

2023 HOUSE FINANCE AND TAXATION

HB 1177

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1177
1/17/2023

A bill relating to a sales tax exemption for child and adult diapers and child restraint systems and relating to a sales tax exemption for bladder dysfunction supplies.
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Chairman Headland opened the hearing at 9:24am.

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-DeVillie, and Representative Ista. No members absent.

Discussion Topics:

- Sales tax exemption for diapers
- Sales tax exemption for car seats

Representative S. Olson verbally introduced bill in support.

Christopher Dobson, Executive Director with North Dakota Catholic Conference, testified in support (#13677).

Bill Wocken, North Dakota League of Cities, testified in opposition (#13815).

Chairman Headland closed the hearing at 9:37am.

Additional written testimony:

Sierra Heitkamp, Legislative Director with North Dakota Right to Life, testimony in support #13761.

Mary Brucker, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1177
1/18/2023

A bill relating to a sales tax exemption for child and adult diapers and child restraints systems and relating to a sales tax exemption for bladder dysfunction supplies.	
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Chairman Headland opened the meeting at 2:58PM.

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

Discussion Topics:

- Committee discussion
- Committee vote

Representative Olson moved a Do Not Pass.

Representative D. Anderson seconded the motion.

Roll call vote:

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

Motion carried 7-5-2

Representative Dockter is the bill carrier.

Chairman Headland adjourned at 3:01PM.

Mary Brucker, Committee Clerk By: Leah Kuball

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1177
2/14/2023

A bill relating to a sales tax exemption for child and adult diapers and child restraint systems and relating to a sales tax exemption for bladder dysfunction supplies.
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Chairman Headland opened the meeting at 11:37AM.

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 Finley-DeVille, and Representative Ista. Members absent: Representative Toman.

Discussion Topics:

- Reconsideration
- Proposed amendment

Representative Hagert moved to reconsider our actions.

Representative Dockter seconded the motion.

Voice vote-motion carried.

Representative Motschenbacher moved to amend on page 2, striking line five.

Representative D. Anderson 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-DeVille	Y
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	N
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	AB

House Finance and Taxation Committee
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Page 2

Motion carried 12-1-1

Chairman Headland adjourned at 11:43AM.

Mary Brucker, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1177
2/14/2023

A bill relating to a sales tax exemption for child and adult diapers and child restraint systems and relating to a sales tax exemption for bladder dysfunction supplies.
--

Chairman Headland opened the meeting at 4:08PM.

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-DeVille, and Representative Ista. No members absent.

Discussion Topics:

- Proposed amendment
- Committee vote

Shannon Fleischer, Assistant Director of Tax Administration with the Office of the State Tax Commissioner, recommended amendment language by striking section 1 and in section 2 state “gross receipts of children’s diapers” then strike remaining bill. #20840

Representative Olson moved the amendment as stated above.

Representative Motschenbacher 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-DeVille	Y
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	Y

Motion carried 14-0-0

Representative Olson moved a Do Pass as Amended.

Representative Steiner seconded the motion.

Roll call vote:

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

Motion carried 10-4-0

Representative Dockter is the bill carrier.

Chairman Headland adjourned at 4:17PM.

Mary Brucker, Committee Clerk

February 14, 2023

JA
24-23

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1177

Page 1, line 1, replace "two" with "a"

Page 1, line 1, replace "subsections" with "subsection"

Page 1, line 2, remove "and adult"

Page 1, line 2, remove "and child"

Page 1, remove lines 3 and 4

Page 1, line 5, remove "supplies"

Page 1, remove lines 7 through 24

Page 2, replace lines 1 through 5 with:

"SECTION 1. A new subsection to section 57-39.2-04 of the North Dakota Century Code is created and enacted as follows:

Gross receipts from sales of children's diapers as defined in subdivision d of subsection 26 of section 57-39.2-04."

Re-number accordingly

REPORT OF STANDING COMMITTEE

HB 1177: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). HB 1177 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "two" with "a"

Page 1, line 1, replace "subsections" with "subsection"

Page 1, line 2, remove "and adult"

Page 1, line 2, remove "and child"

Page 1, remove lines 3 and 4

Page 1, line 5, remove "supplies"

Page 1, remove lines 7 through 24

Page 2, replace lines 1 through 5 with:

"SECTION 1. A new subsection to section 57-39.2-04 of the North Dakota Century Code is created and enacted as follows:

Gross receipts from sales of children's diapers as defined in subdivision d of subsection 26 of section 57-39.2-04."

