

**1999 HOUSE FINANCE AND TAXATION**

**HB 1487**

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1487

House Finance and Taxation Committee

Conference Committee

Hearing Date February 2, 1999

Tape Number	Side A	Side B	Meter #
1	x		34.0
Committee Clerk Signature <i>Jamie Stein</i>			

Minutes:

REP. RENNERFELDT, VICE-CHAIRMAN Opened the hearing.

REP. WES BELTER, DIST. 22, Introduced the bill. This bill removes the three percent sales tax from farm machinery parts. This bill is an eighteen month bill, just temporarily will take the tax off until December 31, 2000. The reason I introduced this bill was to do something that would have a direct impact to all farmers to help in some way to reduce their costs of operation. It will also make us competitive with Minnesota and Montana.

REP. RENNERFELDT Is this for both new and used parts?

REP. BELTER Yes

REP. RENNERFELDT It wouldn't affect a city sales tax?

REP. BELTER Deferred the question to the State Tax Department.

REP. MIKE BRANDENBERG, DIST. 21 Testified in support of the bill. I signed on as one of the co-sponsors of this bill because I wanted to find the best way to help the farmers of North Dakota. Everybody needs parts, this would be fair to everyone in the farm sector.

REP. RENNER Does this extend into agricultural supplies?

REP. BRANDENBERG This is just for parts.

REP. BELTER It would only affect those that fall under the three percent rule.

ROGER JOHNSON, STATE AGRICULTURAL COMMISSIONER, Testified in support of the bill. See written testimony.

REP. MICKELSON Asked how many farmers there were in North Dakota.

ROGER JOHNSON About thirty thousand.

BOB LAMP, NORTH DAKOTA IMPLEMENT DEALERS ASSN., Testified in support of the bill. This is one of two bills in the legislature which deals with this issue of sales tax exemption. The other bill is SB 2217, which in addition to exempting repair parts, would also exempt used farm machinery. We believe the benefits of these two bills is quite far-reaching, and would have a positive impact on this agricultural situation we are in. We believe it will have a very immediate affect on this ag economy we are in. It also extends beyond the producer to the agri business on main street, your farm equipment dealer. At the present time, there are one hundred fifty farm equipment dealers in the state of North Dakota. These people are feeling the same pain the farmers and producers are feeling. They employ several thousand people, and many times are the cornerstone business in the smaller communities. They are very much a diminishing breed. This one hundred fifty dealers represents about half of what we had in 1980.

If we have an increase in interest rates, we will have serious problems in the farm equipment retail business. The benefit of this bill goes directly back to the people who are farming the land.

This bill does not cost the state of North Dakota one cent until someone makes an investment in a part. At that point, we are hoping that that turn of dollars in the economy will be beneficial.

Submitted a handout from the Office of the Tax Commission representing a farm machinery review by states in the union.

BILL BUTCHER, STATE DIRECTOR OF NFIB, Testified in support of the bill. This would help purchases in the state and would help keep farm related businesses in business.

GARY ANDERSON, STATE TAX DEPARTMENT, Testified in a neutral position. Related to the handout Bob Lamp submitted. Produced the handout back in October for Mr. Lamp, at that time, I used the resources available in the office. Where there are blanks, the information was not available at the time.

REP. BELTER Asked him to review what the rules are as far as taxation when North Dakotans go to Minnesota and purchase parts.

GARY ANDERSON Normally, when a resident of North Dakota goes to another state to purchase any personal property, they would be obligated to pay that state's tax. Minnesota was mentioned as a state that does not apply tax on used machinery at the present time. When a farmer from North Dakota goes to Minnesota to make a purchase, they will not be charged tax. North Dakota's use tax law then kicks in and says when the farmer brings that material back into North Dakota, they are obligated to report that equipment purchased to us, and pay the tax on it. The difficult part on that is to identify all of the purchasers.

REP. BELTER Is there some rule, that if a piece of equipment is delivered, or if a farmer picks it up, there is one way they pay the tax and the other way they don't have to?

GARY ANDERSON Either way, it should be taxed.

REP. GRANDE Is there a part of this three percent tax that is a city tax?

