

TESTIMONY OF
MAJOR GENERAL ALAN S. DOHRMANN
NORTH DAKOTA NATIONAL GUARD
BEFORE THE
HOUSE FINANCE AND TAXATION COMMITTEE
15 MARCH 2023
SENATE BILL 2293

Good morning, Chairman Headland and members of the committee, I am Al Dohrmann, Adjutant General for the North Dakota National Guard (NDNG). I am here today to testify in support of Senate Bill 2293.

At the surface this bill is a benefit to military members that live in North Dakota. Below the surface it is much more than that.

When debating this Bill and its fiscal impact, a factor that may weigh into your deliberations, is you should consider about 2000 new airmen are transferred to Minot and Grand Forks Air Force Bases each year. Military members generally become residents of states that provide the greatest benefits and Military members tend to retain that residency throughout their time in service. This is why you see a larger number of Texas, Florida, and Alaska license plates at bases here in North Dakota and in other states that tax military pay; the states I mentioned are all states that either have no state tax, or exempt military pay.

If SB 2293 were to pass, this could result in population growth for North Dakota each year, with accompanying \$1,910 in federal program dollars the state would receive for each new resident following the next census. If just 10% of the newly stationed Airmen selected North Dakota as their residence we could gain 200 new citizens each year, generating additional federal program funding. At this rate of 200 new residents a year, exempting military pay from state tax will eventually be revenue positive for the state of North Dakota.

It may also be relevant, from a regional workforce competition view, to understand that North Dakota is surrounded by states that don't tax military pay, either because they don't have a state tax or decided specifically to exclude military pay from taxation. This, in part, could account for 15% of the North Dakota National Guard members, or about 600 soldiers and airmen, having a home of record in Minnesota or South Dakota. In many, possibly most cases, this is due to their civilian employment; in some cases, it may be a calculated decision to live in a state with a better tax benefit, especially in our cross-border metro areas such as Fargo/Moorhead and Grand Forks/East Grand Forks.

If the Governor's proposed tax plan is adopted, a significant population of the Active Duty and Full-time National Guard would already be tax exempt. Most enlisted members in the pay grade of E-6 with eight years of service and below would be tax exempt and most new officers would also be exempt. For the North Dakota Army National Guard this group consists of 76% of current members.

I ask for your support of SB 2293 not only as a benefit to North Dakota military members but as a method to grow our population, increase federal program dollars, and address workforce shortages. Thank you for your time and will stand by for questions.