Renumber accordingly

2023 SENATE FINANCE AND TAXATION

HB 1177

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1177
3/14/2023

Relating to a sales tax exemption for child diapers.
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9:02 AM Chairman Kannianen opens hearing.

Senator Present: **Kannianen, Patten, Rummel, Piepkorn, Magrum.**

Discussion Topics:

- Adult Diapers
- Uniform definition

9:03 AM Representative Olson introduced bill. #24598

9:07 AM Christopher Dodson, ND Catholic Conference, testified in favor. #24584

9:10 AM Mark Jorritsma, Executive Director of North Dakota Family Alliance Legislative Action, testified in favor. #24063

9:12 AM Sierra Heitkamp, Legislative Director for North Dakota Right to Life, testified in favor. #24612

9:14 AM Representative Olson answered question.

9:15 AM Bill Wocken, ND League of Cities, testified in opposition. #24802

9:18 AM Shannon Fleisher, ND Tax Department, testified verbally neutral.

Additional written testimony:

Alexandra McGeigle #23578

9:20 Chairman Kannianen adjourned hearing.

Nathan Liesen, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1177
3/15/2023

Relating to a sales tax exemption for child diapers.

9:25 AM Chairman Kannianen opens meeting.

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

Discussion Topics:

- Tax erosion
- Committee Action

9:35 AM Senator Rummel moved DO Not Pass.

9:35 AM Senator Patten seconded.

Roll call vote.

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

Passed 4-2-0

Chairman Kannianen will carry the bill.

9:36 AM Chairman Kannianen closed the meeting.

Nathan Liesen, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1177, as engrossed: Finance and Taxation Committee (Sen. Kannianen, Chairman)
recommends **DO NOT PASS** (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1177 was placed on the Fourteenth order on the calendar. This bill
does not affect workforce development.

2023 SENATE APPROPRIATIONS

HB 1177

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Human Resources Division Roughrider Room, State Capitol

HB 1177
4/5/2023

A BILL relating to a sales tax exemption for child diapers

11:13 AM Chairman Dever opened the meeting. Members present: Senators Dever, Mathern, Davison, Burckhard, and Kreun.

Discussion Topics:

- Tax exemption for baby diapers
- Tax exemption comparisons
- Committee action

11:14 AM Committee discussion

11:16 AM Senator Davison moved DO PASS.
Senator Mathern seconded the motion.

Senators	Vote
Senator Dick Dever	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y

Motion passed 5-0-0.

Senator Davison will carry the bill.

11:20 AM Chairman Dever adjourned the meeting

Susan Huntington, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1177
4/6/2023

A BILL for an Act relating to a sales tax exemption for child diapers; and to provide an effective date.

9:50 AM Chairman Bekkedahl opened the hearing on HB 1177.

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

Members absent: Senator Burckhard

Discussion Topics:

- Committee action

9:51 AM Senator Kreun moved DO NOT PASS.

9:51 AM Senator Kreun WITHDREW his motion upon realization he said the wrong thing.

9:52 AM Senator Kreun moved DO PASS.

Senator Dever seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	AB
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	N
Senator Jim P. Roers	N
Senator David S. Rust	N
Senator Donald Schaible	N
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Motion passed 11-4-1.

Senator Kannianen will carry the bill.

9:56 AM Chairman Bekkedahl closed the hearing.

Kathleen Hall, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1177, as engrossed: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **DO PASS** (11 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1177 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.

TESTIMONY

HB 1177



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

103 South Third Street
Suite 10
Bismarck ND 58501
701-223-2519
ndcatholic.org
ndcatholic@ndcatholic.org

To: House Finance and Taxation
From: Christopher Dodson, Executive Director
Subject: House Bill 1177 - Sales Tax Exemption for Diapers and Car Seats
Date: January 17, 2023

The North Dakota Catholic Conference supports House Bill 1177 to help build a sanctuary for life in North Dakota.

