

FISCAL NOTE
Requested by Legislative Council
01/12/2019

Bill/Resolution No.: HB 1397

- 1 A. **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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **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 1397 expands existing exemptions for motor vehicles and aircraft owned and operated by disabled veterans to those veterans who have a fifty percent or greater service-connected disability.

- 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.*

Current law exemptions affecting motor vehicle purchases and registrations, and aircraft purchases by disabled veterans require a 100 percent disability rating. HB 1397, if enacted, would reduce that to requirement to a fifty percent or greater service-connected disability. This would make these provisions available to 4328 additional veterans with service-connected disabilities.

The fiscal impact of HB 1397 cannot be computed because it is not know how many aircraft and automobiles would be purchased and registered under the expanded provisions allowed in this bill.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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Date Prepared: 01/22/2019

2019 HOUSE FINANCE AND TAXATION

HB 1397

2019 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1397
1/23/2019
31283

- Subcommittee
 Conference Committee

Committee Clerk: Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to motor vehicle registration fee exemptions, credits for motor vehicle sales and use taxes, motor vehicle excise taxes, and aircraft excise taxes for disabled veterans.

Minutes:

Attachment 1-2

Chairman Headland: Opened hearing on HB 1397.

Representative Eidson: Introduced bill. Distributed written testimony, see attachment #1. Ended testimony at 3:48. This would also include SSI and I will be submitting an amendment to reflect that. SSI is a non-service disability that a veteran might pick up later. Between those two if a combined effect is a 50% disability or higher then they would also qualify for this after I propose an amendment.

Representative Ertelt: Is there a disability of less than 50%?

Representative Eidson: Yes there is. The way the federal VA works is when you leave the military you get a final physical and a psychological evaluation then a percentage is given to you at that point. That can range from 0% all the way up to 100 percent. The reason I placed it at 50% is because at 50% the amount of benefits that a veteran is gifted increases substantially so that seemed like a good place to start.

Representative Steiner: Do you know how many veterans this would impact?

Representative Eidson: I do not. Post-traumatic stress determinations have increased quite a bit so I imagine it could be pretty high.

Vice Chairman Grueneich: This program is already in place for someone that's 100% disabled so the North Dakota Department of Transportation or someone from the tax department couldn't already tell us how many people at 100% are claiming this exemption?

Representative Eidson: I tried to get that information but was unable to do that. I will see if I can get that information.

Chairman Headland: This is a difficult subject to discuss for us. We want to do everything we can for veterans. We are already doing a lot for disabled veterans. I can't even tell you all that we do here for disabled veterans. Could you get that information for us? I know we have a homestead tax credit for disabled veterans. It should be more of a federal obligation. You said the feds are stepping up to the plate with a broader level than we are and you're trying to get us to match what they're doing?

Representative Eidson: Yes to an extent. When the federal VA gives that percentage the higher the percentage goes the more benefits and exemptions are available to that veteran. The very restrictive language of 100% disabled isn't a very inclusive definition of disabled. I think by a simple redefining of it we can definitely make it more inclusive and do another nice thing for veterans. I do understand that we do a lot of nice things for veterans already. We are a military friendly state. I also believe we are a state that looks for other positive things we can do for our veterans whether it be attracting new veterans to the state or taking care of the veterans that are already here.

Chairman Headland: Why do you think it's necessary to expand it to disabilities that come from nonmilitary, such as SSI?

Representative Eidson: When you leave the military and have the final physical they don't want to give you a lot of the benefits that you think you might deserve for what you've hurt along the path. I have a hip injury from my time in the marine corps but I didn't go to the hospital before I did my final physical so they didn't let me claim it. My injury is absolutely because of the military. A lot of the injuries the older veterans might be incurring are definitely linked to the military but they couldn't prove it to the military.

Chairman Headland: We're going to have to try and figure out the number of veterans that would add to it. It seems to me that it would be a major expansion from your original intent of the bill. We can try and do that. Is there further testimony in support? Is there opposition?

