

**House Finance and Tax Committee
Chairman Craig Headland
January 11, 2021**

**Testimony of Shane Goettle, Lobbyist:
State Association of Nonpublic Schools;
University of Jamestown; and
University of Mary**

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HB 1137

Chairman Headland and members of the committee, my name is Shane Goettle, and I am here today representing the State Association of Non-Public Schools as well as the University of Jamestown and the University of Mary.

Representative Nathe has explained some of the history and how the credits work. Our research last session found that of 24 tax credits in the North Dakota Century Code only one other credit had a limit based on a percent of the taxpayer's liability. We were asking in 2019's HB 1384 to be treated like most other tax credits by removing that percentage cap.

Considering the state's current fiscal situation in 2021, we agree with Representative Nathe and we support keeping the percentage cap as presented in this bill, but that it be raised to 50%.

The history on these tax credits goes back a long time (more than 40 years). At one time individuals were allowed the credit, but they were excluded a few sessions ago when North Dakota went back to just one individual tax form. The business credit was expanded in 2015 to include partnerships and S corporations to come into line with current business structures. You helped us restore the ability of individuals to make contributions and claim the credit in the 2019 session.

This credit has been beneficial to the non-public schools in attracting contributions to help cover their cost of education and we want to thank you for your support in the expansion of the credit in 2015 and 2019.

Much of this support is going to assist low-income families whose children attend the non-public schools in North Dakota but cannot afford the tuition. Our estimate is that North Dakota's non-public K-12 schools provide nearly \$4 million per year in tuition assistance and scholarships based on need. This number does not include scholarships at the university level.

The non-public K-12 schools in North Dakota save taxpayers of North Dakota more than \$168 million dollars* per biennium. The private universities in North Dakota provide similar savings of approximately \$90 million dollars per biennium.

Because the tax department had a "cannot be determined" fiscal note last session, the Senate asked us to help estimate the fiscal note. We surveyed the schools and estimated the state's fiscal note would be \$4.66 million for the biennium. That was based on no percentage cap. A cap of 50% should lower that estimate by more than half.

This year, we have communicated with the tax department and learned that \$687,950 in credits were claimed on individual returns in the 2019 tax year. What we cannot determine from the 2019 data alone is how many of these individuals claimed the credits based on individual contributions, or claimed the credits based on contributions that may have been made through a pass-through entity those individuals were a part of.

In all cases, we believe the fiscal note impacts are quite nominal as compared to the benefits provided by non-public education and request your support of this bill.

Mr. Chairman, I am happy to take any questions you may have.

Thank you.

**NDDPI School Finance Facts (Fall 2019) Non-Public enrollment of 6,770 students X average cost of education per pupil \$12,435.*