In the months prior to the *Dobbs* decision, the North Dakota Catholic Conference launched a project called *Know Them, Love Them*, which provided demographical and other information about the North Dakota residents who get abortions. We asked, “What can we do to make it easier for women to choose life?” One of the most common responses we got was that the state should have a sales tax exemption for diapers and other infant necessities.

Diapers and child car seats are necessities. For families with young children, the expenses are unavoidable. Both are also essential to the health and safety of children.

Repealing the sales tax on these items would help families with young children, especially those in lower-income households. It is estimated that 43,922 North Dakota residents are under three years of age. Eleven percent of them live in families earning less than 100% of the federal poverty level. Twenty percent live in families earning between 100% and 200% of the federal poverty level. The sales tax, being regressive, disproportionately burdens these families. We estimate that eliminating the sales tax on diapers for these families could save them the equivalent of a month’s worth of diapers per infant, or more.

Twenty-one states do not tax diapers, including two of our neighbors, and North Dakota already exempts adult diapers from sales tax.

Like diapers, child car seats are a necessity. In fact, they are required by law. Every new baby needs a car seat. As they grow a little larger, he or she needs a new car seat. As with diapers, the money saved by the parents if the seats were exempt from the sales tax would make a difference.

North Dakota has made a commitment to ending abortion in the state. With that commitment comes an obligation to take a serious look at what we can do to make North Dakota more pro-woman, more pro-child, and more pro-family. House Bill 1177 responds to that obligation.

We urge a “Do Pass” recommendation to House Bill 1177.



Chairman Craig Headland and Members of the House Finance and Taxation Committee –

My name is Sierra Heitkamp and I am the Legislative Director for North Dakota Right to Life. I am testifying today to represent the interests of our 3700 members across the state of North Dakota.

Since the overturn of Roe V. Wade on June 24, 2022, there have been many questions regarding what this means for women and families who find themselves in unplanned pregnancies in North Dakota. At North Dakota Right to Life, we questioned ourselves as to how our vision and goals may have to evolve moving forward to adequately protect those most vulnerable from conception to natural death.

After many conversations, the answer became clear – not only will we continue our work in protecting life at all stages, but we also want to back legislation that educates our citizens, encourages life, and provides aid to those who qualify. A woman or family who finds themselves with an unexpected pregnancy should never feel that abortion is their only option to achieve a successful, happy life.

After discussing HB 1177 with our members and other partners in the pro-life committee, we believe that this is a wonderful step in the right direction for mothers and families in our state. Our goal this year is to work on promoting legislation that helps solidify North Dakota as not only a pro-life state, but a PRO-FAMILY state.

I ask this committee today for a **Do Pass recommendation on HB 1177** in order to protect mothers facing unplanned or crisis pregnancies as we continue to promote and encourage life at all stages.

Thank you for your time today and I am available by phone or email to answer any questions you may have.



Sincerely,

Sierra M Heitkamp
Sierra M Heitkamp
NDRL Legislative Director

Testimony in Opposition to House Bill 1177
January 17, 2023
House Finance and Taxation Committee
Bill Wocken on behalf of the North Dakota League of Cities

Good morning, Mr. Chairman and members of the House Finance and Taxation Committee. For the record, my name is Bill Wocken, appearing on behalf of the North Dakota League of Cities in opposition to House Bill 1177.

This bill proposes to add a sales tax exemption to the Century Code to cover children's diapers and another exemption for child restraint systems. It also takes the current definition of various diapers out of subdivision d of subsection 26 of section 57-39.2-04 of the Century Code.

The League of Cities has consistently opposed tax exemptions in the past on the grounds that each exemption results in a loss of revenue to the sales tax and a loss of utility to the items funded with sales tax revenue. We do not favor adding two new exemptions for these items.

The League has no quarrel with the existing exemption for supplies, including adult diapers, needed for ostomy care or bladder dysfunction. These health issues affect many of our state residents. The care items exempted from sales tax are consistent with the treatment of conditions that result from ostomies or bladder dysfunction.

House Bill 1177 seeks to extend the diaper exemption to cover children's diapers. We will not argue that expenses for children's diapers are not significant. This is particularly true if a family has multiple children in diapers at the same time. But diapers for children are a normal part of biological development, not a disease or malady. Child restraint devices (car seats) are a similar expense. Both diapers and car seats are necessary expenses experienced in the normal growth of children. We do not believe that these expenses should be exempted from the sales tax.

