

# *Industrial Builders, Inc.*

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PAUL W. DIEDERICH, PRESIDENT  
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## *General Contractors*

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In support of HB1513

Industrial Builders, Inc. (IBI) has been incorporated in ND since 1953 and holds ND Contractors license #214A.

We have constructed projects for tax exempt entities many times since I started working for the company in 1980. We are currently a subcontractor to Meineke Johnson Company on a project being built for the Hospice of the Red River Valley in Fargo. When we bid the project in 2021, the specifications indicated that the project was exempt from sales and use tax. When we were awarded the subcontract and began construction, we discovered that the only way that the materials which we incorporated into the project could be exempt from sales and use tax was if the Hospice of the Red River Valley paid the vendor directly for the material. One of our vendors is Aggregate Industries (owned by Holcim which is a multinational company) who is unwilling to sell materials directly to Hospice of the Red River Valley and therefore IBI had to pay sales or use tax on the purchase of the gravel materials which we incorporated into the project but did not include in our bid.

I seem to recall that in the past when we constructed projects which were exempt from sales and use tax, we were issued an exemption certificate from either the owner or the state tax commissioner which we passed on to our vendors so they would not charge sales or use tax. Subsequently, we certified to the state tax commissioner that all of the purchases were indeed incorporated into the tax exempt project under the penalties of perjury. It may have been that we included the materials as a separate line-item on our invoice & the exempt entity did something, but the materials incorporated into the permanent works were not taxed.

If house bill 1513 proposes to allow contractors to purchase materials tax-exempt from their vendors which are ultimately incorporated into the finished project, instead of forcing the tax-exempt entity to purchase directly from the vendors in order to avoid the payment of sales or use tax, I support its passage.

Call me from the hearing if you have any questions, Russ Hanson has my number - I'd be happy to testify.

Industrial Builders, Inc.  
Paul W. Diederich  
/S/  
President

P.S. I am a member of the Board of Directors of HRRV