

2021 HOUSE FINANCE AND TAXATION

HB 1405

2021 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1405
1/27/2021
AM

A bill relating to an income tax credit for the employment of individuals with developmental disabilities or severe mental illness and relating to an income tax credit for the employment of individuals with developmental disabilities or severe mental illness.

Chairman Headland opened the hearing at 10:24am.

Representatives	Present
Representative Craig Headland	P
Representative Vicky Steiner	P
Representative Dick Anderson	P
Representative Glenn Bosch	P
Representative Jason Dockter	P
Representative Sebastian Ertelt	P
Representative Jay Fisher	P
Representative Patrick Hatlestad	P
Representative Zachary Ista	P
Representative Tom Kading	P
Representative Ben Koppelman	P
Representative Marvin E. Nelson	P
Representative Nathan Toman	P
Representative Wayne A. Trottier	P

Discussion Topics:

- Income tax credit for employment of those with developmental disabilities or severe mental illness

Vice Chairman Steiner introduced the bill (#3840).

Kirsten Dvorak, Executive Director for the Arc of North Dakota, testified in support with a proposed amendment (#3661 and 3662).

Bruce Murry, Executive Director for the North Dakota Association of Community Providers, testified in support with a proposed amendment included. Testimony #3768.

Chairman Headland closed the hearing at 10:43.

Mary Brucker, Committee Clerk

HB 1405

Vicky Steiner, District 37, Dickinson.

Chairman Headland, Committee members

HB 1405 will look familiar to some of you. We passed this bill last session with a sunset. The ARC for disabled people brought this bill, HB 1406, last session to encourage employers to hire disabled and severe mentally ill people. It's limited to the first 100 disabled people who apply.

Section 1 of the bill expands an existing income tax credit allowed to a corporation for hiring an individual who is developmentally disabled or chronically mentally ill. Under current law, the credit is 5% of the first \$6,000 of wages paid during the first 12 months of employment. The credit may not exceed 50% of the corporation's tax liability. The bill expands the credit as follows: (1) The bill will allow the credit to other types of taxpayers—individuals, estates, trusts, and passthrough entities, such as partnerships and S corporations. (2) The credit rate will be increased to 25%. (3) The credit may be claimed in each tax year in which wages are paid to an eligible employee. If a taxpayer is unable to use all of the credit in the year it is earned, the taxpayer may carry the unused portion over up to three tax years. The bill also replaces “chronically mentally ill” with “severe mental illness,” and provides that, to qualify, an employer must apply to the Department of Human Services, Vocational Rehabilitation Division, for a determination that the employee has a qualifying disability, is eligible for services, and requires customized employment to obtain competitive integrated employment. No more than 100 individuals may be certified as qualifying for the credit, which is to be determined in the order the applications are received. Note: This bill makes the same changes to the law that were made by the 2019 legislature (HB 1406); however, those changes expired at the end of the 2020 tax year, and the law reverted to the 2018 version for tax years after 2020. That's why it looks different.

This is a win win for bringing people who are difficult to place in the workforce with a competitive integrated employment option.

With Covid, a very small number of people were able to try it briefly. COVID meant that these groups were quarantined. It has the sunset back on it so we can evaluate it. There representative is here to explain their support for the bill again. I ask for a do pass recommendation again.

Thank you Mr. Chairman.



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Testimony House Bill 1405
House Finance and Tax
January 27, 2021

Chairman Headland and members of the Committee, my name is Kirsten Dvorak. I am the executive director of The Arc of North Dakota, which includes all six Arc chapters in North Dakota: Bismarck, Bowman, Dickinson, Fargo, Grand Forks, and Valley City. Our mission is to improve people's quality of life with intellectual and developmental disabilities and actively support their full inclusion and community participation.

According to the Developmental Disabilities Assistance and Bill of Rights Act (DD Act) and other federal legislation, "disability is a natural part of the human experience...". Prevention activities do not diminish the value of individuals with intellectual and/or other developmental disabilities (I/DD) but instead strive to maximize independence and enhance people's quality of life with I/DD.

When the bill was passed last session, a sunset clause of two years was attached to the program to evaluate the program and see if changes needed to be made. There were five individuals in the process of using the program when COVID hit, and like most, they had to put their jobs on hold due to being at high-risk.



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In meetings with Vocational Rehabilitation, it became apparent that we needed to add supported employment to make it more accessible for individuals to obtain employment. Supported employment creates a "carved out" job opportunity for the employee with I/DD, which identifies specific tasks within a given job that might be reassigned to another position. There are 39,000 individuals with cognitive, independent living difficulties and those with self-care difficulties in North Dakota. Only 50% of individuals with a cognitive disability are in the workforce and only 27% in the workforce with individuals with self-care difficulties. With the proposed amendment, we hope to make the process easier for individuals to obtain employment.

