

2023 HOUSE FINANCE AND TAXATION

HB 1244

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1244
1/23/2023

A bill relating to the income tax credit for employment of individuals with developmental disabilities or severe mental illness.
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Chairman Headland opened the hearing at 9:00AM.

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

Discussion Topics:

- Employment programs
- Sunset clause
- Committee vote

Chairman Headland verbally introduced the bill in support.

Kirsten Dvorak, Executive Director of ARC of North Dakota, testified verbally in support.

Cheryl Anderson, Program Administrator with Vocational Rehabilitation for the Department of Health and Human Services, testified in support (#15348).

Roxane Romanick, Designer Genes of North Dakota, testified in support (#15262).

Denise Harvey, Director of Program Services with Protection and Advocacy, testified in support (#15623).

Arik Spencer, Greater North Dakota Chamber, testified verbally in support.

Matt Peyerl, Office of the State Tax Commissioner, answered questions from the committee.

Vice Chairman Hagert closed the hearing at 9:31AM.

Representative Olson moved a Do 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	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	AB
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 13-0-1

Representative D. Anderson is the bill carrier.

Additional written testimony:

Trevor Vannett, testimony in support #14995.

Meeting adjourned at 9:34AM.

Mary Brucker, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1244: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1244 was placed on the Eleventh order on the calendar.

2023 SENATE FINANCE AND TAXATION

HB 1244

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1244
3/7/2023

Relating to the income tax credit for employment of individuals with developmental disabilities or severe mental illness.

11:32 AM Chairman Kannianen opened hearing.

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

Discussion Topics:

- Sunset bill
- Credit recipients
- Employee Cap
- Dollar limit

11:32 AM **Representative Headland** introduced bill.

11:35 AM Kristen Dvorak, Executive Director of the Arc of ND, testified in favor. #23667

11:37 AM Cheryl Anderson, Program Administrator for Department of Health and Human Services, Vocational Rehabilitation Section, testified in favor. #22532

11:43 AM Andrea Pfennig, GNDC, verbally testified in favor.

11:44 AM Dan Gulya, Attorney, North Dakota Protection and Advocacy Project, verbally testified. #22414

11:45 AM Matt Pearl answered questions, verbally neutral.

11:51 AM Kristen Dvorak, Executive Director of the Arc of ND, answered questions.

11:52 AM Matt Pearl answered questions, verbally testified neutrally.

11:56 AM Chairman Kannianen adjourned hearing.

Nathan Liesen, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1244
3/8/2023

Relating to the income tax credit for employment of individuals with developmental disabilities or severe mental illness.

3:51 PM Chairman Kannianen opened the meeting.

Discussion Topics:

- Committee Action

4:01 PM Senator Rummel moved Amendment "to eliminate two sentences starting on line 7 on page 2 to the end of line 9." LC 23.0828.01001

4:01 PM Senator Patten seconded.

Roll call vote.

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

Passed 6-0-0

4:03 PM Senator Rummel moved Do Pass as Amended.

4:03 PM Senator Piepkorn seconded.

Roll call vote.

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

Passed 6-0-0

Senator Rummel will carry the bill.

4:03 PM Chairman Kannianen closed meeting.

Nathan Liesen, Committee Clerk

March 8, 2023

#1
3-8-23

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1244

Page 2, line 7, remove "No more than"

Page 2, remove lines 8 and 9

Renumber accordingly

REPORT OF STANDING COMMITTEE

HB 1244: Finance and Taxation Committee (Sen. Kannianen, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1244 was placed on the Sixth order on the calendar. This bill affects workforce development.

Page 2, line 7, remove "No more than"

Page 2, remove lines 8 and 9

Renumber accordingly

TESTIMONY

HB 1244

HB 1244

House Finance and Taxation

Rep. Craig Headland, Chairman

Monday, January 23, 2023

Chairman Headland and Members of the House Finance and Taxation Committee:

My name is Trevor Vannett and I live in District 32. I'm submitting this testimony in favor of HB 1244 because it allows people to go to work with disabilities and have an incentive for employers to hire people with disabilities. I would encourage the committee to take out the sunset clause because the program is working.

