

1999 SENATE FINANCE AND TAXATION

SB 2217

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2217

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 01/20/99

Tape Number	Side A	Side B	Meter #
2,217	A		0-2487
Committee Clerk Signature <i>Sheila Wald</i>			

Minutes:

Sen. Urlacher-Called the hearing to order and the roll was taken. A BILL RELATING TO A SALES AND USE TAX EXEMPTION FOR USED FARM MACHINERY, FARM MACHINERY REPAIR PARTS, AND USED IRRIGATION EQUIP. USED EXCLUSIVELY FOR AGRICULTURAL PURPOSES.

Sen. Christmann-What we are looking at here is a premium plan that deals with the ag. crisis. a A proposal to put almost 10 million in the pocket of farmers and ranchers who are working their way through the farm crisis. More budget information that materializes throughout the session that will need to be scaled back. The farmers and ranchers do a good job of keeping small towns alive and they do it for practically nothing. Buy eliminating the sales tax on used equipment, we can help these people and eliminate tax on parts, when they break down we want them to worry about fixing their equipment not supplementing the State Treasury. This bill would be a boost

for Implement Dealers, but I want to emphasize that this is designed to help farmers and ranchers. The tax relief does not go to wealthy operators, snowbird land barons, and does not get lost in administrative costs. Every dollar goes to struggling farmers and ranchers, who are getting by with used equip. and fixing the old equip. that they have.

Sen. Lyson-Senator from District 1, in Williston. It is a necessary bill to help our young farmers starting out with used equip. and having trouble keeping it up. I am in support of it.

Bob Lamp-ND Implement Dealers-In support of 2217, on behalf of the Association. Testimony submitted and attached. Agriculture is suffering, not only for the producer, but for the small businessmen. There are 150 Dealers in ND. They employ a couple thousand people and are cornerstone for communities they live in. Since 1980, the Dealers have diminished from 360.

The environment has certainly changed for these business men. Positive effects of this bill, it goes directly to the community, who provide goods and services to our farmers. One of the bills that have no administrative costs to it.

Larry Kerkhoff-ND Implement Dealers, RDO Equipment-Here in support of 2217. First time I have seen interest is killing our Dealers. Really affects the owner-operator. All Dealers are trying to liquidate equipment. Used equip. and take the sales tax and compare to another State, and there is a lot of equip. being sold and they are not coming home and paying the used tax on it. Money does not come back into the State, if purchased across the State line, should that Dealer not have a ND tax permit. Where does the Income tax going? We are losing the sales tax and also the income tax.

Bruce Uglem-ND Implement Dealers, Uglem-Ness Company, Northwood, ND. Real benefits of this bill to farmers, dealers and the communities. Reducing costs to the farmers at this time, it encourages the farmer to spend \$ in ND.

Ken Bertsch-ND Farm Bureau. 2217 provides relief & very timely and very significant. I am in support of the bill. Common sense response to the industry. Irrigation component is very important as well. It is a high cost issue and this will help.

Mark Sitz-ND Farmers Union-We are in support of the bill. This bill is a relief to our members and comes at a good time. Agric. in the State provides 40% of the economy, and there are limitless ways the State can help. Used machinery, at one time that was new and tax was paid on it then.

Wade Moser-Stockmens Association. We do support the bill. The direct benefit is what our industry needs to see. This is a positive sign to our people.

Connie Sprytnznatyk-Did anyone say what the potential impact is to the State?

Sen.Urlacher-Fiscal note states 8million 924thousand in general fund. Any further concern?

If not we will close the hearing on 2217.

01/26/99 DISCUSSION-SEN. SCHOBINGER MADE A MOTION TO DO PASS AND SECONDED BY SEN. CHRISTMANN. THE ROLL TAKEN AND 6 Y, AND 1 N, 0 ABSENT OR NOT VOTING. CARRIER OF THE BILL - SEN. CHRISTMANN.

A MOTION MADE TO RECONSIDER THE BILL 2-8-99 TAPE B 0 - 2164

MADE BY SEN CHRISTMANN SECONDED BY SEN. SCHOBINGER. A MOTION WAS

MADE TO ADOPT AMEND BY SEN. STENEHJEM AND SECONDED BY SEN KINNOIN,

Page 4

Senate Finance and Taxation Committee

Bill/Resolution Number Sb 2217

Hearing Date 01/20/99

MOTION CARRIED 7 - 0. A MOTION WAS MADE TO DO PASS W/ AMENDMENTS BY
SEN CHRISTMANN, SECONDED BY SEN. SCHOBINGER AND ROLL TAKEN 6 Y - 1 N ,
SEN. CHRISTMANN WILL CARRY THE BILL.

FISCAL NOTE

Return original and 14 copies)

Bill/Resolution No.: _____

Amendment to: Engrossed SB 2217

Requested by Legislative Council _____

Date of Request: 3/31/99

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 with amendments to the first engrossment, SB 2217 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
Revenues	-\$373,000	-\$32,000	-\$4.471 million	-\$389,000		
Expenditures						

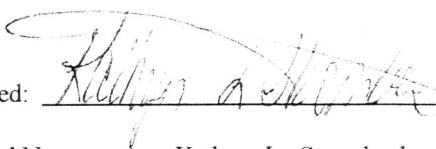
3. What, if any, is the effect of this measure on the budget for your agency or department:

- 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: 

Typed Name: Kathryn L. Strombeck

Department: Tax

Phone Number: 328-3402

Date Prepared: March 31, 1999

FISCAL NOTE

Return original and 14 copies)

Bill/Resolution No.: _____

Amendment to: SB 2217

Requested by Legislative Council

Date of Request: 2/11/99

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, (page 351 of the Journal of the Senate) SB 2217 would reduce revenues by \$9.7 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
Revenues			-\$8,924,000	-\$776,000		
Expenditures						

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: 

Typed Name: Kathryn L. Strombeck

Department: Tax

Date Prepared: February 12, 1999

Phone Number: 328-3402

Revised

FISCAL NOTE

Return original and 14 copies)

Bill/Resolution No.: SB 2217

Amendment to: _____

Requested by Legislative Council

Date of Request: 1/13/99

- 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, SB 2217 is expected to reduce revenues by \$9.7 million in the 1999-2001 biennium.