Work gives individuals a sense of purpose and self-worth. For many, it defines who we are and is a source of justifiable pride. Work helps improve individual finances, and it helps us connect socially. All individuals, regardless of disability, deserve the opportunity to be full members of their community where they can live, learn, work and play through all stages of life.

Chairman Headland and members of the Committee, we ask for a due pass on HB 1405.

I have attached the proposed amendment.

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Proposed Amendment to HB 1405

On line x, after the words "customized employment" insert the words "or supported employment".

Renumber accordingly.

HB 1405
NDACP Testimony
House | Finance and Taxation | Committee

Hon. Craig Headland Chairman
January 27, 2021

Chairman Headland and members of the House Finance and Taxation Committee, good morning, and thank you for this opportunity. I am Bruce Murry, Executive Director of the North Dakota Association of Community Providers (NDACP.org). NDACP is the membership organization of 30 licensed providers of services to North Dakotans with developmental disabilities (DD). NDACP supports HB 1405 as a priority in serving people with DD.

HB 1405 seeks to extend an opportunity your committee supported last session to give people with disabilities a better chance at employment. The effort was interrupted just as people were starting to work their way into the application process with the outbreak of the COVID 19 emergency. We thank Representative Steiner and the other sponsors for this bill.

Vocational Rehabilitation Division recently reached out to The Arc of North Dakota and NDACP and pointed out a language change that could make the bill more effective. NDACP respectfully requests the following amendment:

On page 1, line 23, after the words “customized employment” insert the words “supported employment” and renumber accordingly.

We believe this bill, especially as amended, will increase employment prospects for people with disabilities. This is especially important if the new Presidential administration continues with its efforts to abolish all sub-minimum wage employment and to raise the minimum wage. NDACP would find it tragic if some people with disabilities are unable to be employed at all.

My colleague, Angela Dinius, and I are both happy to answer any questions that may arise about HB 1405, NDACP, its members' services to people, and our priorities. Our contact information is below.

Thank you again to the sponsors and for your kind attention.



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North Dakota Association of Community Providers

North Dakota Association of Community Providers

2021 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1405
1/27/2021
PM

A bill relating to an income tax credit for the employment of individuals with developmental disabilities or severe mental illness and relating to an income tax credit for the employment of individuals with developmental disabilities or severe mental illness.

Chairman Headland opened up for discussion at 2:42pm.

Representatives	Present
Representative Craig Headland	Y
Representative Vicky Steiner	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Sebastian Ertelt	Y
Representative Jay Fisher	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Tom Kading	Y
Representative Ben Koppelman	Y
Representative Marvin E. Nelson	AB
Representative Nathan Toman	Y
Representative Wayne A. Trottier	Y

Discussion Topics:

- Proposed amendment
- Committee decision

Vice Chairman Steiner explained a proposed amendment on page 1 line 23 insert “or supported employment.”

Representative D. Anderson made a motion to adopt the amendment.

Representative Ertelt seconded the motion.

Voice vote-motion carried

Representative D. Anderson made a motion for a DO PASS AS AMENDED AND REREFER TO APPROPRIATIONS.

Representative Ertelt seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Vicky Steiner	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Sebastian Ertelt	Y
Representative Jay Fisher	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Tom Kading	Y
Representative Ben Koppelman	Y
Representative Marvin E. Nelson	AB
Representative Nathan Toman	Y
Representative Wayne A. Trottier	Y

Motion carried 13-0-1

Representative D. Anderson is the bill carrier.

Chairman Headland closed the discussion at 2:51pm.

Mary Brucker, Committee Clerk

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Adopted by the Finance and Taxation
Committee

January 27, 2021

DE 1/27/21
1 of 1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1405

Page 1, line 23, after "employment" insert "or supported employment"

Renumber accordingly

REPORT OF STANDING COMMITTEE

HB 1405: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1405 was placed on the Sixth order on the calendar.

Page 1, line 23, after "employment" insert "or supported employment"

Renumber accordingly

2021 HOUSE APPROPRIATIONS

HB 1405

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1405
2/5/2021

Relating to an income tax credit for the employment of individuals with developmental disabilities or severe mental illness; to provide an effective date; and to provide an expiration date.

