

2023 SENATE FINANCE AND TAXATION

SB 2237

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2237
1/25/2023

Relating to a child care income tax credit; and to provide an effective date.

10:38 AM Chairman Kannianen opens hearing.

Senators Present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

Discussion Topics:

- Governor's Proposal
- Tax credit minimum
- YMCA childcare
- Staffing childcare

10:39 AM Senator Hogan introduced bill. #16271 #16272

10:46 AM Jack McDonald - YMCA of ND, verbally in favor.

10:47 AM Bill Bauman – Director of Missouri Valley YMCA, verbally in favor.

Additional written testimony:

Katherine Grindberg #16646

10:54 AM Chairman Kannianen adjourns hearing.

Nathan Liesen, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2237
1/25/2023

Relating to a child care income tax credit; and to provide an effective date.

3:12 PM Chairman Kannianen opens meeting.

Senators Present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

Discussion Topics

- Stabilization funds
- Child care expenses

Committee discussed.

Senator Patten answered questions.

3:15 PM Chairman Kannianen adjourns meeting

Nathan Liesen, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2237
2/7/2023

Relating to a child care income tax credit; and to provide an effective date.

9:51 AM Chairman Kannianen opens hearing.

Senator present: **Kannianen, Weber, Patten, Rummel, Piepkorn.**

Discussion Topics:

- Childcare expenses
- Childcare impact
- Governor's childcare program

9:56 AM Chairman Kannianen adjourns meeting.

Nathan Liesen, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2237
2/7/2023

Relating to a child care income tax credit; and to provide an effective date.

10:40 AM Chairman Kannianen opens hearing.

Senator present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

Discussion Topics:

- Committee action

10:41 AM Senator Patten motioned a Do Not Pass

10:41 AM Senator Rummel seconded.

Senators	Vote
Senator Jordan Kannianen	Y
Senator Mark F. Weber	N
Senator Jeffery J. Magrum	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	N
Senator Dean Rummel	Y

Motion passed 4-2-0

10:43 AM Senator Patten will carry.

10:43 AM Chairman Kannianen adjourns meeting.

Nathan Liesen, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2237: Finance and Taxation Committee (Sen. Kannianen, Chairman) recommends **DO NOT PASS** (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2237 was placed on the Eleventh order on the calendar. This bill affects workforce development.

2023 SENATE APPROPRIATIONS

SB 2237

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2237
2/15/2023

Relating to a child care income tax credit; and to provide an effective date.

10:32 AM Chairman Bekkedahl opened the meeting on SB 2237.

Members present: **Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern.**

Discussion Topics:

- Committee action

Senator Davison moves **DO PASS**.

Senator Mathern seconded.

Roll call vote.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y
Senator David Rust	N

Motion passed 15-1-0

Senator Davison will carry SB 2237.

10:32 AM Chairman Bekkedahl adjourned meeting.

Kathleen Hall, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2237: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **DO PASS** (15 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2237 was placed on the Eleventh order on the calendar. This bill affects workforce development.

2023 HOUSE FINANCE AND TAXATION

SB 2237

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

SB 2237
3/13/2023

A bill relating to a child care income tax credit.
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Vice Chairman Hagert opened the hearing at 9:01AM.

Members present: Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVillie, and Representative Ista. **Members absent:** Chairman Headland.

Discussion Topics:

- Childcare costs
- Family tax credit
- Taxable income
- Prorated credit

Senator Hogan introduced the bill in support (#23717, 23718).

Additional written testimony:

Katherine Grindberg, Executive Vice President with Fargo Moorhead West Fargo Chamber of Commerce, testimony in support #24045.

Vice Chairman Hagert closed the hearing at 9:11AM.

Mary Brucker, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

SB 2237
3/13/2023

A bill relating to a child care income tax credit.

Chairman Headland opened the meeting at 3:26PM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVilleville, and Representative Ista. No members absent.

Discussion Topics:

- Committee vote

Representative Steiner moved a **Do Not Pass**.

Representative Bosch seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVilleville	N
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	N
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	N
Representative Vicky Steiner	Y
Representative Nathan Toman	Y

Motion carried 11-3-0

Representative Grueneich is the bill carrier.