Note: This fiscal impact assumes the continuation of the exemption for trade-in allowances. If the trade-in allowance becomes subject to sales tax, the negative fiscal impact would be reduced by \$926,000 to -\$8.774 million for the 1999-01 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
Revenues			-\$8,924,000	-\$776,000		
Expenditures						

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: _____

Typed Name: Kathryn L. Strombeck

Department: Tax

Date Prepared: January 29, 1999

Phone Number: 328-3402

FISCAL NOTE

(Return original and 14 copies)

Bill/Resolution No.: SB 2217

Amendment to: _____

Requested by Legislative Council

Date of Request: 1/13/99

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, SB 2217 is expected to reduce revenues by \$9.7 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
Revenues			-\$8,924,000	-\$776,000		
Expenditures						

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: 

Typed Name: Kathryn L. Strombeck

Department: Tax

Date Prepared: January 19, 1999

Phone Number: 328-3402

Date: 1-26-99
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2217

Senate Senate Finance and Taxation Committee
Finance + Tax

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken No Pass

Motion Made By Schobinger Seconded By 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

SB 2217: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends **DO PASS** (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2217 was placed on the Eleventh order on the calendar.

Date: 2-8-99
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2217

Senate Senate Finance and Taxation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Roll Pass

Motion Made By Christmann Seconded By Schobinger

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 _____

Floor Assignment _____

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

Date: 2/8/99
Roll Call Vote #: 2

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2217

Senate Senate Finance and Taxation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass w/ Amend

Motion Made By Christmann Seconded By Schobinger

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

SB 2217: 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). SB 2217 was placed on the Sixth order on the calendar.

Page 1, line 4, after "reenact" insert "subsection 3 of section 57-39.2-01,"

Page 1, line 6, after "purposes" insert "; to repeal subsection 12 of section 57-39.2-04 and section 57-39.2-28 of the North Dakota Century Code, relating to a sales tax exemption for residents of Montana and a sales tax rebate for residents of Canada"

Page 1, after line 8, insert:

"SECTION 1. AMENDMENT. Subsection 3 of section 57-39.2-01 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

3. "Gross receipts" means the total amount of sales of retailers, valued in money, whether received in money or otherwise. Provided, discounts for any purposes allowed and taken on sales are not included, nor is the sale price of property returned by customers when the full sale price is refunded either in cash or by credit. Provided, further, when tangible personal property is taken in trade or in a series of trades as a credit or part payment of a retail sale taxable under this chapter, if the tangible personal property traded in will be subject to the sales tax imposed by this chapter when sold or will be subject to the motor vehicle excise tax imposed by chapter 57-40.3, or if the tangible personal property traded in is used farm machinery or used irrigation equipment, the credit or trade-in value allowed by the retailer are not gross receipts. Provided, further, on all sales of retailers, valued in money, when the sales are made under a conditional sales contract, or under other forms of sale wherein the payment of the principal sum is to be extended over a period longer than sixty days from the date of sale that only the portion of the sale amount shall be accounted for, for the purpose of imposition of tax imposed by this chapter, as has actually been received in cash by the retailer during each quarterly period as defined herein. When a farm machine is purchased as a replacement for machinery which was stolen or totally destroyed, a credit or trade-in credit is allowed in an amount equal to the compensation received for the loss from an insurance company. The purchaser shall provide the seller with a notarized statement from the insurance company verifying that the original farm machine is a total loss and indicating the amount of compensation. The notarized statement must be retained by the seller to verify the amount of credit or trade-in credit allowed. "Gross receipts" also means, with respect to the leasing or renting of tangible personal property, the amount of consideration, valued in money, whether received in money or otherwise, received from the leasing or renting of only tangible personal property the transfer of title to which has not been subjected to a retail sales tax in this state. For the purpose of this chapter, gross receipts shall also include the total amount of sales of every clerk, auctioneer, agent, or factor selling tangible personal property owned by any other retailer."

Page 5, after line 16, insert:

"SECTION 6. REPEAL. Section 57-39.2-28 of the North Dakota Century Code and subsection 12 of section 57-39.2-04 of the 1997 Supplement to the North Dakota Century Code are repealed."

REPORT OF STANDING COMMITTEE (410)
February 8, 1999 4:02 p.m.

Module No: SR-25-2234
Carrier: Christmann
Insert LC: 90305.0204 Title: .0300

Renumber accordingly

1999 HOUSE FINANCE AND TAXATION

SB 2217

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2217

House Finance and Taxation Committee

Conference Committee

Hearing Date March 2, 1999

Tape Number	Side A	Side B	Meter #
1	x		41.5
Committee Clerk Signature <i>Jamie Stein</i>			

Minutes:

REP. BELTER Opened the hearing.