Thank you for your consideration.

Trevor Vannett

420 E. Main Ave., Apt. 403

Bismarck, ND, 58501

701-955-0000

**HB 1244**

**House Finance and Taxation
Monday, January 23, 2023
Rep. Craig Headland, Chair**

Chairman Headland and Members of the House Finance and Taxation Committee:

My name is Roxane Romanick and I'm writing as the representative for Designer Genes of ND, Inc., as their Executive Director. Designer Genes' membership represents 230 individuals with Down syndrome that either live in our state or are represented by family members in North Dakota. Designer Genes' mission is to strengthen opportunities for individuals with Down syndrome and those who support them to earn, learn, and belong. I am also the parent to an adult daughter with Down syndrome, who desires as much independence as any other young adult and who is working and trying hard to be a contributing North Dakota citizen.

Designer Genes is in support of HB 1244 and asks for your consideration of a "yes" vote. No matter what internet search you do around employment statistics for individuals with disabilities you will find a significant difference between people with disabilities and people without disabilities. If you have an intellectual disability, the statistics become harsher. Estimates are that only about 44% of individuals with intellectual disabilities, such as Down syndrome, are working and of that number only 53% are working competitively. ([National Snapshot of Adults with Intellectual Disabilities in the Labor Force \(specialolympics.org\)](http://specialolympics.org)). HB 1244 opens the door to willing businesses and employers and often that is the first step to competitive employment for people with disabilities. Removal of the sunset clause and clarifying language creates more permanence for employers to engage.

Please consider the passage of HB 1244.

Roxane Romanick
Executive Director
Designer Genes of ND, Inc.
701-391-7421
info@designergenesnd.com

Testimony
House Bill No. 1244
House Finance and Taxation Committee
Representative Craig Headland, Chairman
January 23, 2023

Chairman Headland and members of the House Finance and Taxation Committee. I am Cheryl Anderson, Program Administrator for the Department of Health and Human Services, Vocational Rehabilitation Section (VR). The Department supports House Bill 1244. I would like to highlight and clarify a few points in the Bill.

The individuals who qualify for the tax credit would receive either supported employment or customized employment to become employed at or above minimum wage. Supported employment matches the individual's abilities to obtain open, advertised positions in the community. In other words, in supported employment situations, the person fits the job; for example: Walmart advertises for a stock clerk, and the individual is hired to perform all aspects of the position.

Customized employment identifies the individual's abilities and matches them with the unmet employment needs of the business. In other words, the job is customized to fit the individual; the job duties are negotiated with the employer and a customized job description is created based on the employer's needs. To see the difference between supported and customized employment, consider the following example: A restaurant has a prep cook who performs duties such as making cheese sticks, preparing all the appetizers listed on the menu and cleaning the pre-cook workstation. The owner hires an individual through customized employment to make the cheese sticks during their shift which allows the prep cook to take on additional duties.

In the last legislative session, House Bill 1405 created an

opportunity for up to 100 individuals to obtain certified employment that allowed the employer to qualify for the tax credit. Because House Bill 1244 includes supported employment as an eligible activity, the Vocational Rehabilitation team believes that there would be potential to utilize all available certifications.

In 2021, Vocational Rehabilitation served 318 individuals through supported and customized employment services with 49 becoming employed and working up to their abilities in either full or part time, permanent positions. In 2022, VR served 340 individuals through supported and customized employment services with 73 becoming employed. 122 individuals became employed over the past two years through the supported employment program. Historically VR averages around 75 successful supported employment placements each year.

