



NORTH DAKOTA HOUSE OF REPRESENTATIVES

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House Bill 1456
House Finance and Taxation Committee
Representative Headland, Chairman
February 3, 2021

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

I am Representative Emily O'Brien, from District 42, in Grand Forks, North Dakota.

House Bill 1456 would provide a sales and use tax exemption for materials used in research and development of bioscience and biotechnology.

The Bioscience industry uses the knowledge of living organisms or other biological systems in the manufacturing of innovative products that address health, agricultural and environmental challenges. This diverse industry spans many markets and includes manufacturing, services, and research activities.

The United States bioscience industry continues to be a significant economic engine creating high-wage, family-sustaining jobs with average wages well above the overall private sector. Despite a tough economic climate, the bioscience and biotechnology industries have created jobs across the county with many states and regions maintaining or growing their industry presence in specialized industry subsectors.

Currently, there are two states – Wisconsin and Texas that are using policies such as HB 1456 to make their regions more attractive to bioscience and biotechnology companies to be more attractive to innovators and businesses.

To quickly go through the bill:

Section 1. Explains what would qualify under the sales tax exemption –

Subsection 1 – gross receipts from sales of tangible personal property purchased for use, storage, or consumption directly and predominately in the research and development of bioscience and biotechnology.

Subsection 2 – the qualified biotechnology taxpayer or qualified bioscience taxpayer must receive from the tax commissioner a certificate that the tangible personal property qualifies for the exemption. If a certificate is not received before the purchase, the qualified biotechnology taxpayer or qualified bioscience taxpayer shall pay the applicable tax imposed by this chapter and apply to the tax commissioner for a refund.

Subsection 3 – if the tangible personal property is purchased or installed by a contractor subject to the tax imposed by this chapter, the qualified bioscience or qualified biotechnology taxpayer may apply for a refund of the difference between the amount remitted by the contractor.

Subsection 4 – Definitions

Section 2. – authorizes the Tax Commissioner to authorize or approve tangible personal property.

Section 3. – provides an effective date for taxable events occurring after June 30, 2021.

Chairman Headland and members of the Finance and Taxation Committee - North Dakota provides the perfect ecosystem to support such legislation as House Bill 1456. North Dakota is home to a dynamic ecosystem of growing advanced research, development and manufacturing for bioscience and biotechnology companies. Offering a sales and use tax exemption for investments those businesses make would create jobs and modernize operations – innovation is key to making North Dakota the most competitive state in the country. This will have a tangible impact.

I hope you will support House Bill 1456. Industry experts will be here to provide support for House Bill 1456 for technical questions. I'd be happy to answer any questions that the committee may have.

Representative Emily O'Brien
District 42, Grand Forks