Jim Nelson, Legislative Director for the North Dakota Veterans Legislative Council: Distributed written testimony, see attachment #2. The back page of my testimony answers the questions as to how many currently are receiving VA benefits. The first half of that graph is the compensation side and the second half is pensions. Pensions are given to those veterans and spouses that qualify through low income methods. The compensation side is based on a percentage. The higher the percentage the more doors open for you on the federal level. Our disagreement with the bill is that we feel excludes a group of veterans who didn't retire, they got in a car accident and were totally disabled then they would be eligible for disability through SSI if they would get it. We feel they are still a veteran and they are still disabled so why don't they qualify for this? If I'm in a car accident and am totally disabled, then I'm still disabled. According to the wording in this bill I wouldn't qualify for the benefit that is service connected. On the plus side we see this bill possibly lining up with SB 2309. We have objections to that bill also.

Chairman Headland: You're suggesting that a veteran is deserving of every benefit whether it's related to service or not?

Jim Nelson: Yes. We felt there was an appearance of discrimination.

Chairman Headland: Does the federal government treat things this way?

Jim Nelson: I was on a ship in Vietnam which had asbestos and now I have a spot on my lung. I have the symptoms of pre-asbestosis but the VA's theory is until I actually have it I don't qualify for anything. I take it to read as when I'm stage 4 with asbestos cancer then they'll pay me for three years.

Chairman Headland: I don't mean this to be disrespectful but do you think veterans when signing up for service are expecting to be taken care of for the rest of their lives whether it's from their service or not?

Jim Nelson: I can agree in part. I can't answer if the state is responsible for us.

Chairman Headland: When we say the state we are actually talking about the taxpayers.

Jim Nelson: When I signed up for service I was told I would be taken care of for the rest of my life for my four years of service. The federal government always tells us they are responsible for us but getting them to do that is another story. It's all about money. Perhaps my stand should be neutral.

Chairman Headland: I think you deserve the right to stand up here and tell us. We want to hear this.

Jim Nelson: Our backs are against the wall. We're looking at burn pits in Afghanistan now and some of those burn pits have worse toxicity than from agent orange. I have agent orange disability as well. As I get older more things are going to pop up. I think the VA will push me further down the road until I die then they won't have to worry about me. That is predominant thinking among the Vietnam veterans.

Chairman Headland: That is unfortunate. This kind of thing is important to me. I feel for anybody who goes over to protect us and we want to help them in any way we can. Our resources are limited. Is this more important than us alleviating military retirees from their income tax burden in the state? Assuming we don't have the ability to do both.

Jim Nelson: If I had to pick one of the two I would probably pick the income tax. I believe that would do more.

Chairman Headland: Thank you for your response. This is difficult for us all. We have respect for what you've suffered and what you've done for us. Thank you for your service. Is there further opposition or neutral testimony? Seeing none we will close the hearing on HB 1397.

2019 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1397
1/23/2019
31322

- Subcommittee
 Conference Committee

Committee Clerk: Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to motor vehicle registration fee exemptions, credits for motor vehicle sales and use taxes, motor vehicle excise taxes, and aircraft excise taxes for disabled veterans.

Minutes:

No attachments

Chairman Headland: Were you able to put anything together on this? Representative Ertelt was able to put some preliminary work with the numbers.

Representative Eidson: Representative Ertelt gave me a lot of good information which I took to the tax department. They are getting ahold of the DOT for the number of vehicles that fell under the exemption.

Chairman Headland: Should we hang on to this bill until you get that information?

Representative Eidson: I would appreciate that.

2019 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1397
1/29/2019
31738

- Subcommittee
 Conference Committee

Committee Clerk: Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to motor vehicle registration fee exemptions, credits for motor vehicle sales and use taxes, motor vehicle excise taxes, and aircraft excise taxes for disabled veterans.