GARY ANDERSON If we make a change in state law, it will involve the community as well.

The most you would pay on a transaction would be twenty five dollars.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 2-2-99, Tape #1, Side B, Meter #35

REP. GROSZ Made a motion for a DO PASS.

REP. GRANDE Second the motion. MOTION CARRIED

11 Yes      3 No      1 Absent

REP. RENNERFELDT Was given the floor assignment.

## FISCAL NOTE

Return original and 14 copies)

Bill/Resolution No.: \_\_\_\_\_

Amendment to: HB 1487

Requested by Legislative Council

Date of Request: 3/24/99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

**Narrative:** If enacted as amended, HB 1487 is expected to reduce revenues as shown below:

2. **State** fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	-\$373,000	-\$32,000	-\$4.471 million	-\$389,000		
<b>Expenditures</b>						

3. What, if any, is the effect of this measure on the budget for your agency or department:

- a. For rest of 1997-99 biennium: \_\_\_\_\_  
**(Indicate the portion of this amount included in the 1999-2001 executive budget:)**
- b. For the 1999-2001 biennium: \_\_\_\_\_  
**(Indicate the portion of this amount included in the 1999-2001 executive budget:)**
- c. For the 2001-03 biennium: \_\_\_\_\_

4. **County, city, and school district** fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

If additional space is needed  
attach a supplemental sheet.

Signed: *Kathryn L. Strombeck*

Typed Name: Kathryn L. Strombeck

Department: Tax

Date Prepared: March 25, 1999

Phone Number: 328-3402

## FISCAL NOTE

(Return original and 14 copies)

Resolution No.: HB 1487

Amendment to: \_\_\_\_\_

Requested by Legislative Council

Date of Request: 1/20/99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

**Narrative:** If enacted, HB 1487 is expected to decrease revenues by \$2.775 million in the 1999-2001 biennium.

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>			-\$2.553 million	-\$222,000		
<b>Expenditures</b>						

3. What, if any, is the effect of this measure on the budget for your agency or department:

- a. For rest of 1997-99 biennium: \_\_\_\_\_  
(Indicate the portion of this amount included in the 1999-2001 executive budget:)
- b. For the 1999-2001 biennium: \_\_\_\_\_  
(Indicate the portion of this amount included in the 1999-2001 executive budget:)
- c. For the 2001-03 biennium: \_\_\_\_\_

County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

If additional space is needed  
attach a supplemental sheet.

Signed: *Kathryn L. Strombeck*

Typed Name: Kathryn L. Strombeck

Department: Tax

Date Prepared: January 22, 1999

Phone Number: 328-3402

Please type or use black pen to complete

Date 2-2-99

Roll call vote # 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1487

House HOUSE FINANCE & TAX Committee

Subcommittee on \_\_\_\_\_

Conference Committee

} Identify or check where appropriate

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Rep. Grosz Seconded By Rep. Grande

Representatives	Yes	No	Representatives	Yes	No
BELTER	✓		WINRICH		✓
RENNERFELDT	✓				
CLARK		✓			
FROELICH	✓				
GRANDE	✓				
GROSZ	✓				
HERBEL	✓				
KROEBER		✓			
MICKELSON	✓				
NICHOLAS	A				
RENNER	✓				
SCHMIDT	✓				
WARNER	✓				
WIKENHEISER	✓				

Total 11 3  
(Yes) (No)

Absent 1

Floor Assignment Rep. Rennerfeldt

If the vote is on an amendment, briefly indicate intent:

DO NOT USE HIGHLIGHTER ON ANY FORMS



**REPORT OF STANDING COMMITTEE (410)**  
February 2, 1999 3:21 p.m.

**Module No: HR-21-1716**  
**Carrier: Rennerfeldt**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1487: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS (11 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). HB 1487 was placed on the Eleventh order on the calendar.**

1999 SENATE FINANCE AND TAXATION

HB 1487

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1487

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 3-8-99

Tape Number	Side A	Side B	Meter #
#1 HB 1487	X		270-2400
3-22-99, #2 TAPE	X		1730 - 3200
Committee Clerk Signature <i>Shila Wed</i>			

Minutes:

Sen. Urlacher opened the hearing on HB 1487, A BILL RELATING TO A TAX EXEMPTION FOR FARM MACHINERY PARTS & TO PROVIDE AN EXPIRATION DATE.

