

Sixty-fifth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2330

Introduced by

Senators Wanzek, Schaible, Sorvaag, Unruh

Representatives Headland, D. Johnson

1 A BILL for an Act to amend and reenact subsection 2 of section 57-39.5-01 of the North Dakota
2 Century Code, relating to the definition of farm machinery; to provide for a study by the
3 agriculture commissioner; to provide for a report to the legislative management; and to provide
4 an effective date.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Subsection 2 of section 57-39.5-01 of the North Dakota
7 Century Code is amended and reenacted as follows:

8 2. "Farm machinery" means all vehicular implements and attachment units, designed and
9 sold for direct use in planting, cultivating, or harvesting farm products or used in
10 connection with the production of agricultural produce or products, livestock, or poultry
11 on farms, which are operated, drawn, or propelled by motor or animal power. "Farm
12 machinery" also includes machinery, equipment, and structural materials used directly
13 and exclusively in, or incorporated into the structure of, a facility for the collection,
14 handling, storage, heating, and cooling related to a milking operation of a dairy farm.

15 "Farm machinery" does not include vehicular implements operated wholly by hand or a
16 motor vehicle required to be registered under chapter 57-40.3. "Farm machinery" does
17 not include machinery that may be used for other than agricultural purposes, including
18 tires, farm machinery repair parts, tools, shop equipment, grain bins, feed bunks,
19 fencing materials, and other farm supplies and equipment.

20 **SECTION 2. STUDY - AGRICULTURE COMMISSIONER - REPORT TO LEGISLATIVE**

21 **MANAGEMENT.** During the 2017-18 interim, the agriculture commissioner shall study state
22 dairy operations, with the intent of identifying ways by which to increase the number of dairy
23 operations in the state. The study must include a review of current dairy industry practices,
24 general dairy industry best practices, and tax policy related to dairy operations. The study must

1 also comparatively analyze the differences between North Dakota and South Dakota dairy
2 operations, including analysis of land type, land use, geography, climate, dairy commodity
3 pricing mechanisms, dairy farm property tax assessments, and the sales and use taxes related
4 to milking equipment and materials purchased for use on a licensed dairy farm. The agriculture
5 commissioner shall provide a report with recommendations to the legislative management
6 regarding the results of the study by June 30, 2018.

7 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable events occurring after June
8 30, 2017.