

2011 HOUSE FINANCE AND TAXATION

HB 1184

# 2011 HOUSE STANDING COMMITTEE MINUTES

## House Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1184  
January 17, 2011  
#12947

☐ Conference Committee

Committee Clerk Signature

*Mary Brucker*

### Explanation or reason for introduction of bill/resolution:

A Bill relating to a volunteer emergency responder individual income tax deduction; and to provide an effective date.

### Minutes:

*Attached testimony #1*

**Representative Bill Amerman:** Sponsor. Support. HB1184 is a bill I introduced last session. I guess at first if you don't succeed try try again. Now I don't know about the try try part of it but I figured it was important enough and the individuals affected by it were important enough that I would bring it forward again. Out in rural North Dakota and even in some of the cities there are many individuals that volunteer their time to help out in situations; your first responders, volunteer firefighters, ambulance service, this bill would give them a little bit of a tax break. When I say a little bit that's basically what I mean because I'm almost embarrassed to say it but a family of four and filing jointly, you're probably going to save \$ 37. You could, if you make more money, see a savings in your taxes of \$60 some. So as far as individuality goes it's not a big tax break for the services they do. The fiscal note states \$1,000,000 but that money isn't going into brick and mortar, it's going back to the citizens who will in turn spend it. Then those dollars will multiply into seven as it goes. So, hopefully, that lost revenue could turn into more money into the coffers.

**Chairman Wesley R. Belter:** The question I would have is when you do an income tax break like this you certainly have a tremendous diversity of income amongst those that would qualify for it. So you'd have some individuals who are not paying any income tax and they would get nothing from it and then you'd have people of very high income that would probably receive more. Did you take that into consideration?

**Representative Amerman:** I don't know if I took it into consideration but I think that is what happens in any case. There will be some that will probably not benefit greatly from this bill. It's my understanding from the tax personnel that about \$60 or so might be the top of what they would benefit from this. If we could find a way to amend it where everyone gets a tax return I would appreciate that.

**Representative Dave Weiler:** You stated in your testimony something to the effect of the tax break or the tax savings on the individuals that would receive this. They would in turn spend the money and it would be multiplied by a number of about seven. Is that correct?

**Representative Amerman:** Correct.

**Vice Chairman Craig Headland:** Are we short of volunteers across the state in the areas of emergency services?

**Representative Amerman:** I know it's difficult in my neck of the woods at times. Perhaps a small gesture would help retain or bring on more volunteers, I'm not sure. As far as a shortage across the state, I'm not sure.

**Travis Swanson, Vice President of the Gwinner First Responders and Training Officer for the Gwinner Fire Department:** Support. The reason we support this bill so much is for recruitment and retention. We have a tough time down there to get good quality people to step forward with all the restraints being put upon them. Right now a lot of departments in our area are requiring that everyone get a Firefighter 1 certification which requires 40 of school plus training on that. They also have to do a first responder course which is an additional 40 hours plus the 20 hours of continuous education they have to do every two years. It takes time away from their families achieving that and retaining those qualifications so they can operate safely. Also you have your regular business meeting nights every month plus you have additional training nights every month. We're seeing more of an influx of people coming in wanting to be part of the organization but once they hear the requirements that are being bestowed upon them they'll walk away from it because they don't want to commit the time to it. In the Gwinner First Responders now we have 13 people, three of them are EMT or greater and the rest of them are First Responders. So every two years they have to meet the requirement of 20 hours of education to retain their first responder. Those that are basics and paramedics have to do 48 hours of continuous education over the course of two years and also have to do a 24 hour EMT refresher course every two years. There again we are struggling to keep good quality people involved in our organizations. This year we could maybe help get these people in there and keep them moving forward to keep the quality of services up.

**Representative Lonny B. Winrich:** All of the education requirements that you spoke of for the various positions and so on, I assume there's considerable expense involved with that. Is that the individual's responsibility or does the community support that?

**Travis Swanson:** The organizations will pay the fees for the folks to achieve all these certifications and keep them up; it's just more of the time away from family than paying for it financially.

**Representative Lonny B. Winrich:** Do they also receive expenses?

**Travis Swanson:** No, they do not.

**Representative Bette Grande:** As I'm looking at this all it talks about is that you're an organization that will maintain a roster of volunteers and then turn that roster in and then

they can apply. So we don't know if they worked two hours as a volunteer or worked 200 hours or 2,000 hours and they are going to receive the same tax break as long as their name was on the roster for the full year?

**Travis Swanson:** We do keep active rosters and we do tally the time people have invested in each operation that we're doing. With that we also incorporate the workers compensation paperwork so there are checks and balances of who all is involved because we have to have workers compensation insurance on all the volunteers.

