

**SB 2334 Hearing
House Finance and Tax Committee**

March 7, 2023

Honorable Representative Headland, Chairman

Chairman Headland and Committee,

Thank you, Mr. Chairman. For the record I am Brad Bekkedahl, Senator from District 1, here to introduce SB 2334 which is a bill to remove a sunset on a current sales tax exemption for fertilizer and chemical processing facilities. The change to existing legislation is found on line 9 of page 1 and deletes the language requiring the exemption be applied before the date of June 30, 2023. The critical need for continuation of the sales tax exemption revolves around a large gas value added industry project. In the world of business recruitment, you will also hear testimony from the ND Department of Commerce, which has been critical in working with the company and their decision to site this large facility in our state. The competition was fierce to bring them here, and the removal of this sales tax exemption is a major factor in their location plans. I respectfully request the committee to recommend passage of the exemption sunset date removal.

The other area of the bill that is before you is found on page 2 and entails the creation of a local revenue loss reimbursement fund. In recruiting businesses of this size and investment, we have seen that local government entities frequently are called upon to provide incentives and assistance as well as state economic development programs. These could be in the form of property tax exemptions or PILOTS, infrastructure development or improvements such as roads, water, and sewer, along with the need to provide public safety equipment and personnel for protection. With this bill submission, I would encourage your discussion on the size of the mega project threshold, the type of project that could qualify for this local revenue loss reimbursement fund, as well as consideration of an Emergency Clause amendment so that the continuation of the exemption has no interruption before the bill becomes law if passed. I appreciate your attention and consideration.

Chairman Headland, thank you for the opportunity to introduce this bill that is now and will be critical to bringing value added projects to our development in North Dakota.