SEN. RANDY CHRISTMANN, DIST 33, Introduced the bill as the prime sponsor. Stated the amendment which was already adopted was simply a clarifier. It was the intent of the legislation in the first place, that when used equipment is traded in on new equipment, that the value of the used equipment would be subtracted before the sales tax would be figured on the new equipment. That was the understanding of the tax department when they did the original fiscal note. My original plans for the whole bill is based on a stronger economic picture. My hope was that the revenue projections would improve and that we could move ahead with this without any other changes. However, while it was in the Senate Finance & Tax committee, it became apparent that something more was needed. One plan we considered was eliminating the sales tax exemption on legal services. That would amount to about eight million dollars per biennium, which was

enough to cover the fiscal note and maybe a little left over. The plan that I thought would have a better chance was eliminating the sales tax exemption that we currently give to people from Canada and Montana. That would amount to about six million dollars per biennium, which is just about what we need to cover the fiscal effect. Removing the exemption on Canadians and Montanans, is certainly not my favorite thing in the world to do. If a decision comes down to allowing a tax exemption for them or for North Dakota farmers and ranchers, I would prefer to grant the exemption to our own citizens. I personally find it unfair if there is a thirty five thousand dollar tractor sitting in an equipment lot someplace, it will cost me one thousand dollars more to buy that tractor than it will for someone from Canada or Montana. An amendment was adopted in our committee, but it was stripped off on the floor, so it is not before you unless you choose to add it back on. Because of what happened on the floor, the bill comes to you with this large fiscal note. This would put about eight to ten million dollars into the hands of farmers and ranchers who are struggling to work their way through a farm crisis, a crisis that, I think, is unparalleled to modern times. There are some who feel we can't do this much for agriculture, I feel we can't afford not to.

SEN TERRY WANZEK, DIST. 29, Testified in support of the bill as the co-sponsor of the bill.

Throughout this session, there have been a number of noble ideas which cost quite a bit of money. I understand we cannot do all of the things, and we need to prioritize, in my mind this is one of the priorities I have singled out. Speaking from a standpoint, that this costs nothing to administer. Every single cent of this investment, will remain in the hands of the producers. He stated he purchased a used tractor out of Minnesota, and throughout the negotiations, the dealer mentioned there was no sales tax on this tractor. I do know it is being used for promotion in

other states to promote sales, and I think it is creating a loss of potential sales in our state. It won't cost the state one dime, until there is a transaction. Whenever there is a transaction, it generates economic activity, which generates additional taxes, mainly income taxes and things like that.

REP. SCHMIDT I suppose the fiscal note was drawn up in past sales.

SEN. WANZEK I believe it was based on past history on sales of used equipment. I believe this could eliminate some of that unfairness for implement dealers on the border lines.

BOB LAMP, NORTH DAKOTA IMPLEMENT DEALERS ASSN., Testified in support of the bill. See written testimony plus a handout on a Farm Machinery State Review on tax in other states. Also presented a Picture Buying Guide for North Dakota and South Dakota "Fastline".

REP. BELTER Asked whether Minnesota is phasing out their new equipment tax?

BOB LAMP Stated they started to phase out new equipment about a year ago, by July, 2000, they will have removed the sales tax on new equipment as well.

LARRY KERKHOFF, SENIOR VICE-PRESIDENT FOR RDO EQUIPMENT, FARGO,

Testified in support of the bill. Explained that he has been in the implement business since the mid 70's, gave an explanation of what his responsibilities have been since then. Stated he had experience in the Minnesota sales tax issue and also worked with dealers using that as a selling tool to sell to North Dakota farmers. North Dakota does have a use tax in place, but I realize from past experience, that that is not being paid by most of the farmers. I have been through the economy worry of the 80's and I would say the economy worry now in the ag sector is as bad as I have seen, with one exception, and that is that we don't have eighteen to twenty percent interest rate. It is very serious out there. This is the only time that I have seen as a dealer, that we don't

have a market for used equipment. Jockeys have made a very good living in past years, by moving it from one end of the country to the other. But right now, there isn't a need. The dealers cannot afford to take in any more used equipment, until they can move off some of the used that they have. We are becoming much more of a global economy in the ag business, much more than it was just a few years ago. The Internet is completely changing the way we are doing business. We can no longer be specific in one state versus another. We are not here asking for a handout, all we want is a level playing field. If I were on the committee, I would ask some questions about the cost of the bill. There is not a lot of retail volume going on, so the sales tax coming in on the used equipment, I would ask the question, are those good numbers you have. If the used doesn't sell, the new is not going to sell either. On the purchases that are outside the state, we are not only losing the sales tax to North Dakota, but we are also losing the income tax. If the dealers are forced to compete with the neighboring states, and absorb the three percent, that is a huge crisis for them to do right now. Most of the used equipment is being sold for less dollars than they have hard money in it.

REP. MICKELSON Asked what the sales are used versus new?

LARRY KERKHOFF Stated it is about fifty/fifty. New equipment is more expensive, but a lot of times you have two or three pieces of used that you trade.

WADE MOSER, NORTH DAKOTA STOCKMEN'S ASSN. Testified in support of the bill.

This is kind of a renovation project for agriculture. This will go directly to agriculture. I was also pleased to see that the counties testified in favor of a tax relief bill, maybe the long term benefit will be worth the short term sacrifice. What we are seeing is, auction sales have no sales tax on them, if the implement dealers can't sell the used machinery off of the lot, simply because

all of the auction sales are going on in the state, they have to raise their rates on parts and repairs which they need to keep their business in. This would make it a level playing field.

