

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.

In the long run, this Bill will likely generate revenue for the State. 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 South Dakota, Texas, Florida, and Alaska licenses plates in the parking lots of our Air Force bases in Minot and Grand Forks. These states 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 resident a year, exempting military pay from state tax will eventually be revenue positive for the state of North Dakota. As these "new" North Dakotans move around the country and world, they will remain North Dakota residence; we will still get the federal program dollars; they will still vote and register their vehicles here. They may even decide to retire here, adding to our workforce.

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. For many, this is due to their civilian employment; in other 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

Further, if HB 1158 is enacted into law, a significant population of the Active Duty and Full-time national guard would already be tax exempt, significantly reducing the fiscal note on this Bill. 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 our State's military members but as method to grow our population, increase federal program dollars, and address workforce shortages. Thank you for your time and will stand by for questions.