Customized Employment has proven to be a successful program for individuals with the most significant disabilities. For example, Jane Smith joined a production crew in 2008. Although change can bring about fear and anxiety, this did not stop Jane from taking a chance and moving forward with gaining competitive integrated employment. In January of 2016, Jane gained employment at a local retailer. She went from earning \$2.39 an hour to \$9.00 an hour. Initially, Jane was hired to be a greeter and prepare shoes for shipment, but after consistently carrying out these two assignments successfully, she was introduced to sales. She remembers being told that she would never be able to do the things that she wanted because of her disability, but since then she has grown and has become an active part of her community. Jane now serves on the Board of Directors of an organization that she is passionate about, has been asked to be in TV commercials, and is supporting another project on Disability Awareness. Jane has made great progress and now has the mindset that anything is possible

so long as she tries. In August of 2019, Jane transitioned to a new position serving as a cashier in the cafeteria of a local university. She earns \$10.00 an hour and works between 20-24 hours a week. Being able to go to college has been a long-time goal and now with this employment opportunity, that is a real possibility.

Subsection 5 of section 57-38-01.16 indicates that "No more than two hundred employees may be certified as qualifying under this section." As an entity that would likely be involved in helping connect employees and employers through the tax credit authorized in the Bill, the Department respectfully requests clarification regarding intent, specifically if the number of certified employment arrangements is 200 per year or per biennium.

The Department believes House Bill 1244 would continue the win-win situation for both the employee and the employer and be a helpful tool for workforce development. The individual will be given the opportunity to become employed in their community, earn their own income, and become a taxpayer. The employer has an incentive to give the individual a chance and in return may find a valuable and loyal employee, while helping meet their labor needs and developing a more diverse workforce.

Thank you. I would be happy to answer any questions you may have.

House Finance and Taxation Committee

House Bill 1244 – January 23, 2023

Testimony of Denise Harvey, P&A Director of Program Services

Chairman Headland and members of the House Finance and Taxation Committee.

I am Denise Harvey, Director of Program Services with Protection & Advocacy (P&A).

P&A protects the human, civil and legal rights of people with disabilities. The agency's programs and services seek to make positive changes for people with disabilities where we live, learn, work and play.

P&A has two employment programs. The Protection & Advocacy for Beneficiaries of Social Security (PABSS) program works with social security beneficiaries to resolve barriers to employment and increase employment opportunities. The Client Assistance Program (CAP) provides assistance in informing and advising clients and client applicants of available benefits under the Rehabilitation Act and assists and advocates for clients and client applicants in their relationships with projects, programs and services provided under this Act, including Vocational Rehabilitation.

The Vocational Rehabilitation division would be well qualified to determine who has a most significant disability and requires customized employment or supportive employment to obtain competitive integrated employment. The increase in the tax credit to support employment opportunities for persons with developmental disabilities and severe mental illness will benefit employers and assist with the workforce shortage

in our state. Employment can bring these persons with disabilities out of poverty and reduce their reliance on social security and other programs that provide financial assistance. The tax incentive offered to employers would be a valuable tool for increasing employment for persons with more significant disabilities, which is a top priority for programs serving these persons and a wise fiscal choice for the use of state funds.

I respectfully request support for HB 1244. Thank you for your time and I would be glad to answer any questions.

Denise Harvey, Director of Program Services

Protection & Advocacy

drharvey@nd.gov

328-3952



PROTECTION & ADVOCACY PROJECT

400 EAST BROADWAY, SUITE 409

BISMARCK, ND 58501-4071

701.328.2950

Senate Finance and Taxation Committee
House Bill 1244
March 8, 2023

Chairman Kannianen and members of the Senate Finance and Taxation Committee, my name is Daniel Gulya and I am an attorney with the Projection & Advocacy Project (P&A). P&A protects the human, civil, and legal rights of people with disabilities. The agency's programs and services seek to make positive changes for people with disabilities where we live, learn, work, and play.

The tax credit this bill offers to employers would be a valuable tool for increasing employment for persons with more significant disabilities, which is a top priority for programs serving these persons and a wise fiscal choice for the use of state funds.

P&A has two employment programs. The Protection & Advocacy for Beneficiaries of Social Security (PABSS) program works with social security beneficiaries to resolve barriers to employment and increase employment opportunities. The Client Assistance Program (CAP)

provides assistance in informing and advising client applicants of available benefits under the Rehabilitation Act, and assists and advocates for clients and client applicants in their relationships with projects, programs and services provided under this Act, including Vocational Rehabilitation. The Vocational Rehabilitation division would be well qualified to determine who has a most significant disability and requires customized employment or supportive employment to obtain competitive integrated employment.

