

Testimony by Shawn McKenna

NDANO executive director

Senate Finance and Taxation Committee

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Good morning, Chairman Weber, members of the committee. My name is Shawn McKenna and I'm the executive director of the North Dakota Association of Nonprofit Organizations also known as NDANO, and I'm here to testify in support of Senate Bill 2369.

We encourage a do pass recommendation on this bill, as the current law is confusing and likely not being followed correctly by nonprofits.

Please consider this example as to why we support SB 2369. If a nonprofit group were to hold a 5K run starting from the publicly owned Sertoma Club Community Center down by the zoo here in Bismarck, and that event grossed \$10,000 or more in ticket sales, it would have to pay sales tax. But if that same organization started that same run at the privately owned Elks Club, just a short distance away, it wouldn't have to pay that tax.

The owner of the facility should not impact the nonprofit's sales tax obligation, especially when the nonprofit is paying market-rate rent to use both public and private event spaces.

I believe the intent of the original legislation was to prevent public-private competition for event space. But nonprofits aren't choosing publicly owned facilities like the Bismarck Events Center, the North Dakota Heritage Center, or a public golf course because they are cheaper. They choose those venues because of their size, availability, and location. Using Bismarck as an example, public facilities are often more expensive than the hotels and conference centers, but nonprofits have to choose them to hold an event due to availability or space constraints.

By passing Senate Bill 2369, you can clarify and simplify tax exemptions for nonprofit organizations and ensure those groups can focus on their missions without navigating unnecessary fiscal complexities. This will support the nonprofit sector in North Dakota by removing an arbitrary and confusing regulation that does not serve the intended purpose of preventing public-private competition but instead, creates an administrative burden. By providing this exemption you'll also be helping the organizations which contribute to the quality of life in our communities.

I urge the committee to support Senate Bill 2369.

Thank you for your time and consideration.

I'd be happy to stand for any questions.