Chairman Headland adjourned at 3:31PM.

Mary Brucker, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2237: Finance and Taxation Committee (Rep. Headland, Chairman) recommends DO NOT PASS (11 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). SB 2237 was placed on the Fourteenth order on the calendar.

TESTIMONY

SB 2237

CHILD CARE RELATED TAX CREDITS IN STATES

October 2020 State Profile

Colorado

FOR EMPLOYERS

Tax Landscape: Forty-four states levy corporate income taxes.

Does Colorado levy taxes on corporate employers in the state?

Yes

Does Colorado have an employer tax credit to incentivize the provision of child care for employees?

Yes, see below for more information

Employer Child Care Tax Credit Description

Child Care Contribution Tax Credit.

Any taxpayer that makes a qualifying monetary contribution to promote child care in Colorado may claim an income tax credit of 50% of the total value of the qualifying contribution. Limited to \$100,000 per taxpayer.

Code Section: § 39-22-121

Link: <http://ow.ly/CGOd50BWr0j>

Employer Child Care Credit.

This credit allows for investment in tangible personal property to be used in a child care center or family care home. For tax years beginning on or after January 1, 1992, a Colorado income tax credit is allowed in an amount equal to 20% of the taxpayer's expenditure made during the income tax year for the purchase of qualifying tangible personal property to be used in the operation of a child care center or a family care home which is licensed pursuant to section 26-6-106, C.R.S.

Code Section: § 39-22-517

Link: <http://ow.ly/EoFv50BWr3x>

Employer Child Care Credit.

This credit incents the provision of child care services or the payment of the costs associated with child care services for children of employees receiving public assistance. Also, the credit can be claimed against the provision of health or dental insurance for employees receiving public assistance, which health or dental insurance coverage, if less than the coverage provided through medicaid, shall be supplemented by medicaid to provide full medicaid benefits to the employee; the provision of job training or basic education of employees receiving public assistance; and the provision of a transportation program to and from work.

Code Section: § 39-22-521

Link: <http://ow.ly/XAUd50BWr5u>

Employer Child Care Credit.

Property, real and personal, which is owned and used solely and exclusively for strictly charitable purposes and not for private gain or corporate profit shall be exempt from the levy and collection of property tax if such property is used as an integral part of a child care center:

- (a) Which is licensed pursuant to article 6 of title 26, C.R.S.;
- (b) Which is maintained for the whole or part of a day for the care of five or more children who are not sixteen years of age or older;
- (c) Which is not owned or operated for private gain or corporate profit;
- (d) The costs of operation of which, including salaries, are reasonable based upon the services and facilities provided and as compared with the costs of operation of any comparable public institution;
- (e) Which provides its services to an indefinite number of persons free of charge or at reduced rates equal to 5% of the gross revenues of such child care center or equal to 10% of the amount of tuition charged by such child care center to the financially needy or charges on the basis of ability to pay.

Code Section: § 39-3-110

Link: <http://ow.ly/di8W50BYJnG>

continued

Colorado (continued)

OTHER CHILD CARE RELATED TAX CREDITS

Early Educator Tax Credit.

For income tax years commencing on or after January 1, 2020, but before January 1, 2025, an eligible early childhood educator is allowed a credit against the taxes. The amount of the credit:

- (A) Early childhood professional I equals \$500;
- (B) Early childhood professional II equals \$750;
- (C) Early childhood professional III equals \$1,000; and
- (D) Early childhood professional IV, early childhood professional V, and early childhood professional VI equals \$500.

Code Section: § 39-22-542

Link: <http://ow.ly/3aDK50BWrox>

FOR PARENTS

Tax Landscape: Nine states do not levy personal income taxes.

(Seven states do not levy personal income taxes and an additional two states do not tax wages. For example, in those states investment income and interest is taxed but wages are not taxed).

Does Colorado levy taxes on personal income?

Yes

Does Colorado have a dependent care tax credit for parents?

Yes, see below for more information

Parent Child Care Tax Credit Description

For families with adjusted gross income less than \$60,000; 50% of the federal child and dependent care tax credit (CDCTC) for taxpayers with income up to \$25,000; 30% of the federal CDCTC for taxpayers earning between \$25,000 and \$35,000; and 10% of the federal CDCTC for taxpayers earning between \$35,000 and \$60,000.