If one were to argue that items needed for the normal development of a child should be exempt from the sales tax, we can easily see arguments that properly sized shoes for growing feet, outerwear of the correct size, new school clothes in the Fall when high-water pants are replaced with correctly sized clothing should also be exempted, and the list goes on. We believe the present exemption addresses disease and dysfunction expenses appropriately and we do not favor the two new exemptions this bill proposes.

For these reasons the North Dakota League of Cities opposes this bill and respectfully requests a Do Not Pass recommendation from the committee. I will be happy to answer any questions you may have of me.

23.0448.02001

Sixty-eighth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1177

Introduced by

Representatives S. Olson, Koppelman, O'Brien, Satrom

Senators Cleary, Myrdal

1 A BILL for an Act to create and enact two new subsections to section 57-39.2-04 of the North
2 Dakota Century Code, relating to a sales tax exemption for child ~~and adult~~ diapers ~~and child~~
3 ~~restraint systems; to amend and reenact subdivision d of subsection 26 of section 57-39.2-04 of~~
4 ~~the North Dakota Century Code, relating to a sales tax exemption for bladder dysfunction~~
5 ~~supplies; and to provide an effective date.~~

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **~~SECTION 1. AMENDMENT.~~** ~~Subdivision d of subsection 26 of section 57-39.2-04 of the~~
8 ~~North Dakota Century Code is amended and reenacted as follows:~~

9 ~~d. "Supplies for ostomy care or bladder dysfunction" includes:~~

10 ~~(1) Supplies designed or intended for ostomy care and management, including~~
11 ~~collection devices, colostomy irrigation equipment and supplies, skin~~
12 ~~barriers or skin protectors, and other supplies especially designed for use of~~
13 ~~ostomates.~~

14 ~~(2) Supplies to be used exclusively by a person with bladder dysfunction,~~
15 ~~including catheters, collection devices, incontinent pads and pants, adult~~
16 ~~diapers, and other items used for the care and management of bladder~~
17 ~~dysfunction. For the purposes of this paragraph:~~

18 ~~(a) "Adult diapers" means diapers other than children's diapers.~~

19 ~~(b) "Children's diapers" means diapers marketed to be worn by children.~~

20 ~~(c) "Diaper" means an absorbent garment worn by humans who are~~
21 ~~incapable of, or have difficulty, controlling their bladder or bowel~~
22 ~~movements.~~

23 **SECTION 1.** ~~Two~~^A new ~~subsections~~subsection to section 57-39.2-04 of the North Dakota
24 Century Code ~~are~~^{is} created and enacted as follows:



March 10, 2023

Senate Finance and Taxation Committee
The Honorable Jordan Kannianen, Chair
North Dakota State Senate, State Capitol
600 East Boulevard Avenue
Bismark, ND 58505

Re: Please Amend H.1177 to Reinsert Exemption for Child Restraint Systems

Dear Chair Kannianen and members of the Senate Finance and Taxation Committee:

The Juvenile Products Manufacturers Association (JPMA) is a national not-for-profit trade organization representing 95% of the prenatal to preschool industry including the producers, importers, or distributors of a broad range of childcare articles that provide protection to infants and assistance to their caregivers. These products are sold globally and nationally, and consistency of safety regulations is a critical aspect of product development. Promoting baby safety is a key mission of the Association. We are the originator of Baby Safety Month, which occurs in September of each year and we are working year-round to ensure that caregivers are informed and children's safety is protected.

JPMA was disappointed to see that the sales tax exemption for child restraint systems was removed from this legislation in a previous Committee and respectfully urge you to reinstate this language as your Committee considers the bill. These products are essential for parents and their infants, and their accessibility and affordability is so important. Motor vehicle crashes are a leading cause of both hospitalization and death for American children, and crash statistics consistently show that approximately 40% of children killed are unrestrained. The proper selection, installation and use of restraints is a proven remedy, and equitable access to child restraints is a crucial factor.

We appreciate the legislature and sponsor's original interest in making these important children's products more affordable for families, and we would welcome the opportunity to support that initiative as the legislature considers it. Please do not hesitate to contact us with questions or to discuss ways that we can work collaboratively to improve children's safety – as it is our top priority.