Sen. Belter - This bill removes sales tax on farm parts from 3% to no tax. We have an extreme crisis in ND agriculture, and this is one way that would have a direct impact on agricultural community. Imperative we help to support industry.

Sen. Stenehjem - Reason for no emergency clause?

Sen. Belter - No, I guess I would ask for that.

Sen. Stenehjem - Would that change fiscal note?

Sen. Belter - Yes, add 3-400 thousand to it. Have emergency clause done, and will follow up on it.

Page 2

Senate Finance and Taxation Committee

Bill/Resolution Number Hb 1487

Hearing Date 3-8-99

Sen. Brandenburg - In favor of HB 1487. We have a problem and want to help farmers in our State. I ask that emergency clause be put on.

Bob Lamb - Implement Dealers Association - Am appearing before you in support of this bill. farmers & our dealers need help today. Information has surfaced from all over, manufacturers, all Dealers. We have to move this machinery. This crisis is real. Interest rates are at allow level, Dealers paying already on machinery sitting on their lots. If interest rates go up it could be devastating. Urge committee to contemplate this bill and its issues to dealers and producers.

Sen. Wardner - You are saying it should be permanent.

Bob Lamp - We do need a stop date on this at least run it through the biennium.

This bill ends the year of 2000, before the next session starts.

Patty Lewis- Farm Bureau - Support this bill.

Wade Moser - Stockmens - We support this bill.

Dennis Johnson - We support this bill.

Andy Mork - Farmer North of Mandan - We have real problems out there. It is a sad situation and hope you can recognize the problems. Prefer the Senate version.

Bill Butcher - Independent Business - We support 1487, with the seriousness of the farm bill. A survey of our people, shows 13% are associated with the agriculture industry, and 60% are in support.

Myles Vosberg - Tax Dept - We do anticipate this would go in to effect July 1. When we calculated the fiscal note on this, we went back on a 18 month period. If emergency clause were to be added, dividing it by 18 months, you come up with \$154, 000.

Page 3  
Senate Finance and Taxation Committee  
Bill/Resolution Number Hb 1487  
Hearing Date 3-8-99

Sen. Stenehjem - When you talk about \$154,000 a month, is that including other funds, or just out of the general fund?

Myles Vosberg - That is both.

Sen. Schobinger - Are there certain months that come in different?

Myles Vosberg - I'm sure there are.

Ruth Stefonwicz - ND Education Association - Testifying in opposition for schools & kids. We need more money for education.

Sen. Urlacher closed the hearing.

DISCUSSION 3-22-99. A MOTION MADE BY SEN. WARDNER TO ACCEPT THE AMENDMENTS AND SECONDED BY SEN. CHRISTMANN. VOICE VOTE 5-2-0.

A MOTION OF DO PASS AS AMENDED WAS MADE BY SEN. WARDNER AND SECONDED BY SEN. CHRISTMANN. VOTE 6-1-0. CARRIER WILL SEN. CHRISTMANN.

my copy

JB  
3/22/99  
1 of 2

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1487

Page 1, line 1, remove "to create and enact a new subsection to section 57-39.2-04 of the North"

Page 1, line 2, remove "Dakota Century Code, relating to a tax exemption for farm machinery parts;"

Page 1, line 4, replace "a tax exemption for" with "the rate of sales and use tax for farm machinery," after "machinery" insert "repair", after "parts" insert ", and irrigation equipment used exclusively for agricultural purposes", and replace "and" with "to provide an effective date;"

Page 1, line 5, after "date" insert "; and to declare an emergency"

Page 1, line 11, after the second "of" insert "new"

Page 1, line 12, after "and" insert "new"

Page 1, line 15, after the period insert "There is imposed a tax of one and one-half percent upon the gross receipts of retailers from all sales at retail of used farm machinery, farm machinery repair parts, and used irrigation equipment used exclusively for agricultural purposes, including the leasing or renting of used farm machinery and used irrigation equipment used exclusively for agricultural purposes within this state to consumers or users. For purposes of this subsection, "used" means:

- a. Tax under this chapter has been paid on a previous sale;
- b. Originally purchased outside this state and previously owned by a farmer; or
- c. Has been under lease or rental for three years or more."