JOY JOHNSTON, EXECUTIVE DIRECTOR MANUFACTURERS & PROCESSORS DIV. OF THE GREATER NORTH DAKOTA ASSN. Submitted written testimony, See written copy.

GARY HANSON, EQUIPMENT DEALER IN GRAFTON, ALSO PRES. OF THE NORTH DAKOTA IMPLEMENT DEALERS ASSN., Testified in support of the bill. Stated most of the implement dealers business is down from thirty five to fifty percent for the past year. Dealers are struggling. Stated they lost two dealers just this past week-end in his area. Both were second generation dealers. We are losing businesses in these small towns through this economy, and anything you can do to help us will be greatly appreciated.

MARK TAYLOR, CASE IH DEALER, MANDAN, Testified in support of the bill. Referred to the secondary impact this bill would have. Case, for example, presently employs one thousand employees in the state. Case dealers have six hundred plus employees. I think the dealerships have a total of about three thousand employees. Any downturn in the farm economy has a significant impact. Case has run their plants on a limited basis. Part of the reason is, that we as dealers have quit ordering equipment. There are thirty thousand farmers in this state, we are not asking for you to spend money in a particular spot. I think it is about as general assistance you can give across the board and lowering their production costs, and keeping them competitive in the global economy. Kiplinger's Report stated we will not see improvements in prices in the crops that are produced in North Dakota probably until after 2004. There were questions earlier

about the percent of sales, we are predicting a thirty six percent decrease off of a five year trend in our sales.

KEN BERTSCH, DIRECTOR OF GOVERNMENT RELATIONS FOR NORTH DAKOTA

FARM BUREAU, Testified in support of the bill. See written testimony.

ROGER JOHNSON, STATE AGRICULTURE COMMISSIONER, Submitted written testimony, see attached copy.

CONNIE SPRYNCYNATYK, LEAGUE OF CITIES, Testified in a neutral position. She stated it was her understanding that the fiscal note included a \$776,000 impact on cities because of the State Aid Fund. Just to let you know that thirty nine of the seventy four cities that collect sales tax already exempt farm equipment. Many of them also exempt irrigation equipment, and I think thirty seven of those thirty nine already exempt farm machinery repair parts. In terms of city sales tax impact, there will be a little variables, but it will not directly impact all of them.

REP. DOUG LEMIEUX, DIST. 9, ROLETTE COUNTY, Testified in a neutral position.

Stating he had some reserves on this bill. He questioned whether three percent will really be an effective relief in the production of the agricultural community. Is three percent relief on parts going to be effective. My question arises, when I look at the business community that serves production agriculture, that is my dealers, I really think if we have to make a decision, we should not be specifically directing it at the used machinery, the carrying of the used machinery by the implement dealers is a definite burden. Any enhancement we could put out there so that the dealers could move this machinery off of there lot, that would be one of the things that I think could help the agricultural community. If my dealer is sitting out here with a lot of iron on his lot, and he cannot move that, it threatens his solvency. If he is not there because he went under,

it will cost me a lot more to drive a long ways to get parts. If we are going to have an incentive for someone to stay in business, I would like to see an incentive for the dealers.

REP. BELTER This bill would include both parts and used equipment, and you are saying if we need to make some adjustments, you prefer to just having it on used equipment?

REP. LEMIEUX Yes, I am an average sized farmer, and I buy a lot of parts. As a farmer, when we look at our business, I need to have a reliable dealer out there, and right now there is a threat on production agriculture, but I think there is a bigger threat to the equipment dealers.

REP. BELTER TO GARY HANSON You said you were president of the state organization, is your organization at all active on a national level?

GARY HANSON Yes, through national organizations. We also send a delegate from our board of directors who serves on the national organization and they have lobbyists in Washington working very strongly to help our situation. We have also contacted our major manufacturers dealers, and they have lobbyists working, but not enough is being done.

GARY ANDERSON, OFFICE OF THE STATE TAX COMMISSIONER, Gave an explanation of how the fiscal note was arrived at.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 3-22-99, Tape #1, Side A, Meter #10.8

REP. BELTER Presented amendments to the committee which reduce the sales tax on farm equipment from the current three percent rate to one and one half percent. On page 3, line 25, it adds language which gives a definition of "used" and the intent of that. There is also an emergency clause which starts May 1, 1999.

REP. GROSZ Made a motion to adopt the amendments.

REP. RENNERFELDT Second the motion. MOTION CARRIED BY VOICE VOTE.

REP. RENNERFELDT Made a motion for a DO PASS AS AMENDED.

REP. GROSZ Second the motion. MOTION CARRIED.

11 Yes 3 No 1 Absent

REP. HERBEL Was given the floor assignment.

