like this is a great boost to volunteers all across the state. We all make sacrifices to be parts of the groups we belong to. Sure there is a lot of fun, fellowship and good times to be had, but when that pager goes off we all potentially put our lives on the line to go help others. You may get the occasional thank you, pat on the back or hug. That's all we could expect from this job, and it is a job. The requirements for training and certifications continue to grow causing us to spend more time away from work and family all the time. This bill, even if it does not result in the full \$2000 tax break, would be a little thank you to all the members who sacrifice so much just to help others. In today's small towns, volunteers are a rare commodity. This may help keep the ones that we have and will help attract new members. Thank you for your time and efforts. If I could come to testify on this issue at another date, let me know and I will try to make it happen.

Sincerely,

Jeff Anderson  
Fire Chief

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Windows Live™ Hotmail@:...more than just e-mail. [Check it out.](#)