Respectfully Submitted,

Lisa Trofe, CAE
Executive Director
Juvenile Products Manufacturers Association

JUVENILE PRODUCTS MANUFACTURERS ASSOCIATION, INC.

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Testimony in Support of House Bill 1177

Mark Jorritsma, Executive Director
North Dakota Family Alliance Legislative Action
March 14, 2023

Good morning Chairman Kannianen and honorable members of the Senate Finance and Taxation Committee. My name is Mark Jorritsma and I am the Executive Director of North Dakota Family Alliance Legislative Action. I am testifying on behalf of our organization in support of House Bill 1177 and respectfully request that you render a “DO PASS” on this bill.

With the overturn of *Roe v. Wade* and the likely upholding of our state’s “Trigger Law,” it is important that we as a state support pregnant and new mothers and their families. One very practical and impactful way to do this is to exempt diapers from sales taxes.

Diapers are just one of several expenses that can weigh heavily on a family with a new baby. An CBS News article last year estimated that a family’s average annual diaper cost can be as high as \$930 per child.¹ A sales tax exemption on this cost would be one immediate and significant way that we as a state can reduce the cost of parenthood.

If we are to be a state that promotes life, we should back up those words with actions. Moreover, the basis of any society is the family. Families are the building blocks of societies and they must be preserved and strengthened. This bill is one of the many ways we can financially help do this.

The sales tax exemption represents a very small percentage of overall state revenue, but can be of great financial help to pregnant and new mothers and their families. Because of this reason, North Dakota Family Alliance Legislative Action requests that you render a “DO PASS” on House Bill 1177.

Thank you for the opportunity to testify and I will be happy to stand for any questions.

¹ <https://www.cbsnews.com/baltimore/news/diapers-cost-families-a-fortune-but-now-some-states-will-stop-taxing-them/>



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

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To: Senate Finance and Taxation
From: Christopher Dodson, Executive Director
Subject: House Bill 1177 - Sales Tax Exemption for Diapers
Date: March 14, 2023

The North Dakota Catholic Conference supports House Bill 1177 to help build a sanctuary for life in North Dakota.

In the months prior to the *Dobbs* decision, the North Dakota Catholic Conference launched a project called *Know Them, Love Them*, which provided demographical and other information about the North Dakota residents who get abortions. We asked, “What can we do to make it easier for women to choose life?” One of the most common responses we got was that the state should have a sales tax exemption for diapers and other infant necessities.

Diapers are a necessity and essential to the health of children.

Repealing the sales tax on these items would help families with young children, especially those in lower-income households. It is estimated that 43,922 North Dakota residents are under three years of age. Eleven percent of them live in families earning less than 100% of the federal poverty level. Twenty percent live in families earning between 100% and 200% of the federal poverty level. The sales tax, being regressive, disproportionately burdens these families. Eliminating the sales tax on diapers for these families could save them the equivalent of a month’s worth of diapers per infant, or more.

Twenty-one states do not tax diapers, including two of our neighbors, and North Dakota already exempts adult diapers from sales tax.

North Dakota has made a commitment to ending abortion in the state. With that commitment comes an obligation to take a serious look at what we can do to make North Dakota more pro-woman, more pro-child, and more pro-family. House Bill 1177 responds to that obligation.

We urge a **Do Pass** recommendation on House Bill 1177.



North Dakota House of Representatives

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Representative SuAnn Olson

District 8
17763 Highway 83
Baldwin, ND 58521-9724
solson@ndlegis.gov

COMMITTEES:

Judiciary
Agriculture

Testimony in Support of HB 1177 Creating a Sales Tax Exemption for Diapers

Mr Chairman and members of the committee, I feel uniquely qualified to sponsor this bill. My husband and I have 12 grandchildren, ages 9, 7, 6, 5, 5, 5, 3, 2, 2, 1 plus 2 newborns. We are awash in girls – 3 boys, 9 girls! They represent a literal ton of diapers!

ND and this body have spoken loud and clear over the last number of years that we support children and we support families. I believe we need to do everything we can to support families and make it just a bit easier for parents to pay their family expenses. We are against abortion. We must be “for” families.

This bill quite simply excludes diapers from sales tax. It can make a difference to tight budgets. Removing sales tax on diapers will help parents buy weeks’ worth of diapers over the roughly 3 years that children are in diapers.