Please type or use black pen to complete

Date 3-22-99
Roll call vote # 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2217

House HOUSE FINANCE & TAX Committee

- Subcommittee on _____
 - Conference Committee
- } Identify or check where appropriate

Legislative Council Amendment Number _____

Action Taken Do Pass as amended

Motion Made By Rep. Rennerfeldt Seconded By Rep. Grosz

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

Total 11 3
(Yes) (No)

Absent 1

Floor Assignment Rep. Herbel

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

REPORT OF STANDING COMMITTEE

SB 2217, as engrossed: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (11 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2217 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, remove lines 2 and 3

Page 1, line 4, remove "purposes;"; replace "3" with "2", remove "57-39.2-01, sections", and remove the second comma

Page 1, line 5, remove "57-39.2-08.2," and after "and" insert "subsection 2 of section"

Page 1, line 6, remove the first "new", after "machinery" insert ", farm machinery repair parts," and remove the second "new"

Page 1, line 7, remove "and" and after "date" insert "; to provide an expiration date; and to declare an emergency"

Page 1, remove lines 9 through 24

Page 2, remove lines 1 through 17

Page 2, line 18, replace "Section" with "Subsection 2 of section"

Page 2, remove lines 20 through 31

Page 3, remove lines 1 through 18

Page 3, line 25, 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 3, remove lines 26 through 31

Page 4, remove lines 1 through 31

Page 5, remove lines 1 through 5

Page 5, line 6, replace "Section" with "Subsection 2 of section"

Page 5, remove lines 8 through 21

Page 6, line 5, 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 6, remove lines 6 through 18

Page 6, line 19, after "**DATE**" insert "**- EXPIRATION DATE**"

Page 6, line 20, replace "June" with "April" and after "1999" insert ", and before July 1, 2001, and is thereafter ineffective"

Page 6, after line 20, insert:

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

Re-number accordingly

1999 TESTIMONY

SB 2217

NORTH DAKOTA IMPLEMENT DEALERS ASSOCIATION

411 32nd St SW • PO Box 2524 • Fargo, ND 58108-2524

Phone (701) 293-6822 • FAX (701) 293-6824



SUMMARY SHEET FOR SENATE BILL 2217

BOARD OF DIRECTORS:

GARY HANSON
President
Grafton
352-3600

FRAN ROMSDAL
1st Vice President
Jamestown
252-7030

MARC TAYLOR
2nd Vice President
Mandan
663-9864

ROBERT L. LAMP
Executive Vice President
Fargo
293-6822

DAVE MEYER
Fargo
293-4000

BRUCE UGLEM
Northwood
587-6116

RON MOTL
Milnor
427-5224

LEONARD McGUIRE
Bottineau
228-3733

LARRY KERKHOFF
Fargo
271-6334

JOHN SCHABERT
Dickinson
225-8123

RAY ANDERSON
Ross
755-3244

DAN ANDERSON
Cavalier
265-4977

DARRELL LARSON
Wahpeton
642-9266

DAVE RENSCH
Garrison
463-2289

DON OPPEGARD
National Director
Bismarck
6316

- Senate Bill 2217 provides a sales tax exemption for the purchase of used farm machinery and repair parts.
 - Of all the initiatives being considered by the legislative assembly, Senate Bill 2217 will have the most immediate and broad-based effect on the agricultural economy in North Dakota.
 - This bill will have a positive effect not only on the producers who are farming the land but also on farm equipment dealers and other agribusinesses up and down main street.
 - Senate Bill 2217 does not involve any administrative cost for implementation. Every dollar of tax relief will go directly to the consumer of used equipment and repair parts.
 - There is absolutely no cost to the state of North Dakota and no tax benefit to the consumer until an investment is made in used machinery and/or repair parts. This exemption does not cost the state one penny until dollars are turned in our economy.
 - It is imperative that used equipment be part of the tax relief package. North Dakota's farm equipment dealers are faced with an inventory crisis with used equipment. This sales tax exemption will not only help dealers sell their used equipment inventory but will help them **sell more new machinery since they will again have a market for their trade-ins. And remember, new equipment will still be taxable.**
 - This exemption will put North Dakota dealers and producers on a level playing field with most other states and Canadian provinces. With the exception of South Dakota (which does not impose an income tax), every other state in the central corridor exempts farm machinery and repair parts.
1. **Minnesota imposes no sales tax on used machinery or repair parts. They are also phasing out tax on new machinery. By July of 2000 they will not have any tax on new or used machinery.**

(Continued on other side.....)

2. **Montana does not impose a sales tax.**

3. **Manitoba and Saskatchewan do not impose a sales tax on farm machinery or repair parts.**

- Other states and provinces are aggressively using their sales tax advantage to solicit North Dakota producers to make their major purchases out of state.
- This exemption will also put dealers on a level playing field with farm auctions which are exempt from sales tax. Where is the equity in a producer being able to purchase equipment at auctions without paying sales tax but the same purchase at a farm equipment dealership is taxable?
- A 3% price differential is a significant cost to the producer when you consider the high cost of farm equipment. 3% of a \$50,000 piece of farm machinery equals \$1500 which is certainly an incentive for a producer to buy outside of North Dakota or not at all.
- Farm machinery is an integral link in the food chain. No other input items in the food chain are taxed. Commercial fertilizers, fungicides, herbicides, feeds and seeds used for agricultural purposes are not taxed. Even food itself is not taxed when purchased by the end consumer. Shouldn't farm equipment be given the same consideration?
- Senate Bill 2217 will be especially important to struggling YOUNG farmers who want desperately to stay on the farm. By specifically applying to used machinery and repair parts, this bill is designed to help those most in need of relief.
- While there is a significant fiscal impact with the passage of Senate Bill 2217, we must consider the fiscal impact to North Dakota if legislation to help producers and dealers is not enacted. The potential loss of producers and dealers could very easily overshadow this fiscal note. The loss of farmers, businesses and their employees could have a huge impact on who will be left to pay North Dakota's corporate, sales, income and property taxes. The ripple effect of little or no action could be far reaching.
- North Dakota's agricultural economy needs your support on Senate Bill 2217.