9:10 Chairman Delzer Called the meeting to order;

Representatives	P/A
Representative Jeff Delzer	P
Representative Keith Kempenich	A
Representative Bert Anderson	P
Representative Larry Bellew	P
Representative Tracy Boe	P
Representative Mike Brandenburg	P
Representative Michael Howe	P
Representative Gary Kreidt	P
Representative Bob Martinson	P
Representative Lisa Meier	P
Representative Alisa Mitskog	P
Representative Corey Mock	P
Representative David Monson	P
Representative Mike Nathe	P
Representative Jon O. Nelson	P
Representative Mark Sanford	P
Representative Mike Schatz	P
Representative Jim Schmidt	P
Representative Randy A. Schobinger	P
Representative Michelle Strinden	P
Representative Don Vigasaa	P

Discussion Topics:

- Reauthorization of a tax credit for developmental disabilities

9:11 Representative Headland- Introduces the bill and testifies in favor of HB 1405

9:15 Representative Bellew- Makes a motions for a Do Pass

Representative Mitskog -Seconds the motion

Further discussion

9:16 Roll call vote;

Representatives	Vote
Representative Jeff Delzer	Y
Representative Keith Kempenich	A
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Tracy Boe	Y
Representative Mike Brandenburg	Y
Representative Michael Howe	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Jim Schmidt	Y
Representative Randy A. Schobinger	Y
Representative Michelle Strinden	Y
Representative Don Vigesaa	Y

Motion Carries 20-0-1 Representative D. Anderson will carry the bill

Additional written testimony: No written testimony

9:16 Chairman Delzer Closed the hearing for HB 1405

Risa Berube,

House Appropriations Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1405, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)
recommends **DO PASS** (20 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed HB 1405 was placed on the Eleventh order on the calendar.

2021 SENATE FINANCE AND TAXATION

HB 1405

2021 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1405
3/9/2021

A BILL for an Act to create and enact a new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code, relating to an income tax credit for the employment of individuals with developmental disabilities or severe mental illness; to amend and reenact section 57-38-01.16 of the North Dakota Century Code, relating to an income tax credit for the employment of individuals with developmental disabilities or severe mental illness; to provide an effective date; and to provide an expiration date.

Chair Bell calls the meeting to order. Chair Bell, Vice Chair Kannianen, Senators Meyer, J. Roers, Patten, Piepkorn, Weber are present. [9:47]

Discussion Topics:

- Individuals who are vulnerable to covid-19
- Accommodations for people with disabilities
- Work for people with disabilities

Representative Vicky Steiner [9:47] presents the bill and submits testimony #8356 in favor.

Kirsten Dvorak [9:51], executive director of The Arc of North Dakota, testifies in favor and submits testimony #8122.

Bruce Murry [9:53], representing NDACP, testifies in favor and submits testimony #8109.

Cheryl Anderson [9:55], representing VRND, testifies in favor and submits testimony #8061.

Additional written testimony: N/A

Chair Bell adjourns the public hearing. [10:02]

Chair Bell opens committee work. [10:02]

Senator Meyer [10:02] motions DO PASS.

Senator J. Roers [10:02] seconds.

Senators	Vote
Senator Jessica Bell	Y
Senator Jordan Kannianen	Y
Senator Scott Meyer	Y
Senator Dale Patten	Y

Senator Merrill Piepkorn	Y
Senator Jim Roers	Y
Senator Mark Weber	Y

Motion passes 7-0-0. [10:03]

Senator Meyer will carry.

Chair Bell adjourns the meeting. [10:04]

Joel Crane, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1405, as engrossed: Finance and Taxation Committee (Sen. Bell, Chairman)
recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1405 was placed on the Fourteenth order on the calendar.



NORTH DAKOTA HOUSE OF REPRESENTATIVES

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Representative Vicky Steiner

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COMMITTEES:

Finance and Taxation
Government and Veterans Affairs

March 9, 2021

HB 1405

Vicky Steiner, District 37, Dickinson.

Chairman Senator Unruh and Senate Committee members

HB 1405 will look familiar to some of you. We passed this bill last session with a sunset. The ARC for disabled people brought this bill, HB 1406, last session to encourage employers to hire disabled and severe mentally ill people. It's limited to the first 100 disabled people who apply.

Section 1 of the bill expands an existing income tax credit allowed to a corporation for hiring an individual who is developmentally disabled or chronically mentally ill. Under current law, the credit is 5% of the first \$6,000 of wages paid during the first 12 months of employment. The credit may not exceed 50% of the corporation's tax liability. The bill expands the credit as follows: (1) The bill will allow the credit to other types of taxpayers—individuals, estates, trusts, and passthrough entities, such as partnerships and S corporations. (2) The credit rate will be increased to 25%. (3) The credit may be claimed in each tax year in which wages are paid to an eligible employee. If a taxpayer is unable to use all of the credit in the year it is earned, the taxpayer may carry the unused portion over up to three tax years. The bill also replaces "chronically mentally ill" with "severe mental illness," and provides that, to qualify, an employer must apply to the Department of Human Services, Vocational Rehabilitation Division, for a determination that the employee has a qualifying disability, is eligible for services, and requires customized employment to obtain competitive integrated employment. No more than 100 individuals may be certified as qualifying for the credit, which is to be determined in the order the applications are received. Note: This bill makes the same changes to the law that were made by the 2019 legislature (HB 1406); however, those changes expired at the end of the 2020 tax year, and the law reverted to the 2018 version for tax years after 2020. That's why it looks different.