Page 1, remove lines 16 through 18

Page 1, line 23, after the second "of" insert "new"

Page 1, line 24, after "and" insert "new"

Page 2, line 5, after "of" insert "new" and overstrike ", farm machinery repair"

Page 2, line 6, overstrike "parts," and after "and" insert "new"

Page 2, line 9, after "of" insert "new", overstrike ", farm machinery repair parts,", and after the second "and" insert "new"

Page 2, line 11, after the period insert "An excise tax is imposed on the storage, use, or consumption in this state of used farm machinery, farm machinery repair parts, and used irrigation equipment used exclusively for agricultural purposes purchased at retail for storage, use, or consumption in this state at the rate of one and one-half percent of the purchase price thereof. Except as limited by section 57-40.2-11, an excise tax is imposed on the storage, use, or consumption in this state of used farm machinery, farm

2 of 2

machinery repair parts, and used irrigation equipment used exclusively for agricultural purposes not originally purchased for storage, use, or consumption in this state at the rate of one and one-half percent of the fair market value of the used farm machinery, farm machinery repair parts, and used irrigation equipment used exclusively for agricultural purposes at the time it was brought into this state. For purposes of this subsection, "used" means:

- a. Tax under this chapter has been paid on a previous sale;
- b. Originally purchased outside this state and previously owned by a farmer; or
- c. Has been under lease or rental for three years or more."

Page 2, line 12, after the first period insert "**EFFECTIVE DATE -**" and replace "through December 31, 2000" with "for taxable events occurring after April 30, 1999, and before July 1, 2001"

Page 2, after line 13, insert:

**"SECTION 4. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

Date: 3-22-99  
Roll Call Vote #: \_\_\_\_\_

**1999 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO.**

1487

Senate Senate Finance and Taxation

Committee

Subcommittee on \_\_\_\_\_  
or

Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken

~~Passes~~ Amendments

Motion Made By

Christ

Seconded  
By

Wardner

Senators	Yes	No	Senators	Yes	No
SENATOR URLACHER	✓				
SENATOR CHRISTMANN	✓				
SENATOR SCHOBINGER	✓				
SENATOR STENEHJEM		✓			
SENATOR WARDNER	✓				
SENATOR KINNOIN	✓				
SENATOR KROEPLIN		✓			

Total (Yes) 5 No 2

Absent 0

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:



Date: 3-22-99  
Roll Call Vote #: ①

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1487

Senate Senate Finance and Taxation Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken No Pass As Amended

Motion Made By Sen. Wardner Seconded By Sen. Christmann

Senators	Yes	No	Senators	Yes	No
SENATOR URLACHER	✓				
SENATOR CHRISTMANN	✓				
SENATOR SCHOBINGER	✓				
SENATOR STENEHJEM		✓			
SENATOR WARDNER	✓				
SENATOR KINNOIN	✓				
SENATOR KROEPLIN	✓				

Total (Yes) 6 No 1

Absent 0

Floor Assignment Sen. Christmann

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1487: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1487 was placed on the Sixth order on the calendar.

Page 1, line 1, remove "to create and enact a new subsection to section 57-39.2-04 of the North"

Page 1, line 2, remove "Dakota Century Code, relating to a tax exemption for farm machinery parts;"

Page 1, line 4, replace "a tax exemption for" with "the rate of sales and use tax for farm machinery," after "machinery" insert "repair", after "parts" insert ", and irrigation equipment used exclusively for agricultural purposes", and replace "and" with "to provide an effective date;"

Page 1, line 5, after "date" insert "; and to declare an emergency"

Page 1, line 11, after the second "of" insert "new"

Page 1, line 12, after "and" insert "new"

Page 1, line 15, after the period insert "There is imposed a tax of one and one-half percent upon the gross receipts of retailers from all sales at retail of used farm machinery, farm machinery repair parts, and used irrigation equipment used exclusively for agricultural purposes, including the leasing or renting of used farm machinery and used irrigation equipment used exclusively for agricultural purposes within this state to consumers or users. For purposes of this subsection, "used" means:

- a. Tax under this chapter has been paid on a previous sale;
- b. Originally purchased outside this state and previously owned by a farmer; or
- c. Has been under lease or rental for three years or more."

