



Bioscience Association of North Dakota
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January 27, 2025

Dear Chairman Headland and Members of the House Finance and Taxation Committee;

The following is testimony to this Committee in opposition to HB 1571; Specifically Opposed to the repealing of the use tax exemption for raw materials, single-use product contact systems, and reagents used for biologic manufacturing; section 57-39.2-04.19 of the North Dakota Century Code.

This is currently an incentive to attract new companies to North Dakota. Many States have this incentive, and it is attractive to companies who are looking to locate their business in a state. This incentive goes right to the bottom line and companies are looking for incentives such as this. This incentive has not been operational in North Dakota long enough to see if it is yet successful here. Tax Policy takes time to work.

The bioscience industry is very competitive. When companies are looking for somewhere to make a home, the competitive states have sales and use tax exemption. It makes them a serious player in recruiting these companies.

If you want to retain companies like Aldevron and continue to build this industry, repealing this exemption will only send the message that our state does not want these types of companies making investments here. It sends a message that we don't support them. That they are meaningless to us, that they don't "count".

Right now, we have a major company deciding whether to move their operations from Fargo to Minnesota. That would be a tremendous blow to the North Dakota



economy. If this bill passes and they lose this exemption, it means they will have to pay about 2 million dollars a year to stay to do business in Fargo. But if they move their operations to Minnesota they get a 2 million dollar benefit almost immediately. In other words, they GAIN 2 million dollars a year IF they move.

That is a tangible incentive to move.

I would urge the committee to not recommend passage of HB 1571 and keep this exemption as it is now.

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