This is a win win for bringing people who are difficult to place in the workforce with a competitive integrated employment option.

With Covid, a very small number of people were able to try it briefly. COVID meant that these groups were quarantined. It has the sunset back on it so we can evaluate it. Their representative will explain their support for the bill again. I ask for a do pass consideration again.

Thank you Madam Chair and committee members.



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#8122

Testimony House Bill 1405
Senate Finance and Tax
March 9, 2021

Chairwoman Bell and members of the Committee, my name is Kirsten Dvorak. I am the executive director of The Arc of North Dakota, which includes all six Arc chapters in North Dakota: Bismarck, Bowman, Dickinson, Fargo, Grand Forks, and Valley City. Our mission is to improve people's quality of life with intellectual and developmental disabilities and actively support their full inclusion and community participation.

According to the Developmental Disabilities Assistance and Bill of Rights Act (DD Act) and other federal legislation, "disability is a natural part of the human experience...". Prevention activities do not diminish the value of individuals with intellectual and/or other developmental disabilities (I/DD) but instead strive to maximize independence and enhance people's quality of life with I/DD.

When the bill was passed last session, a sunset clause of two years was attached to the program to evaluate the program and see if changes needed to be made. There were five individuals in the process of using the program when COVID hit, and like most, they had to put their jobs on hold due to being at high-risk.



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Chairwoman Bell and members of the Committee, we ask for a due pass on HB 1405.

**House Bill 1405
NDACP Testimony
Senate Finance and Taxation Committee
Hon. Jessica Bell, Chairman
March 9, 2021**

Chairman Bell and members of the Senate Finance and Taxation Committee, good morning, and thank you for this opportunity. I am Bruce Murry, Executive Director of the North Dakota Association of Community Providers (NDACP.org). NDACP is the membership organization of 30 licensed providers of services to North Dakotans with developmental disabilities (DD). NDACP supports HB 1405 as a priority in serving people with DD.

HB 1405 seeks to extend an opportunity your committee supported last session to give people with disabilities a better chance at employment. The effort was interrupted just as people were starting to work their way into the application process with the outbreak of the COVID 19 emergency. We thank Representative Steiner, Senators Hogan and Meyer, and the other sponsors for this bill.

Vocational Rehabilitation Division reached out to The Arc of North Dakota and NDACP about adding people who receive “customized employment” services to the beneficiaries of this bill. The House adopted that language, making the bill even more effective.

This bill will increase employment prospects for people with disabilities. A tax credit like this helps bridge the gap between the costs of an employee and the value she or he can demonstrate to the employer on day one. After a relationship forms, many soft or intangible benefits to the employer emerge. This is especially important pending federal proposals to abolish all sub-minimum wage employment and to raise the minimum wage.

My colleague, Angela Dinius, and I are both happy to answer any questions that may arise about HB 1405, NDACP, its members’ services to people, and our priorities. Our contact information is below.

Thank you again to the sponsors and for your kind attention.



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North Dakota Association of Community Providers

North Dakota Association of Community Providers

Vocational Rehabilitation Testimony
House Bill 1405
Senate Finance and Taxation Committee
Senator Jessica Bell, Chair
March 9, 2021

Chair Bell and members of the Senate Finance and Taxation Committee, thank you for this opportunity. I am Cheryl Anderson, Program Administrator for the Department of Human Services Division of Vocational Rehabilitation (VR). VR supports HB 1405 as amended. I would like to highlight and clarify a few points in the bill.

The individuals who qualify for the amended 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, the person fits the job. An example of a supported employment placement: Walmart advertises for a stock clerk, and the individual is hired to perform all aspects of the position. Customized employment is a new service which was introduced in North Dakota five years ago. 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. An example of customized employment placement: 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, HB 1406 was introduced and allowed for up to 100 individuals to be certified allowing the employer to qualify for the tax credits. If HB 1405 as amended is passed to include supported employment there is the potential to utilize all available certifications. In 2019, VR served 337 individuals through supported employment services

with 76 becoming employed and working up to their abilities in either full or part time, permanent positions. In 2020, VR served 325 individuals through supported employment services with 60 becoming employed. 136 individuals became employed over the past two years through the supported employment program. This number may have been reduced due to COVID 19. Historically VR averages around 75 successful closures annually through supported employment services.

While Customized Employment is relatively new to ND, it is proving to be a successful program for some 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.

We believe HB 1405 as amended would be a win-win for both the employee and the employer. 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 for this opportunity. I would be happy to answer any questions.

My contact information is below:

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