**Representative Bette Grande:** How much are they able to use in the tax break? Is it going to be based on hours worked that they're able to deduct it out?

**Travis Swanson:** I guess in the discussions we've had over it, it would be across the board because everyone is contributing at least five to six hours a month just working at the hall.

**Vice Chairman Craig Headland:** You mentioned a tool like this may help you recruit and retain volunteers. Is there an example you can site of an emergency where there was a shortage of volunteers to attend to the necessary things that volunteers do in those situations?

**Travis Swanson:** In Gwinner we have a Bobcat manufacturing facility and we have a lot of contained fires in there. But we really do run short to get people there to work the fire due to the volume of work that there is. A lot of guys don't want to come and get dirty working in the fire ground so they don't show up. At that point in time they are noted in our log books as not responding. Our bylaws require that they only miss five fires or fire events in any given year otherwise they will no longer be on the roster.

**Representative Glen Froseth:** The fiscal note shows \$1.1 million cost to the general fund but I don't see any numbers of how many people this would affect.

**Travis Swanson:** I believe we have someone that would be better at answering that but I want to say about 70% of the fire fighting units in North Dakota are strictly voluntary. Renee from the Firefighters Association would be able to help us with that one.

**Representative Scot Kelsh:** Can you tell me if you have any of, either on the fire or medical emergency response team that are paid members? Which organization certifies the training hours that you are required of?

**Travis Swanson:** Currently in Gwinner there is nobody on any sort of payroll. It's all strictly volunteer from the Fire Chief on down to the first responders. With all our certifications, either fire or medical, the state keeps track of all that for us. ND Firefighters Association also keeps track of all that. ND EMS takes care of the other portion.

**Representative Steven L. Zaiser:** Are you or anybody else covered under workers compensation for your volunteer efforts?

**Travis Swanson:** Yes. Everybody who is part of the organization has to have workers compensation insurance. We pay our premiums annually for them.

**Renee Lowe, Executive Director of ND Firefighters:** There are approximately 7,000 volunteer firefighters in the state of North Dakota. As we know 96% of our firefighters are volunteers. They are a wonderful golden group of citizens for the state of North Dakota. As you all know as we move forward with the energy and other infrastructures in North Dakota, there are a lot of dangerous chemicals and other risk factors they face every day. If we think of just the past of the train derailment in Minot and on a daily basis there may be a hazardous truck overturned so our firefighters we know will actively be there to respond. The ND Firefighters has a state annual school called State Fire School that over 1,000 of our firefighters come to every year to learn the different protocols for these different emergencies. I strongly recommend the passage of this as a way to acknowledge and appreciate their volunteerism. I will tell you that we have regional school throughout ND in accordance with other activities that we put on such as leadership conferences, instructor conferences, and our firefighters are very proactive in attending all these.

**Representative Lonny B. Winrich:** Can you comment on the issue of how difficult it is to recruit new personnel and have there been volunteer departments that have reduced their services or gone out of business or something because of the lack of volunteers? Tell us something about this.

**Renee Lowe:** I will tell you that it is a concern across the state of North Dakota. As some of the smaller communities where people are moving to the larger cities, it is becoming more difficult.

**Vice Chairman Craig Headland:** Most of the larger cities have professional firefighters. When we're talking volunteers are we talking for the most part rural areas?

**Renee Lowe:** Yes we are. We have four career departments and we have 11 combination departments. The combination departments are career and volunteer. As we have said the rest of them would be all volunteer.

**Vice Chairman Craig Headland:** Can you provide us with any other benefits if there are any that are associated with being a volunteer?

**Renee Lowe:** Really I would say no. This is just a really a wonderful group of people responding who also take their time away from their families for trainings.

**Vice Chairman Craig Headland:** Essentially what you're saying is volunteers are volunteering because they see a need and they want to help and volunteer? So they're not doing it for any specific benefit?

**Renee Lowe:** That's right.

**Representative Scot Kelsh:** Can you specifically name one of the major impediments that keep people from volunteering other than the commitment? Is it a financial hardship to be able to volunteer?

**Renee Lowe:** When you look at all the aspects of volunteering and you look at certification just to become firefighter 1 you're probably going to have to dedicate over 80 hours of training. Some volunteers have to quit because they can't afford to be away all those hours from their families. Even when they are called out their families have the concerns if they will return home again. Yes, it is a very difficult issue. I really feel the state of ND should be very honored that we do have the type of response that we do in ND with approximately 7,000 firefighters. When you think of all the man hours that they put into being a volunteer firefighter.

**Representative Scot Kelsh:** In following up with that do you think \$1.8 million is enough for being a volunteer firefighter? Should we be doing something more than giving \$37 a year for that kind of sacrifice or should we be talking about something like a grant program that actually rewards the volunteers for every call that they go out on?