Minutes:

No attachments

Representative Dockter: I still believe the bill to exclude the retirement income for veterans will help our state the most. This is one of them that I just can't support. **MADE A MOTION FOR A DO NOT PASS.**

Representative B. Koppelman: SECONDED

Chairman Headland: We asked them what they wanted the most and this was lower on their list. We sent out the other bill with a do pass. I will support this do not pass.

Representative Eidson: I understand that we see a lot of bills asking for exemptions and such. The gentleman who testified the other day sees more of the older generation. I brought this bill forward because there is an increasing number of PTSD with those coming out of Iraq and Afghanistan. We're seeing that a lot in the younger generation which is why I brought this forward. I think this is one of the few pieces of legislation that spans the younger generation to the older generation. I spoke with the tax department and they informed me that in 2017 there were 275 motor vehicle titled using the 100% disabled veteran and in 2018 there were 451. The numbers are small but could increase quite a bit. I will still be supporting my bill.

Chairman Headland: It's been indicated to me that there are a lot of veterans who have a 50% disability that would be included in this right now.

Vice Chairman Grueneich: Being a 50% service connected disabled veteran there are a lot of things that you could fall under that are available. When I joined I joined for a reason not to include receiving things throughout my life because of that. I appreciate everything the state does for veterans. I don't support a lot of veteran bills. When we signed we signed for a reason and not because 10 years from now we thought we were going to get things to go along with it. I respect whatever you feel you are entitled to due to your service but I'm

going to resist this bill. I don't think there's a wrong vote in this and I don't think you should be looked at poorly because you're not supporting a veteran.

Representative Eidson: I have not met any veterans that feel entitled to these things. I consider my position as a representative of them to be the one to put this kind of thing forward because they are not going to ask about it themselves. I know that it is something that is talked about so I at least want to start the conversations.

Chairman Headland: Further discussion?

ROLL CALL VOTE: 12 YES 2 NO 0 ABSENT

MOTION CARRIED

Vice Chairman Grueneich will carry this bill.

Date: 1-29-19
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1397

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Rep. Dockter Seconded By Rep. Koppelman

Representatives	Yes	No	Representatives	Yes	No
Chairman Headland	✓		Representative Eidson		✓
Vice Chairman Grueneich	✓		Representative Mitskog		✓
Representative Blum	✓				
Representative Dockter	✓				
Representative Ertelt	✓				
Representative Fisher	✓				
Representative Hatlestad	✓				
Representative Kading	✓				
Representative Koppelman	✓				
Representative Steiner	✓				
Representative Toman	✓				
Representative Trottier	✓				

Total (Yes) 12 No 2

Absent 0

Floor Assignment Rep. Grueneich

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

REPORT OF STANDING COMMITTEE

HB 1397: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO NOT PASS** (12 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1397 was placed on the Eleventh order on the calendar.

2019 TESTIMONY

HB 1397

#1
HB 1397
1-23-19

Mr. Chairman, members of the committee, my name is Matt Eidson, I represent District 43 in Grand Forks, and I'm here to introduce House Bill 1397.

House Bill 1397 seeks to expand the exemption of vehicle sales and use taxes to veterans with a disability rating of 50 percent or higher, as determined by the federal VA. It would also allow veterans with a 50 percent or greater disability rating the option to display a distinctive license plate that identifies the veteran as a disabled veteran. Currently, the bill allows for both benefits to only those veterans with a 100 percent disability rating.

Regarding the exemption of vehicle sales and use taxes, the exemption would be in line with the particular veteran's disability rating. (For example, if a veteran received a 70 percent disability from the federal VA, then they would be exempted from paying 70 percent of the total cost.)

Currently, the bill is retroactive. But I understand that would dramatically increase the fiscal note, so I would be completely open to removing the retroactive language and instead expanding the exemption for purchases made in the future.

While this bill could attract veterans to our state, and while expanding this exemption to include veterans with a disability rating of 50 percent or higher would be appreciated by many women and men who served our country, these possibilities are not my primary motivation for submitting this legislation before you today. I'm introducing this legislation today because altering the phrase "100 percent disabled" and allowing the definition to be more inclusive regarding disabled veterans is in keeping with the national conversation concerning disabilities and veterans; namely, post-traumatic stress.