Page 1, remove lines 16 through 18

Page 1, line 23, after the second "of" insert "new"

Page 1, line 24, after "and" insert "new"

Page 2, line 5, after "of" insert "new" and overstrike ", farm machinery repair"

Page 2, line 6, overstrike "parts," and after "and" insert "new"

Page 2, line 9, after "of" insert "new", overstrike ", farm machinery repair parts,", and after the second "and" insert "new"

Page 2, line 11, after the period insert "An excise tax is imposed on the storage, use, or consumption in this state of used farm machinery, farm machinery repair parts, and used irrigation equipment used exclusively for agricultural purposes purchased at retail for storage, use, or consumption in this state at the rate of one and one-half percent of the purchase price thereof. Except as limited by section 57-40.2-11, an excise tax is imposed on the storage, use, or consumption in this state of used farm machinery, farm machinery repair parts, and used irrigation equipment used exclusively for agricultural

purposes not originally purchased for storage, use, or consumption in this state at the rate of one and one-half percent of the fair market value of the used farm machinery, farm machinery repair parts, and used irrigation equipment used exclusively for agricultural purposes at the time it was brought into this state. For purposes of this subsection, "used" means:

- a. Tax under this chapter has been paid on a previous sale;
- b. Originally purchased outside this state and previously owned by a farmer; or
- c. Has been under lease or rental for three years or more."

Page 2, line 12, after the first period insert "**EFFECTIVE DATE -**" and replace "through December 31, 2000" with "for taxable events occurring after April 30, 1999, and before July 1, 2001"

Page 2, after line 13, insert:

"**SECTION 4. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

1999 TESTIMONY

HB 1487

**Testimony of Roger Johnson  
Commissioner of Agriculture  
House Bill 1487  
House Finance & Taxation Committee  
Fort Totten Room  
February 2, 1999**

---

---

Chairman Belter and members of the House Finance & Taxation Committee, I am Commissioner of Agriculture Roger Johnson. I am here today in support of HB 1487, which will provide a tax exemption on farm machinery repair parts through December 31, 2000.

As you know, farmers and ranchers in North Dakota have been experiencing very difficult economic times in recent years. The charts and information on pages 10-13 of the Commission on the Future of Agriculture report entitled, "Building the Future of North Dakota Agriculture," highlight the economic conditions we are facing in agriculture.

Information released yesterday by the 1997 Ag Census also shows that farm production expenses have increased 17% since 1992, while average per farm net cash returns have decreased 37.4 % since 1992 in North Dakota.

Low prices continue to plague virtually every agricultural commodity. HB 1487 will be a useful tool in reducing production expenses and allow producers to increase their net return margins. HB 1487 is consistent with the North Dakota's agriculture's vision and mission to "significantly increase net farm income" and create "prosperous family farms."

Chairman Belter and committee members, I urge a do pass on HB 1487.

Bob Lamp  
HB 1487

OFFICE OF STATE TAX COMMISSIONER

Farm Machinery State Review

State	New Machinery	Used Machinery	Repair Parts
AL	Reduced (1½%)	Reduced (1½%)	Reduced (1½%)
AZ	Exempt	State Rate	
AK	Exempt	Exempt	
CA	State Rate	State Rate	State Rate
CO	State Rate	State Rate	State Rate
CT	Exempt	Exempt	Exempt
FL	Reduced (3%)	Reduced (3%)	
GE	Exempt	Exempt	
HA	State Rate	State Rate	
ID	Exempt	Exempt	
IL	Exempt	Exempt	Exempt
IN	Exempt	Exempt	
IA	Exempt	Exempt	Exempt
KS	Exempt	Exempt	Exempt
KY	Exempt	Exempt	Exempt
LA	Excludes 1st \$50,000	Excludes 1st \$50,000	
ME	Partial	Partial	Partial
MY	Exempt	Exempt	
MA	Exempt	Exempt	
MI	Exempt	Exempt	
MN	Reduced (2%)	Exempt	Exempt
MS	Reduced (1%/3%)	Reduced (1%/3%)	
MO	Exempt	Exempt	
NE	Exempt	Exempt	Exempt
NV	State Rate	State Rate	
NJ	Exempt	Exempt	Exempt
NM	State Rate	State Rate	