Increasing the tax credit to support employment opportunities for persons with developmental disabilities and severe mental illness will benefit employers, and assist with the workforce shortage in our state. Employment can bring these persons with disabilities out of poverty and reduce their reliance on Social Security and other programs that provide financial assistance.

I respectfully request support for HB 1244. Thank you for your time today. I would be happy to answer any questions that you may have. If you have any further questions, please feel free to contact me at danigulya@nd.gov or by phone at P&A, (701) 328-3946.

Testimony
House Bill No. 1244
Senate Finance and Taxation Committee
Senator Jordan Kannianen, Chairman
March 7, 2023

Chairman Kannianen and members of the Senate Finance and Taxation Committee. I am Cheryl Anderson, Program Administrator for the Department of Health and Human Services, Vocational Rehabilitation Section (VR). The Department supports House Bill 1244. I would like to highlight and clarify a few points in the Bill.

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Customized employment identifies the individual's abilities and matches them with the unmet employment needs of the business. In other words, the job is customized to fit the individual; the job duties are negotiated with the employer and a customized job description is created based on the employer's needs. To see the difference between supported and customized employment, consider the following example: A restaurant has a prep cook who performs duties such as making cheese sticks, preparing all the appetizers listed on the menu and cleaning the pre-cook workstation. The owner hires an individual through customized employment to make the cheese sticks during their shift which allows the prep cook to take on additional duties.

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so long as she tries. In August of 2019, Jane transitioned to a new position serving as a cashier in the cafeteria of a local university. She earns \$10.00 an hour and works between 20-24 hours a week. Being able to go to college has been a long-time goal and now with this employment opportunity, that is a real possibility.

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The Department believes House Bill 1244 would continue the win-win situation for both the employee and the employer and be a helpful tool for workforce development. The individual will be given the opportunity to become employed in their community, earn their own income, and become a taxpayer. The employer has an incentive to give the individual a chance and in return may find a valuable and loyal employee, while helping meet their labor needs and developing a more diverse workforce.

Thank you. I would be happy to answer any questions you may have.



Senate Finance and Tax
HB 1244
March 7, 2023

Sen Kannianen and committee members. I am Kirsten Dvorak, Executive Director of the Arc of North Dakota; we have six chapters throughout the state of North Dakota that advocate on behalf of individuals with intellectual and/or developmental disabilities (IDD) for full inclusion in their community of choice.

HB 1244 is a bill that would remove a sunset clause from a tax credit passed during the 67th legislative session and would reinstate the tax credit as it expired at the end of 2022. In addition, the bill would also add 100 participants for a total of 200 individuals with significant disabilities and mental illness.

As an advocate for individuals with intellectual disabilities, The Arc of North Dakota strongly supports the implementation of a tax credit for businesses that hire individuals with intellectual disabilities. Such a tax credit would not only provide much-needed support for individuals with intellectual disabilities, but it would also benefit businesses and the economy as a whole.

Individuals with intellectual disabilities face significant barriers when finding and maintaining employment. Despite their talents, skills, and abilities, many employers overlook these individuals because they believe they cannot contribute meaningfully to the workplace. This is a grave injustice, as individuals with intellectual disabilities have much to offer and deserve the opportunity to work and contribute to society.

A tax credit for businesses that hire individuals with intellectual disabilities would be a powerful incentive for employers to give these individuals a chance. Businesses would be more likely to take a chance on them by reducing the cost of hiring and training these individuals. This would open up new opportunities for individuals with intellectual disabilities, providing them with meaningful work and the chance to achieve greater independence and self-sufficiency.

Moreover, implementing a tax credit for businesses that hire individuals with intellectual disabilities would benefit the economy. When individuals with intellectual disabilities can work and contribute to society, they become less dependent on public assistance and more self-sufficient. This, in turn, reduces the burden on taxpayers and strengthens the economy by increasing overall productivity.

Kirsten Dvorak

701-222-1854