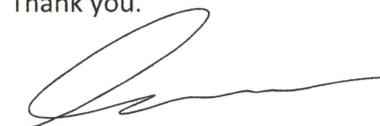
Post-traumatic stress, on its own, will earn a veteran a 50 percent disability rating. The reason the federal VA places a 50 percent disability on veterans with PTS is because, at 50 percent, the medical services the veteran qualifies for drastically increases. For example, at 50 percent, a veteran is eligible for fully covered medical care through Tricare for the rest of their lives.

Simply stated, acknowledging that though a veteran's disability rating may not be 100 percent, they may still have intense struggles worthy of our consideration, is a positive move in the right direction. By expanding our definition of "disabled veteran" to include more veterans, we would be making a strong statement that North Dakota is an increasingly more military-friendly state: a state that's always looking for ways to show its appreciation for those who served.

And at the end of the day, if the federal VA, which does not grant a 50 percent or higher disability rating lightly, considers post-traumatic stress worthy of additional benefits and or exemptions, then I believe North Dakota should too.

Members of the committee, I thank you for allowing me the chance to speak to you today. And I respectfully request a "DO PASS" recommendation for House Bill 1397. At this time, I would be happy to answer any questions you might have.

Thank you.



Representative Matt Eidson

#2
HB 1397
1-23-19
p.1

HB 1397—relating to vehicle registration, credits for vehicle sales and us taxes etc.

The intent of this bill is to make the Century Code more consistent. By adding the 50-100% disabled to the Vehicle Excise Tax would bring this in line with the Property Tax Credit.

Our concern is in the absence of those veterans who meet all the qualifications except their disability is not service related and as such receive no VA benefits for that disability.

We applaud Representative Eideson for his intent on this bill but as written we are able to lend out support .

#2
 HB 1397
 1-23-19
 P-2

FY2017 VA Disability Compensation and Pension Recipients by County of Residence

Source: Department of Veterans Affairs, Office of Data Governance and Analytics, United States Veterans Eligibility Trends & Statistics (USVETS) 2017
 Prepared by National Center for Veterans Analysis & Statistics

** Numbers less than 10 are suppressed. Some categories may not sum to the total due to rounding differences (e.g., age, gender, etc.)

