
**Testimony of
Matt Perdue
North Dakota Farmers Union
Before the
Senate Appropriations Committee
March 20, 2023**

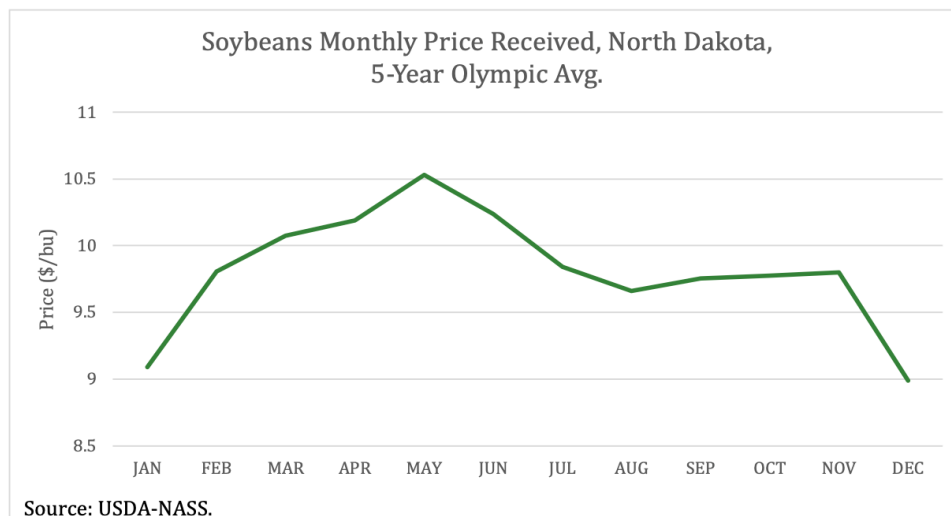
Chairman Bekkedahl and members of the committee,

Thank you for the opportunity to testify in support of House Bill No. 1370. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union’s members.

NDFU supports HB 1370, which establishes a sales tax exemption for grain bins and materials used to construct or repair grain bins. The bill is intended to support an expansion of on-farm grain storage in the near-term and provides an expiration date of July 1, 2025.

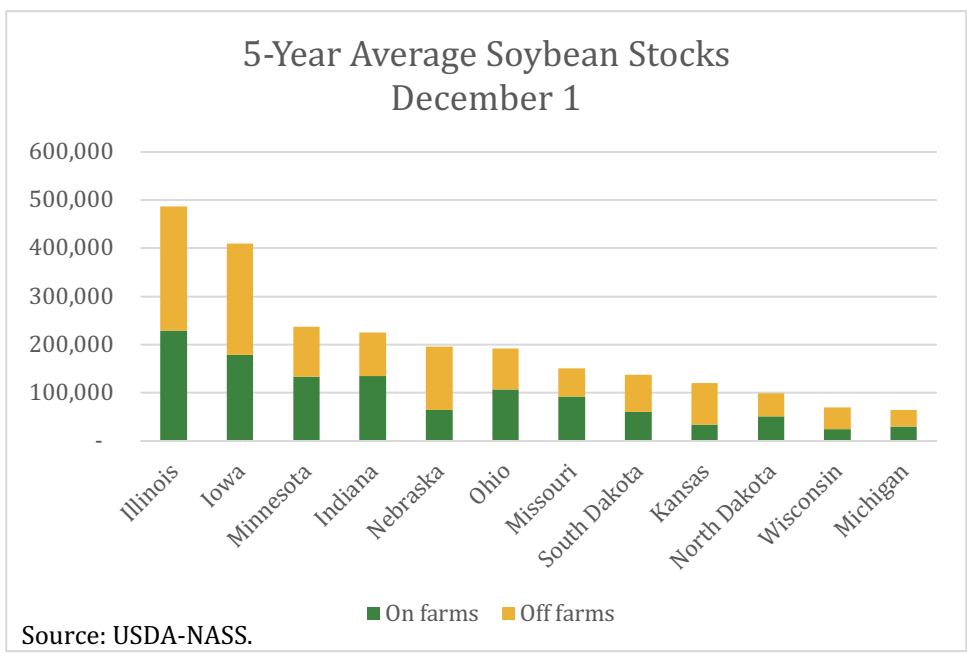
As you know, the establishment of new soybean crush facilities in Spiritwood, Casselton and Grand Forks will expand North Dakota’s soybean crush capacity to roughly 140 million bushels. In conversations with those projects and other processors, NDFU and commodity groups have learned about those facilities’ interest in expanding on-farm storage.

Expanding on-farm storage is a win-win for farmers and for processors. For example, soybean crush facilities benefit from year-round access to locally available soybeans. Farmers benefit from more flexibility in their marketing strategies. As the chart below illustrates, average soybean prices are 80 cents higher in May than during harvest. Expanded on-farm storage gives farmers the opportunity to capture those higher prices. Of course, these benefits are not unique to soybeans; expanding on-farm storage benefits producers and processors of all commodities.





North Dakota’s on-farm storage capacity totaled 930 million bushels in 2022, which is less than half of Iowa’s on-farm storage. Our soybean storage, in particular, lags that of other states. In 2022, North Dakota’s on-farm stocks of soybeans equaled just 23% of last year’s production. As illustrated in the chart below, North Dakota’s average December 1 soybean stocks total roughly 100 million bushels, well below the 140 million bushels of processing capacity the state will soon have.



HB 1370 is modeled after an existing policy in Iowa. The exemption is also consistent with NDCC 57-39.2-04.4, which provides a sales tax exemption for materials used to construct agricultural commodity processing facilities. That exemption includes materials used to construct on-site grain storage. Given the benefits to farmers and processors for robust on-farm storage capacity, we believe temporarily extending the sales tax exemption to on-farm storage is an important step forward.

Thank you for your consideration. We respectfully request a “Do Pass” recommendation on HB 1370.