Code Section: 39-22-119

Link: <http://ow.ly/tCCo50BWugH>

OTHER POTENTIAL REVENUE SOURCES

Check out CED's Child Care Tax Credit Corner web page for other taxes that states may levy (e.g., estate or inheritance taxes, lottery taxes, marijuana taxes, property taxes, sales taxes, and tobacco and vaping taxes).

www.ced.org/child-care-state-tax-credits

TESTIMONY
Senate Finance & Taxation Committee
SB 2237
January 25, 2023
Senator Kathy Hogan

Chairman Kannianen and members of the Senate Finance & Taxation Committee. I am Senator Kathy Hogan from Central Fargo with a small corner of West Fargo.

SB 2237 is one of five bills being introduced to address the childcare crisis. In December 2022, KIDS COUNT ND submitted a comprehensive overview of the needs and it can be found at <https://ndkidscount.org/north-dakotas-child-care-system-investments-needed-to-support-families-and-child-care-businesses>. These bills are linked to that study.

Over the last 12 to 18 months discussion regarding the need to stabilize the childcare infrastructure has generated many creative ideas and suggestions. Because this is a complex issue, there is not one simple solution. The cost of childcare in some communities equals or exceeds college tuition costs. In 2021 the average cost of a child for an infant for a year was \$9,833.00 and for a toddler was \$8,727. In many families, particularly those that have two or three children in childcare, their costs far exceed their mortgage payments.

This bill is focused on helping middle class families with young children who are struggling with the costs of childcare by providing them an income tax credit for childcare costs. Many states are now considering either employer or parental childcare tax credits as a mechanism to address these issues. For a summary of those initiative see <https://www.ced.org/child-care-state-tax-credits> Many states offer an array of tax credits. Here is a link to the Colorado model https://www.ced.org/assets/pdf/ell-statemaps/201003_CED_StateTaxMergedDoc%20CO.pdf

Thank you for your interest in this bill and I hope you will seriously consider this as one of the ways we as a state can strengthen our workforce by stabilizing the childcare system. I am more than willing to answer any questions.



FMWF Chamber Letter of Support for SB 2237

January 25th, 2023

Chair Kannianen and members of the Senate Finance and Taxation Committee,

For the record, my name is Katherine Grindberg and I have the pleasure of serving as the Executive Vice President for the Fargo Moorhead West Fargo (FMWF) Chamber of Commerce. The Chamber's mission is to be a catalyst for economic growth and prosperity for businesses, members, and the greater community. On behalf of our over 1,900 members, I respectfully offer testimony in support of Senate Bill 2237.

As members of this committee well know, workforce is a major challenge facing nearly every business across North Dakota. This challenge is not unique to our state though, businesses across the United States are in desperate need of qualified workers to fill their open positions. Every state in the nation is competing to attract, acclimate, retain, and develop workforce.

A critical component of this nationwide workforce crisis is the accessibility of affordable and quality childcare. As we look at attracting qualified workers and retaining them in our state, our communities must be able to provide access to this necessary service, allowing parents the capacity to enter or re-enter the workforce. These challenges are cyclical in nature and require a multi-pronged approach to strategically address the root causes of the problem. Through innovative approaches, such as a childcare tax credit, the state of North Dakota can reduce the financial barriers that exist throughout our state's childcare system. We encourage the legislature to look at childcare holistically and identify opportunities to deliver providers and families with strategic and meaningful relief.

On behalf of our members, thank you for your time and consideration.

Respectfully,

Katherine Grindberg

Executive Vice President
FMWF Chamber of Commerce
kgrindberg@fmwfcchamber.com

SB 2237 -- TESTIMONY
House Finance and Taxation Committee
Senator Kathy Hogan
March 13, 2023

Chairman Headland and members of the House Finance and Taxation Committee, I am Senator Kathy Hogan from Central Fargo with a small corner of West Fargo.

SB 2237 is one of five bills being introduced to address the childcare crisis. In December 2022, KIDS COUNT ND submitted a comprehensive overview of the needs and it can be found at <https://ndkidscount.org/north-dakotas-child-care-system-investments-needed-to-support-families-and-child-care-businesses>. These bills are linked to that study.