**Renee Lowe:** I think it would be very worthy if we could do something like that. Unfortunately right now this is something we can do at the present time to let them know we appreciate them.

**Representative Steven L. Zaiser:** Just taking that question one step further, so if you could would you be willing to support these volunteer firefighters in a greater way if you were making the laws?

**Renee Lowe:** Actually I would. When you look at what they do for their community and for the state and the time away from their families, yes, we need to acknowledge them. They are a golden group for the state of ND.

**Representative Wayne Trottier:** I would like to publicly acknowledge the ND Fire Departments especially in my community. Within one hour after the tornado hit we had five local fire departments there banging on the doors all night long to make sure we were safe. I do struggle with the bill a bit, part of it over jealousy and envy. Our local fireman and emergency people have way to much fun and enjoy what they're doing. There is comradery among them.

**Kelly Kohodick: Lidgerwood Fire Department:** I also just became a training officer there. I just wanted to make it known that when we have a fire call, whether it is a small fire or a car accident, the guys there just drop their work and come in to that. They have time lost from work. Now that I'm a training officer I hear from the guys saying they can't make it to training and I have to tell them that it's required but I really can't tell them they have to be there either. Some of the stuff is required, like Firefighter 1 and First Responder. Every month we have a nightly training where we go over hazmat materials and are always doing something to train us.

**Representative Scot Kelsh:** How have employers been to work with the volunteers? Have them been able to give you time off from work?

**Kelly Kohodick:** The employers in Lidgerwood will tell us to go but they're not going to pay us for the hours we miss work but they are good at letting you go. Where I work at

Bobcat I will be going to training in Bismarck but I had to go in last week to ask for the days off. They let me go but they're not going to pay me for the time I'm not there.

**Representative Scot Kelsh:** Do you have to take vacation when you request time off in order to fulfill your training requirements?

**Kelly Kohodick:** Not at Bobcat but sometimes if you're short on money they will give you vacation for that. Some with a big family will take vacation to go to training.

**Chairman Wesley R. Belter:** No further testimony in support. No testimony in opposition.

**Representative Lonny B. Winrich:** I have a question for the Tax Department. Representative Amerman indicated that the actual benefit to an individual filing under this provision would range somewhere from \$35 to \$60, can you give us some idea on how that's distributed over the tax brackets, what do people in various brackets get out of it?

**Nathan Bergman, Tax Department:** The high would be \$97.20 per year benefit assuming the individual is at the top bracket as it currently is at 4.86%. It would go down throughout. I can do some simple math and get that to you.

**Representative Lonny B. Winrich:** What about an individual who's taxable income is \$60,000 or \$40,000, how would it affect these people?

**Nathan Bergman:** Looking at just the single rates ND's rate is 1.84% up to \$34,000 of taxable income. That's probably where the \$36 or \$37 figure was coming from at the lowest tax rate. From \$34,000 up to \$82,000 of taxable income it would be 3.44% which would equate to \$60- 70 of benefit per year. If a taxpayer was in the \$82,000 to \$171,000 it would be 3.81% which would be approximately \$76 per year. The next bracket which takes it up to \$373,000 of taxable income would be 4.42%, approximately \$88 of benefit per year. And then anything over \$373,000 is where you would see the \$97 per year benefit.

**Representative Mark S. Owens:** I'm curious about the fiscal note. It says \$1.1 million yet Ms. Lowe said we have 7,000 in the state. So assuming all 7,000 volunteers make over \$342,000 per year and they're in the highest tax bracket and we multiply the \$97.20 I only get \$610,000 times 2.

**Nathan Bergman:** Here's what when into the calculations for the fiscal note. We figured 7,000 volunteer firefighters; in addition the bill would cover volunteer emergency medical service personnel of which we estimated from the Department of Health there would be approximately 3,000. From there we took it at an average rate of 2.64%.

**Representative Lonny B. Winrich:** Do you know if other states do anything similar to this or are there other exemptions for volunteers?

**Nathan Bergman:** I have not done any research into other states.

**Chairman Wesley R. Belter:** No further testimony. Closed hearing on HB 1184.

**Nathan Bergman, Tax Department**, submitted written testimony regarding what other states are doing in relation to income tax benefits for individual taxpayers who serve as a voluntary emergency responder. See attached testimony #1.



# 2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee  
Fort Totten Room, State Capitol

HB 1184  
January 31, 2011  
#13724

☐ Conference Committee

Committee Clerk Signature

*Mary Bricker*

## Explanation or reason for introduction of bill/resolution:

A bill relating to a volunteer emergency responder individual income tax deduction; and to provide an effective date.