Bob Lamp, CAE
Executive Vice President

OFFICE OF STATE TAX COMMISSIONER

*testimony
 Bob Kamp
 SB 2217*

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	

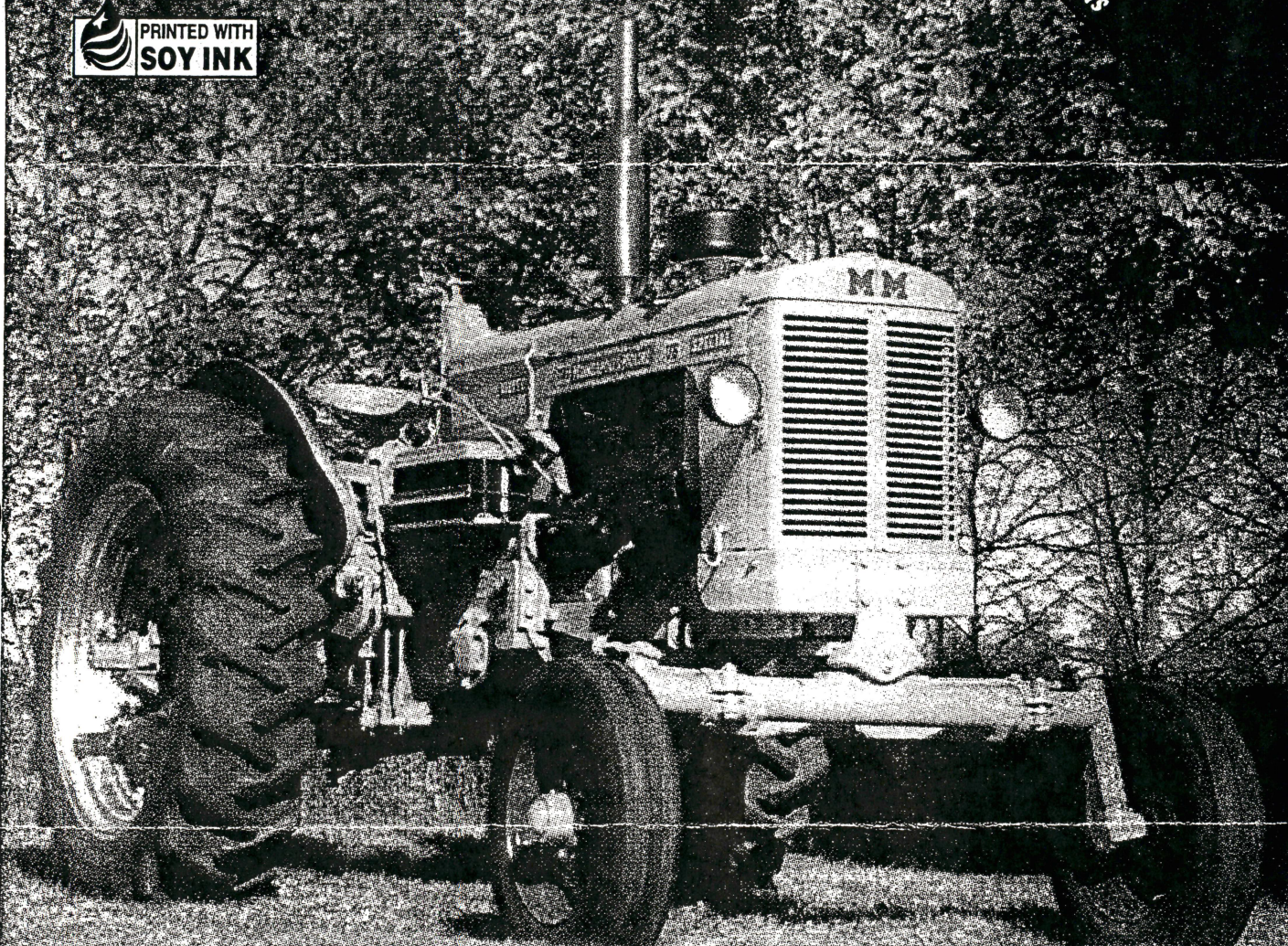
State	New Machinery	Used Machinery	Repair Parts
NY	Exempt	Exempt	
NC	Reduced (1%/Max \$80)	Reduced (1%/Max \$80)	Reduced (1%/Max \$80)
OH	Exempt	Exempt	Exempt
OK	Exempt	Exempt	Exempt
PE	Exempt	Exempt	Exempt
RI	Exempt	Exempt	Exempt
SC	Exempt	Exempt	Exempt
SD	Reduced (3%)	Reduced (3%)	
TN	Exempt	Exempt	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

October 1998

FASTLINE

DAKOTA FARM & RANCH

ATTENTION READERS!
We need photos of your antique tractors
for our new front cover design!
Call (800) 626-6409 for details



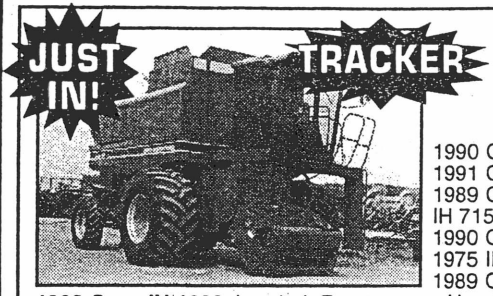
1956 MINNEAPOLIS MOLINE UB SPECIAL

*Tractor of the Month owned by
Jim Lacey, Dell Rapids, SD*

Your Picture Buying Guide For North and South Dakota

BULK RATE
U.S. POSTAGE
PAID
MADEIRA, MN
PERMIT NO. 39

FASTLINE
Dakota Farm & Ranch Edition
P.O. Box 248 - 4900 Fox Run Rd.
Buckner, KY 40010
(800) 332-7854 - Circulation Dept.
CHANGE SERVICE REQUESTED