Over the last 12 to 18 months, discussion regarding the need to stabilize the childcare infrastructure has generated many creative ideas and suggestions. Because this is a complex issue, there is not one simple solution. The cost of childcare in some communities equals or exceeds college tuition costs. In 2021, the average cost of childcare for an infant for a year was \$9,833.00 and for a toddler was \$8,727. In many families, particularly those that have two or three children in childcare, their costs far exceed their mortgage payments.

This bill is focused on helping middle class families with young children who are struggling with the costs of childcare by providing them an income tax credit for childcare costs. Many states are now considering either employer or parental child care tax credits as a mechanism to

address these issues. For a summary of those initiative see <https://www.ced.org/child-care-state-tax-credits> Many states offer an array of tax credits. Here is a link to the Colorado model https://www.ced.org/assets/pdf/ell-statemaps/201003_CED_StateTaxMergedDoc%20CO.pdf

Thank you for your interest in this bill and I hope you will seriously consider this as one of the ways we as a state can strengthen our workforce by stabilizing the childcare system. I am more than willing to answer any questions.

CHILD CARE RELATED TAX CREDITS IN STATES

State Profile Update, May 2022

North Dakota

FOR EMPLOYERS

Tax Landscape: Forty-four states levy corporate income taxes.

Does North Dakota levy taxes on corporate employers in the state?

Yes

Does North Dakota have an employer tax credit to incentivize the provision of child care for employees?

Yes

Employer Child Care Tax Credit Description

Property exempt from taxation. Section 36 of 57-02-08. The governing body of the city, for property within city limits, or of the county, for property outside city limits, may grant a property tax exemption for the portion of fixtures, buildings, and improvements, used primarily to provide early childhood services by a corporation, limited liability company, or organization licensed under chapter 50-11.1 or used primarily as an adult day care center. The exemption applies regardless of whether the early childhood or adult day care service provider owns the property. However, this exemption is not available for property used as a residence.

Code Section: Subsection 36 of § 57-02-08; *Link:* <https://bit.ly/3IDCQQI>

Note: North Dakota S2202 enacted April 21, 2022

FOR PARENTS

Tax Landscape: Nine states do not levy personal income taxes. (Seven states do not levy personal income taxes and an additional two states do not tax wages. For example, in those states investment income and interest is taxed but wages are not taxed).

Does North Dakota levy taxes on personal income?

Yes

Does North Dakota have a dependent care tax credit for parents?

No

Parent Child Care Tax Credit Description

No child care tax credit for families at this time

Code Section: Not Applicable

OTHER POTENTIAL REVENUE SOURCES

Check out CED's Child Care Tax Credit Corner web page for other taxes that states may levy (e.g., estate or inheritance taxes, lottery taxes, marijuana taxes, property taxes, sales taxes, and tobacco and vaping taxes).

www.ced.org/child-care-state-tax-credits



FMWF Chamber Letter of Support for SB 2237

March 3rd, 2023

Chair Headland and members of the House Finance and Taxation Committee,

For the record, my name is Katherine Grindberg and I have the pleasure of serving as the Executive Vice President for the Fargo Moorhead West Fargo (FMWF) Chamber of Commerce. The Chamber's mission is to be a catalyst for economic growth and prosperity for businesses, members, and the greater community. On behalf of our over 1,900 members, I respectfully offer testimony in support of Senate Bill 2237.

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A critical component of this nationwide workforce crisis is the accessibility of affordable and quality childcare. As we look at attracting qualified workers and retaining them in our state, our communities must be able to provide access to this necessary service, allowing parents the capacity to enter or re-enter the workforce. These challenges are cyclical in nature and require a multi-pronged approach to strategically address the root causes of the problem. Through innovative approaches, such as a childcare tax credit, the state of North Dakota can reduce the financial barriers that exist throughout our state's childcare system. We encourage the legislature to look at childcare holistically and identify opportunities to deliver providers and families with strategic and meaningful relief.

On behalf of our members, thank you for your time and consideration.

Respectfully,

Katherine Grindberg

Executive Vice President
FMWF Chamber of Commerce
kgrindberg@fmwfcchamber.com