## Minutes:

**Representative Bette Grande:** I move a Do Not Pass.

**Representative Roscoe Streyle:** Seconded.

A roll call vote was taken: YES 10 NO 4 ABSENT 0  
MOTION CARRIED-DO NOT PASS.

Representative Dave Weiler will carry HB 1184.

## FISCAL NOTE

Requested by Legislative Council  
01/08/2011

Bill/Resolution No.: HB 1184

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.*

|                | 2009-2011 Biennium |             | 2011-2013 Biennium |             | 2013-2015 Biennium |             |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
|                | General Fund       | Other Funds | General Fund       | Other Funds | General Fund       | Other Funds |
| Revenues       |                    |             | (\$1,100,000)      |             |                    |             |
| Expenditures   |                    |             |                    |             |                    |             |
| Appropriations |                    |             |                    |             |                    |             |

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

| 2009-2011 Biennium |        |                  | 2011-2013 Biennium |        |                  | 2013-2015 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 1184 creates a new individual income tax deduction for volunteer emergency responders consisting of (1) volunteer emergency medical services personnel or professionals and (2) 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.*

If enacted, HB 1184 is expected to reduce state general fund revenues by an estimated \$1.1 million during the 2011-13 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.*

|               |                      |                |                            |
|---------------|----------------------|----------------|----------------------------|
| Name:         | Kathryn L. Strombeck | Agency:        | Office of Tax Commissioner |
| Phone Number: | 328-3402             | Date Prepared: | 01/14/2011                 |

Date: 1-31-11  
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1184

House Finance and Taxation Committee

☐ Check here for Conference Committee

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

Action Taken: ☐ Do Pass ☒ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Grande Seconded By Rep. Streyle

| Representatives            | Yes | No | Representatives  | Yes | No |
|----------------------------|-----|----|------------------|-----|----|
| Chairman Wesley R. Belter  | ✓   |    | Scot Kelsh       |     | ✓  |
| Vice Chair. Craig Headland | ✓   |    | Shirley Meyer    |     | ✓  |
| Glen Froseth               | ✓   |    | Lonny B. Winrich |     | ✓  |
| Bette Grande               | ✓   |    | Steven L. Zaiser |     | ✓  |
| Patrick Hatlestad          | ✓   |    |                  |     |    |
| Mark S. Owens              | ✓   |    |                  |     |    |
| Roscoe Streyle             | ✓   |    |                  |     |    |
| Wayne Trottier             | ✓   |    |                  |     |    |
| Dave Weiler                | ✓   |    |                  |     |    |
| Dwight Wrangham            | ✓   |    |                  |     |    |
|                            |     |    |                  |     |    |
|                            |     |    |                  |     |    |
|                            |     |    |                  |     |    |
|                            |     |    |                  |     |    |

Total (Yes) 10 No 4

Absent 0

Floor Assignment Rep. Weiler

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

**REPORT OF STANDING COMMITTEE**

**HB 1184: Finance and Taxation Committee (Rep. Belter, Chairman)** recommends **DO NOT PASS** (10 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). HB 1184 was placed on the Eleventh order on the calendar.

2011 TESTIMONY

HB 1184



STATE OF NORTH DAKOTA  
**OFFICE OF STATE TAX COMMISSIONER**  
Cory Fong, Commissioner

*Testimony #1*

## Memorandum

**To:** Representative Winrich  
House Finance and Taxation Committee

**From:** Nathan Bergman  
Individual Income Tax & Withholding Section

**Date:** January 18, 2011

**Subject:** House Bill 1184  
Volunteer Emergency Responder Income Tax Deduction

In the hearing on House Bill 1184 on Monday, January 17<sup>th</sup>, 2011, you inquired as to what other states are doing in relation to income tax benefits for individual taxpayers who serve as a voluntary emergency responder.

A limited search indicates a number of other states provide a deduction or tax credit for voluntary emergency responders. While the features of the various deductions and credits vary state to state in relation to eligibility, the following information for a select number of states was identified:

States that allow a deduction:

- Louisiana - \$500
- Maryland - \$3,500
- North Carolina - \$250
- South Carolina - Lesser of \$3,000 or an amount determined by a board

States that offer a tax credit:

- New York - \$200
- Oklahoma - \$200 to \$400
- Oregon - \$250
- Pennsylvania - \$100

Please note that this list may not include every state that provides for a deduction or tax credit. However, the states of Montana, Minnesota and Wisconsin were specifically reviewed and it was determined that they do not offer a deduction or a tax credit for voluntary emergency responders.

If there is anything else I can provide, please let me know.

Phone: 328-1296

E-mail: [nwbergman@nd.gov](mailto:nwbergman@nd.gov)