

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2296

2001 SENATE FINANCE AND TAXATION

SB 2296

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2296

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 1/29/01

Tape Number	Side A	Side B	Meter #
1	x		9.4-35.1
1/31/01 - 2	x		41.7-52.2
Committee Clerk Signature <i>Lynelle M. Kraft</i>			

Minutes:

Senator Urlacher: Opened the hearing on SB 2296, relating to an income tax credit for prescribed drugs and insulin.

Senator Carolyn Nelson: Co-sponsored the bill, testified in support. Written testimony attached.

Senator David O'Connell: Co-sponsored the bill, testified in support. Talked about the problem with people going to Canada.

Representative Audrey Cleary: Co-sponsored the bill, testified in support. This bill is a good place to start.

Representative Merle Boucher: Co-sponsored the bill, testified in support. Written testimony attached.

Senator Wardner: How does Medicare take care of the costs?

Representative Merle Boucher: It does not cover them.

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Senate Finance and Taxation Committee
Bill/Resolution Number 2296
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Senator Wardner: Would we subtract the amount off the federal income tax liability or would we subtract it off the state tax liability?

Representative Merle Boucher: First our state income liability.

Senator Stenholm: Asks about the fiscal note and where the \$10 million is going to come from.

Representative Merle Boucher: The \$10 million is a guess and probably a worse-case scenario. As to where the money comes from, it's a matter of prioritizing.

Norm Stuhmiller: On behalf of senior citizens, testified in support. Explains that Medicare does not cover prescription drugs and feels seniors need help. Meter number 30.4-34.7.

Senator Urlacher: Closed the hearing. Action delayed.

Discussion held 1/31/01. Meter number 41.7-52.2.

COMMITTEE ACTION (1/31/01)

Motion made by Senator Christmann for a DO NOT PASS, Seconded by Senator Wardner. Vote was 4 yeas, 2 nays, 0 absent and not voting. Bill carrier was Senator Wardner.

FISCAL NOTE
 Requested by Legislative Council
 01/23/2001

Bill/Resolution No.: SB 2296

Amendment to:

1A. 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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$10,300,000)			
Expenditures						
Appropriations						

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2296 allows a tax credit on the short and long individual income tax forms for perscription drugs and insulin purchases made by persons sixty five and older that exceed \$500 per person per year.

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.*

If enacted, SB 2296 is expected to reduce state general fund revenues by -\$5.15 million per year.

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, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Kathryn L. Strombeck	Agency:	Tax Department
Phone Number:	328-3402	Date Prepared:	01/26/2001

Date: 1/31/01
Roll Call Vote #:

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2076

Senate Finance and Taxation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Christmann Seconded By Wardner

Senators	Yes	No	Senators	Yes	No
Senator Urlacher-Chairman	✓				
Senator Wardner-Vice Chairman	✓				
Senator Christmann	✓				
Senator Stenehjem	✓				
Senator Kroepflin		✓			
Senator Nichols		✓			

Total (Yes) 4 No 2

Absent 0

Floor Assignment Wardner

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

REPORT OF STANDING COMMITTEE (410)
February 1, 2001 9:12 a.m.

Module No: SR-18-2081
Carrier: Wardner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2296: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO NOT PASS (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2296 was placed on the Eleventh order on the calendar.

2001 TESTIMONY

SB 2296



NORTH DAKOTA SENATE



Senator Carolyn Nelson
District 21
5 College Street
Bismarck, ND 58102-3433

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360

COMMITTEES:
Judiciary
Government and Veterans
Affairs

SB 2296

Last summer, I heard from a high school classmate who retired from the military and chose to live in Florida. Why? They don't tax his retirement income there. He and his wife would like to have moved back here but where is the incentive? That got me thinking about other incentives - large and small. We want people to move back here but we don't try very hard. And, we don't appreciate those who stayed here during the highs and lows of North Dakota's history. I look at SB 2096 as a little thank you for those who stayed, worked and paid taxes on all their income all these years. Most of them got no incentives to start businesses or send their kids to school, but they stayed.

You all got "Firstline CSG Midwest" in January. The whole paper was about pharmacy assistance programs in the Midwest. It is not just North Dakota's problem. The first article states that "recent studies have pinpointed expenditures for prescription drugs as the fastest-growing piece of the health care spending pie". Remember that there is no Medicare benefit for prescription drugs. 1 in 5 elderly people take at least 5 prescription medications a day. In rural America, Medicare beneficiaries are 50% less likely to have prescription drug coverage. Before you vote, take time to read this legislative brief.

Perhaps you also received a blue slip from Blue Cross/Blue Shield last week telling you how much you spent on medications during the last quarter of 2000. Did you look at the amount in the other column that told you how much insurance paid?

Imagine that you didn't have insurance and were on limited income, could you have afforded that medication. It wasn't frivolous, it was necessary expense. How can we help? SB 2296 is an attempt to relieve the burden.

The average senior citizen taxpayer pays about \$650 in income taxes. That same citizen averages \$738 in non-reimbursed prescription costs. This bill suggests that we assume the senior can manage \$500 of those costs. The tax credit would be \$238 (738-500). Therefore, the tax would be reduced to \$412. It may not seem like much, but to the senior on limited income, it's much appreciated. It is a credit, not a refund. Therefore, if the tax is less than \$250, that's all the credit they get.

The Tax Department is guessing about the fiscal note; it's not an actuarial study to identify all seniors, their medical needs and their taxes.

Where are the other states finding the money to fund their programs? This is a health issue. Indiana used \$20 of their tobacco settlement money; Iowa started a drug-purchasing cooperative with a \$1 million grant in federal funds; Michigan used \$30 million of their tobacco money; Illinois used \$35 million of their tobacco money. Yes, we too, can use our tobacco money - a good investment for our citizens.

Thank you for your consideration of SB 2296.