The fiscal note on this is shown as \$1,750,000. This represents .8%, .008, of total sales tax collections. To an accountant, this represents what we might call “rounding,” meaning inconsequential. But to those on a tight budget, this bit of savings can be huge. Across the state, the sales tax savings per month will buy over 200,000 diapers, every month.

We already exempt adult diapers. 27 states already exempt baby diapers. Let’s add North Dakota to that number.

HB 1177 is a good bill. Please show your support for families by supporting this exclusion from sales tax.



Chairman Jordan L. Kannianen and Members of the Senate Finance and Taxation Committee –

My name is Sierra Heitkamp and I am the Legislative Director for North Dakota Right to Life. I am testifying today to represent the interests of our members across the state of North Dakota.

Since the overturn of Roe V. Wade on June 24, 2022, there have been many questions regarding what this means for women and families who find themselves in unplanned pregnancies in North Dakota. At North Dakota Right to Life, we questioned ourselves as to how our vision and goals may have to evolve moving forward to adequately protect those most vulnerable from conception to natural death.

After many conversations, the answer became clear – not only will we continue our work in protecting life at all stages, but we also want to back legislation that educates our citizens, encourages life, and provides aid to those who qualify. A woman or family who finds themselves with an unexpected pregnancy should never feel that abortion is their only option to achieve a successful, happy life.

After discussing HB 1177 with our members and other partners in the pro-life committee, we believe that this is a wonderful step in the right direction for mothers and families in our state. Since adult diapers are already sales tax exemption in the state of North Dakota, this would level the playing field for our well-deserving families.

Based on information from the Charlette Lozier Institute (link for the study here: <https://lozierinstitute.org/abortion-reporting-north-dakota-2020/>), "*[t]hirty-nine percent of the abortions were on women with no children, while 22 percent were on women with one child and 39 percent on women with two or more children.*" The take away from this information is that 61% of the women in our state who have had abortion already have children. If our state is adequately providing the environment for life to flourish at all stages, why would a woman feel the need to have an abortion performed, especially if she already has a child?

I ask this committee today for a **Do Pass recommendation on HB 1177** in order to protect mothers facing unplanned or crisis pregnancies as we continue to promote and encourage life at all stages.

Thank you for your time today and I am available by phone or email to answer any questions.

Sincerely,

Sierra M Heitkamp
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Testimony in Opposition to House Bill 1177
March 14, 2023
Senate Finance and Taxation Committee
Bill Wocken on behalf of the North Dakota League of Cities

Good morning, Mr. Chairman and members of the Senate Finance and Taxation Committee. For the record, my name is Bill Wocken, appearing on behalf of the North Dakota League of Cities in opposition to House Bill 1177.

This bill proposes to add a sales tax exemption to the Century Code to cover children's diapers. The League of Cities has consistently opposed sales tax exemptions in the past on the grounds that each exemption results in a loss of revenue to the sales tax and a loss of utility to the items funded with sales tax revenue. There are any number of worthwhile and well reasoned items one can assist with a tax exemption. Each one seems small but the cumulative effect of these exemptions on sales tax revenues is significant. It shifts the tax burden to those who do pay the tax.

The League has no quarrel with the existing exemption for supplies, including adult diapers, needed for ostomy care or bladder dysfunction. These health issues affect many of our state residents. The care items now exempted from sales tax are consistent with the treatment of these conditions.

House Bill 1177 seeks to extend the diaper exemption to cover children's diapers. We will not argue that expenses for children's diapers are not significant. This is particularly true if a family has multiple children in diapers at the same time. But diapers for children are a normal part of biological development, not a disease or malady. Diapers are normal expenses experienced in the growth of children. We do not believe that these expenses should be exempted from the sales tax.

If one were to argue that items needed for the normal development of a child should be exempt from the sales tax, we can easily see arguments that properly sized shoes for growing feet, outerwear of the correct size, new school clothes in the Fall when high-water pants are replaced with correctly sized clothing should also be exempted, and the list goes on. We believe the present exemption addresses disease and dysfunction expenses appropriately and we do not favor the new exemption this bill proposes.

For these reasons the North Dakota League of Cities opposes this bill and respectfully requests a Do Not Pass recommendation from the committee. I will be happy to answer any questions you may have of me.