JUST IN! **TRACKER**

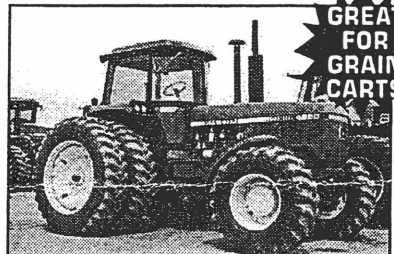
1993 Case IH 1660, Loaded, Rear Wheel Drive\$74,500

WE'VE BEEN TRADING LOOK AT THE LIST!!

1990 Case IH 1680	\$49,000
1991 Case IH 1680, Tracker	\$69,000
1989 Case IH 1680, RWA	\$55,000
IH 715, w/Lovebar	SOLD \$4,500
1990 Case IH 1660	\$42,500
1975 IH 915	\$5,500
1989 Case IH 1680, CDC Eng., 1,000 Hrs. On New Engine, Chopper, Rock Trap, Auto. Head, Hyd. Fore & Aft., Std. Rotor, 3,300 Hrs., Good Machine	\$49,900
1993 IH 1688, RWD, Loaded, Just In	\$74,500
Case IH 2188	\$82,500



1983 JD 8450, 2,000 Hrs. On Eng. OH, New Tires This Spring\$26,500



JD 4850, MFD\$35,000

GREAT FOR GRAIN CARTS



Case IH 7130, MFD\$53,000
1995 Case IH 7230, MFD, 1,250 Hrs. ... \$69,500

JUST IN!
Case IH 7140,
14.9x46
\$49,900



1984 Steiger CR1280\$42,500



1993 White 6065, MFD, Bucket, Joystick, Rear Weights, w/340 Ldr., 1,109 Hrs., Sharp, Tires 90% ..\$23,500



1994 Case IH 5250, MFD, Cab, 3 Hyd. Deluxe Seat, 2,160 Hrs., 18.4x38\$45,000
Case IH 5230, w/Case IH Ldr.Coming In

TRACTORS	
Case 990, 52 HP Utility	\$4,900
Case 1490, 70 HP	\$5,500
1977 Case IH 1486, 20.8x38 Tires, New Engine Last Year, 200 Hrs.	\$13,900
1994 Case IH 5250, MFD, Cab, 3 Hyd., Deluxe Seat, 2,160 Hrs., 18.4x38 Tires	\$45,000
1990 Case IH 9260, 4 Hyd., PS, 3,520 Hrs., 24.5x32 Tires, 3 Pt., No PTO	\$62,500
1995 Case IH 9270, 12 Spd., Deluxe Cab, 20.8x42 GY Tires, 1,050 Hrs.	\$92,500
1996 Case IH 9380, 20.8x42 Triples	\$115,900
IH, w/Old Style Farmhand	\$1,600
(2) 1995 Case IH 1840 Skid Steers	\$14,900

CHISEL PLOWS	
Case IH 5600, 33', Like New	\$9,900
Glencoe, 13-Shank, Auto Reset	\$9,900
Glencoe, 17-Shanks, 3 Yrs. Old	\$19,900
Landoll Weather Proofer	\$12,000

DISKS	
IH 596 25' Disk, Like New	\$14,900
1986 Krause 30' Disk	\$13,500
Hutchmaster Offset Disk, 13'	\$3,950
IH 475, 18 1/2'	\$2,500

MOWER CONDITIONERS	
1994 Case IH 8830 Windrower 14', Hay Head, 1,622 Hrs., Clean Machine	\$26,500
Hesston 1014, Hyd. Pump, 12' Swing Tongue, Good Working Condition, Recent New	\$2,995
1985 JD 1525	\$5,900

LOADERS	
1991 Case IH 710, Loader To Fit Magnum Tractor, 96" Bucket, Tractor Hyd., 11,000 List Price New, Fits Up To 225 HP Tractor	\$5,500
Easy On Loader To Fit Case 2290	\$2,995
Farmhand 740XL Loader To Fit Case IH 684	\$2,500

GRAIN CARTS	
Brent 700, w/30.5x32 Tires, 700 Bushel	\$9,500
Parker 685E, 1 Yr. Old	\$10,500

GRINDER MIXER	
Haybuster H1000 Tub Grinder	\$4,995

NO SALES TAX ON USED EQUIPMENT IN MINNESOTA!
www.fergusinternational.com

FERGUS

INTERNATIONAL

Hwy. 210 West
Fergus Falls, MN
(218) 736-5496

Fresh Trade Line
(800) 627-9734





Proponent Testimony SB 2217
House Finance and Taxation Committee
Greater North Dakota Association and
The Economic Development Association of North Dakota

Mr. Chairman, members of the Finance and Taxation Committee,

My name is Joy Johnston. I am the Executive Director of the Manufacturers and Processors Division of the Greater North Dakota Association. This morning I am testifying in favor of Engrossed SB 2217 on behalf of GNDA, its divisions and the Economic Development Association of North Dakota.