FIPS Code	State	County	Compensation OR Pension										Male Recipients: Compensation OR Pension	Female Recipients: Compensation OR Pension				
			Total Compensation	0% to 20% Rating	30% to 40% Rating	50% to 60% Rating	70% to 90% Rating	100% Rating	Total: Pension ONLY	Age less than 35	Age 35-44	Age 45-54			Age 55-64	Age 65-74	Age 75 or older	
38001	North Dakota	Adams	27	**	**	**	**	**	**	**	**	**	**	**	**	**	24	**
38003	North Dakota	Barnes	218	93	37	30	43	15	**	18	14	**	**	10	31	17	72	**
38005	North Dakota	Benson	71	19	18	10	19	**	**	**	**	26	28	98	43	216	11	**
38007	North Dakota	Billings	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38009	North Dakota	Bottineau	133	40	30	20	30	13	**	12	14	27	25	35	23	124	12	**
38011	North Dakota	Bowman	32	12	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38013	North Dakota	Burke	28	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38015	North Dakota	Burleigh	1,481	548	271	255	271	136	65	189	197	261	193	456	250	1,409	137	**
38017	North Dakota	Cass	2,937	1,273	496	400	512	256	113	389	387	431	410	910	522	2,806	244	**
38019	North Dakota	Cavalier	47	13	11	**	14	**	**	**	**	**	**	**	**	**	**	**
38021	North Dakota	Dickey	71	31	**	11	12	**	**	**	**	**	**	**	**	**	**	**
38023	North Dakota	Divide	32	14	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38025	North Dakota	Dunn	59	17	10	14	14	**	**	11	13	**	**	**	**	**	**	**
38027	North Dakota	Eddy	40	14	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38029	North Dakota	Emmons	53	15	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38031	North Dakota	Foster	41	20	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38033	North Dakota	Golden Valley	21	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38035	North Dakota	Grand Forks	1,470	439	298	277	291	115	32	202	194	258	265	373	160	1,317	135	**
38037	North Dakota	Grant	26	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38039	North Dakota	Griggs	73	37	15	**	**	**	**	**	**	**	**	**	**	**	**	**
38041	North Dakota	Hettinger	34	12	**	**	13	**	**	**	**	**	**	**	**	**	**	**
38043	North Dakota	Hidley	23	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38045	North Dakota	La Moure	58	23	11	**	**	**	**	**	**	**	**	**	**	**	**	**
38047	North Dakota	Logan	26	10	**	**	10	**	**	**	**	**	**	**	**	**	**	**
38049	North Dakota	McHenry	134	46	29	21	26	11	**	13	31	19	17	38	21	119	20	**
38051	North Dakota	McIntosh	31	13	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38053	North Dakota	McKenzie	103	36	17	21	19	10	**	23	15	16	17	30	**	**	**	**
38055	North Dakota	McLean	201	77	40	22	35	27	12	11	24	22	32	96	28	102	**	**
38057	North Dakota	Mercer	130	49	32	19	21	**	**	14	14	11	22	58	17	129	**	**
38059	North Dakota	Morton	555	215	103	88	103	46	24	64	60	68	78	206	83	542	37	**
38061	North Dakota	Mountain	120	44	20	26	17	13	**	22	13	15	14	50	11	113	12	**
38063	North Dakota	Nehton	75	25	17	13	11	**	**	**	**	**	**	**	**	**	**	**
38065	North Dakota	Oliver	25	17	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38067	North Dakota	Pembina	106	35	18	17	25	11	**	**	**	**	**	**	**	**	**	**
38069	North Dakota	Pierce	51	14	14	**	10	**	**	**	**	**	**	**	**	**	**	**
38071	North Dakota	Ramsay	172	60	30	26	39	17	10	**	16	23	28	71	37	170	12	**
38073	North Dakota	Ransom	122	40	20	19	30	13	14	**	**	**	**	**	**	**	**	**
38075	North Dakota	Reynolds	66	24	15	12	14	**	**	**	**	**	**	**	**	**	**	**
38077	North Dakota	Richland	231	95	44	30	35	27	**	18	22	19	26	114	40	231	**	**
38079	North Dakota	Rolette	149	38	17	27	44	23	**	11	14	25	24	63	21	147	11	**
38081	North Dakota	Sargent	73	25	13	13	**	**	**	**	**	**	**	**	**	**	**	**
38083	North Dakota	Sheridan	23	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38085	North Dakota	Siox	40	12	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38087	North Dakota	Slope	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38089	North Dakota	Stark	420	125	79	70	112	34	13	91	77	66	45	106	48	395	35	**
38091	North Dakota	Steele	49	21	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38093	North Dakota	Stutsman	343	141	60	55	52	35	28	34	27	46	54	140	70	348	23	**
38095	North Dakota	Towner	42	17	**	**	**	**	**	**	**	**	**	**	**	**	**	**
38097	North Dakota	Trail	167	62	27	25	35	18	10	12	17	39	28	46	11	39	**	**
38099	North Dakota	Walsh	142	51	26	25	22	18	**	**	**	**	**	**	**	**	**	**
38101	North Dakota	Ward	1,755	523	423	320	369	120	35	246	229	385	342	345	143	1,567	223	**
38103	North Dakota	Wells	67	24	15	**	**	**	**	**	**	**	**	**	**	**	**	**
38105	North Dakota	Williams	415	136	97	83	80	19	12	86	93	75	47	98	28	404	24	**