State	New Machinery	Used Machinery	Repair Parts
NY	Exempt	Exempt	
NC	Reduced (1%/Max \$80)	Reduced (1%/Max \$80)	Reduced (1%/Max \$80)
OH	Exempt	Exempt	Exempt
OK	Exempt	Exempt	Exempt
PE	Exempt	Exempt	Exempt
RI	Exempt	Exempt	Exempt
SC	Exempt	Exempt	Exempt
SD	Reduced (3%)	Reduced (3%)	
TN	Exempt	Exempt	Exempt
TX	Exempt	Exempt	Exempt
UT	Exempt	Exempt	Exempt
VT	Exempt	Exempt	
VI	Exempt	Exempt	
WA	State Rate	State Rate	
WV	Exempt	Exempt	
WI	Exempt	Exempt	
WY	Reduced (3%)	Reduced (3%)	State Rate

**Testimony of Roger Johnson  
Commissioner of Agriculture  
House Bill 1487  
Senate Finance & Taxation Committee  
Lewis & Clark Room  
March 8, 1999**

---

---

Chairman Urlacher and members of the Senate Finance & Taxation Committee, I am Commissioner of Agriculture Roger Johnson. I am here today in support of HB 1487, which will provide a tax exemption for farm machinery parts through December 31, 2000.

As you know, farmers and ranchers in North Dakota have been experiencing very difficult economic times in recent years. Information released last month by the 1997 Ag Census also shows that farm production expenses have increased 17% since 1992, while average per farm net cash returns have decreased 37.4 % since 1992 in North Dakota.

Low prices continue to plague virtually every agricultural commodity. HB 1487 will be another tool available to farmers to reduce production expenses and increase their net return margins. Unfortunately, the economic conditions in agriculture call for much more to be done. Farmers not only need this tool, but an arsenal of tools to help deal with these very difficult times.

HB 1487 is consistent with the Commission on the Future of Agriculture's vision and mission to "significantly increase net farm income" and create "prosperous family farms." Chairman Urlacher and committee members, I urge a do pass on HB 1487. I'd be pleased to answer any questions you may have.





Rick Clayburgh  
COMMISSIONER

STATE OF NORTH DAKOTA  
**OFFICE OF STATE TAX COMMISSIONER**  
STATE CAPITOL, 600 E. BOULEVARD AVE., BISMARCK, NORTH DAKOTA 58505-0599  
701-328-2770 FAX 701-328-3700 TDD 701-328-2778

**MEMORANDUM**

TO: Chairman Urlacher  
RE: Kathryn L. Strombeck, Research Analyst *KLS*  
RE: Proposed Amendments to HB 1487 ✓  
DT: March 23, 1999

We have received a copy of proposed amendments to HB 1487 (90697.0102). The amendments provide a one-and-one-half percent reduction in the sales tax rate on used farm machinery and repair parts beginning May 1, 1999 and continuing throughout the biennium. Our estimate of the fiscal impact is shown below:

	<u>97-99 Biennium</u>	<u>99-01 Biennium</u>
Used Machinery	(.255 M)	(3.013 M)
Repair Parts	(.150 M)	(1.847 M)
<b>Total</b>	<b>(.405 M)</b>	<b>(4.860 M)</b>
<b>State General Fund</b>	<b>(.373 M)</b>	<b>(4.471 M)</b>
State Aid Dist. Fund	(.032 M)	(.389 M)

When requested from Legislative Council, we will provide this information on the official fiscal note form.

Please let me know if you have any questions or comments. My telephone number is 328-3402.