The Greater North Dakota Association is the North Dakota Chamber of Commerce. GNDA is the voice of business and principal advocate for positive change for North Dakota.

The Economic Development Association of North Dakota, formerly known as the Industrial Development Association has a membership of professional developers, banks, utility companies and other entities committed to enhancing the standard of living of North Dakotans by encouraging economic development opportunities. GNDA is a member of the Economic Development Association of North Dakota.

My testimony will address three areas: identifying the problem, identifying a solution, and implementing a solution.

The Problem

North Dakota's economy is dependent upon the success of our ability to produce and market agricultural products. All other industries from service to manufacturing depend upon the success of agriculture. The industries are wholly entwined.

The Solution

Stimulate the agriculture economy to stimulate the North Dakota economy. How does that happen? In North Dakota we are not able to control the global market price of our commodities. We are not able to set levels of loans and subsidies offered in this country and others. We cannot control the status of export customers in regard to international trade. And we certainly cannot control the weather which determines if and what we can produce. So what can we do? We can offer impetus to a struggling but not sunk agriculture industry by offering something to ensure if and what we can produce is produced at maximum efficiency. A sales tax exemption on used farm machinery is part of that efficiency solution.

Implementation

A sales and use tax exemption on used farm machinery allows producers to purchase equipment. It may mean an expansion or upgrade. It does mean investment by the producer into the farm.

The exemption does not cover new equipment. Sales and use taxes are still collectible for new equipment. SB 2217 helps the farmer who cannot afford the new stuff but needs to replace the old with something better.

The fiscal note is a whopper. \$9 million is a staggering amount to "eat." But do we? That \$9 million will stay here in North Dakota to be used for something else. That cash may be used to cover interest, buy more equipment or make a planned diversification. It can be used in value-added agriculture processing equity investments. The farmers earning the proposed exemptions only earn it by investing in machinery and parts. Those producers are here, working, providing economic stimulus. Their families are here. All of our communities rural and urban depend on the agriculture dollars earned and spent. I would hope the committee will look beyond the stated \$9 million impact and foresee its reinvestment right here in North Dakota.

The revenue-forecast numbers yesterday were not encouraging. However, in order to pay our bills at the state level, we still must have a viable tax-paying economy. The agriculture industry is a major part of that viability. As you deliberate your options, please do not dismiss SB 2217 because of its initial price tag. Think of it as a reinvestment opportunity.

Thank you for your time today. I would try to answer any questions of the committee.



Government Relations Office
4023 State Street
PO Box 2793
Bismarck, ND 58501

In-State-Watts: 1-800-932-8869
Office: (701) 224-0330
Fax: (701) 224-9485

North Dakota Farm Bureau

Testimony on Senate Bill 2217
House Finance and Tax Committee
Rep. Wes Belter, Chairman
March 2, 1999

Good morning Mr. Chairman and members of the committee. My name is Ken Bertsch, Director of Government Relations for North Dakota Farm Bureau, and here today to offer our organization's strong support for SB 2217. You have heard testimony from the ND Implement Dealers Assn. on the value of this bill to the business sector of our economy. This legislation also serves production ag at a high level, and in a most timely manner.

You have heard numerous times during this session of the crisis in agriculture. Without numbing you with details, I would like to point out why SB 2217 is exactly what our industry and all of agri-business needs.

1. Repealing the sales tax on parts and used equipment provides immediate, quantifiable relief to our industry. This is targeted relief, to sectors of the economy that most need it. There is no question as to the beneficiary of the exemption as in some forms of tax relief, it is strictly producers who benefit in dollar terms, and equipment dealers who benefit in terms of increased sales. Both factors will help the economy of North Dakota.
2. SB 2217 is one of the few ways that the state can respond to a situation that is governed and affected by federal policy. We cannot affect commodity prices or input costs to any large degree. We can, however, balance the negative ag economy in some small way by limiting the affect of state taxes on the bottom line for producers.
3. SB 2217 will help to slow the erosion of the ag infrastructure in North Dakota. Our industry is losing more than producers, it is losing equipment dealers, elevators and suppliers as well. The health of rural communities and agri-business depends heavily on a maintaining a network of all these components.
4. It is vital to keep the used equipment and irrigation elements of this bill intact. Repair and purchase of used equipment will be the standard for the near future for most operators as long as commodity and livestock prices remain depressed. Commodity prices and federal policy demands that producers diversify as much as possible. Irrigation is a viable but costly means to diversification. SB 2217 will enable more producers to expand their opportunity to produce high value crops, and secure a more profitable future in agriculture.

Mr. Chairman and committee members, SB 2217 is the right bill at the right time for agriculture. We recognize the extreme pressure on state budgets this session, and that SB 2217 does not come without cost. However, this bill is the most responsible way to address immediate concerns for our industry with the least budget impact. SB 2217 represents the highest impact, lowest cost alternative for a significant boost for agriculture in the next biennium. Please give SB 2217 a solid Do Pass recommendation from this committee and support it's passage in the House. Thank you Mr. Chairman. I will answer any questions the committee may have.

"Where belonging makes a difference"

Testimony of Roger Johnson
Commissioner of Agriculture
Senate Bill 2217
House Finance & Taxation Committee
Fort Totten Room
March 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 SB 2217, which will provide a sales and use tax exemption for used farm machinery, farm machinery repair parts and used irrigation equipment used exclusively for agricultural purposes.

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. SB 2217 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.

SB 2217 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 SB 2217. I'd be pleased to answer any questions you may have.