

**2023 HOUSE FINANCE AND TAXATION**

**HB 1370**

# 2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Room JW327E, State Capitol

HB 1370  
1/23/2023

A bill relating to a sales tax exemption for sales of grain bins.

**Chairman Headland** opened the hearing at 9:34AM.

**Members present:** Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, and Representative Ista. Members absent: Representative Finley-DeVille.

**Discussion Topics:**

- Grain bin storage
- Grain bin tax exemption
- Proposed amendment 23.0861.01001

**Vice Chairman Hagert** introduced the bill verbally in support and distributed a proposed amendment 23.0861.01001 (#15402).

**Phil Murphy, North Dakota Soybean Growers**, testified in support (#14884).

**Pete Hanebutt, North Dakota Farm Bureau**, testified verbally in support.

**Matt Perdue, Government Relations Director with North Dakota Farmers Union**, testified in support (#15110).

**Dan Wogsland, Executive Director with North Dakota Grain Growers**, testified in support (#15219).

**Brenda Elmer, Executive Director with North Dakota Corn Growers Association**, testified in support (#15347).

**Lacy Anderson, North Dakota Soybean Processors**, verbally testified in support.

**Julie Ellingson, North Dakota Stockman's Association**, verbally testified in support.

**Chairman Headland** closed the hearing at 10:05AM.

*Mary Brucker, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Room JW327E, State Capitol

HB 1370  
1/23/2023

A bill relating to a sales tax exemption for sales of grain bins.

**Chairman Headland** opened the meeting at 2:39PM.

**Members present:** Chairman Headland, Vice Chairman Hagert, Representative D. Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, and Representative Ista. **Members absent:** Representative Finley-DeVille.

**Discussion Topics:**

- Proposed amendment 23.0861.01001
- Committee vote

**Representative Hagert** moved the amendment 23.0861.01001 (#15402).

**Representative Dockter** seconded the motion.

**Roll call vote:**

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	AB
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	AB
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	Y

**Motion carried 12-0-2**

**Representative Grueneich** moved A Do Pass as Amended.

**Representative Hagert** seconded the motion.

**Roll call vote:**

<b>Representatives</b>	<b>Vote</b>
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	N
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	AB
Representative Jay Fisher	N
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	N
Representative Jeremy Olson	Y
Representative Vicky Steiner	N
Representative Nathan Toman	N

**Motion carried 8-5-1**

**Representative Grueneich is the bill carrier.**

**Chairman Headland** adjourned at 2:45PM.

*Mary Brucker, Committee Clerk*

January 19, 2023

27-1-23-23

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1370

Page 1, line 2, remove "and"

Page 1, line 3, after "date" insert "; and to provide an expiration date"

Page 1, line 11, after "**DATE**" insert "- **EXPIRATION DATE**"

Page 1, line 12, after "2023" insert ", and before July 1, 2025, and is thereafter ineffective"

Renumber accordingly

**REPORT OF STANDING COMMITTEE**

**HB 1370: Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (8 YEAS, 5 NAYS, 1 ABSENT AND NOT VOTING). HB 1370 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "and"

Page 1, line 3, after "date" insert "; and to provide an expiration date"

Page 1, line 11, after "**DATE**" insert "- **EXPIRATION DATE**"

Page 1, line 12, after "2023" insert ", and before July 1, 2025, and is thereafter ineffective"

Renumber accordingly

**2023 SENATE FINANCE AND TAXATION**

**HB 1370**

# 2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Fort Totten Room, State Capitol

HB 1370  
3/6/2023

Relating to a sales tax exemption for sales of grain bins; to provide an effective date; and to provide an expiration date
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**11:00 AM Chairman Kannianen** opens hearing.

Senator Present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

## Discussion Topics:

- Hopper bottom bins
- Sales tax
- Use tax
- Bin cost
- Tax percent
- Local subdivisions

**11:00 AM Representative Hagert** introduced bill.

**11:15 AM Phil Murphey, ND Soybean growers,** testified verbally in support. #21911

**11:23 AM Matt Perdue, ND Farmers Union's members,** testified in favor #22053

**11:28 AM Dan Wogsland, Executive Director of the North Dakota Grain Growers Association,** testified in favor. #22039

**11:31 AM Samantha Vangsness, Government Relations Liaison, NDCGA,** testified in favor. #22122

**11:33 AM Shannon Fleisher, Office of State Tax commissioner,** explained tax reports.

**11:44 AM Matt Purdue, ND Farmers Union's members,** answered questions.

**11:45 Dee Wald, ND State Tax Department,** testified verbally neutral testimony.

## Additional written testimony:

Bill Wocken #23367

**11:46 AM Chairman Kannianen** adjourned hearing.

*Nathan Liesen, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1370  
3/8/2023

Relating to a sales tax exemption for sales of grain bins; to provide an effective date; and to provide an expiration date
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**3:18 PM Chairman Kannianen** opens hearing.

Senator Present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

### Discussion Topics:

- Committee action

**3:23 PM Senator Patten** moved to adopt amendment LC 23.0861.02001. #25617

**3:23 PM Senator Weber** seconded.

Senators	Vote
Senator Jordan Kannianen	Y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Motion passed 6-0-0

**3:26 PM Senator Weber** moved a Do Pass as Amended.

**3:26 PM Senator Patten** seconded.

Senators	Vote
Senator Jordan Kannianen	N
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Motion passed 5-1-0

**3:28 PM Senator Weber** will carry.

**3:31 PM Chairman Kannianen** adjourned meeting.

*Nathan Liesen, Committee Clerk*

March 8, 2023

DR  
191  
3-8-23

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1370

Page 1, line 7, remove "grain bins, including material or replacement parts used"

Page 1, removes lines lines 8 and 9

Page 1, line 10, replace "and is used primarily to hold loose grain for drying or storage" with "tangible personal property used in constructing or repairing a grain bin are exempt from the tax imposed under this chapter. To qualify for the exemption, the tangible personal property must be incorporated into the construction or repair of a grain bin to the point of having no residual economic value. For purposes of this subsection:

- a. "Grain bin" means a vented structure that is constructed of corrugated metal or a similar material, and is primarily used to hold loose grain for drying or storage.
- b. "Tangible personal property" means grain bins, hopper bins, steps, ladders, structural support towers, catwalks, roof vents, grain bin flooring, floor supports, concrete pads, foundations, stirring equipment, fans, temperature sensors, spreaders, sweeps, augers, bolts, control devices, and motors, such as are all permanently affixed to the structure of the bin"

Renumber accordingly

**REPORT OF STANDING COMMITTEE**

**HB 1370, as engrossed: Finance and Taxation Committee (Sen. Kannianen, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). Engrossed HB 1370 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, line 7, remove "grain bins, including material or replacement parts used"

Page 1, removes lines lines 8 and 9

Page 1, line 10, replace "and is used primarily to hold loose grain for drying or storage" with "tangible personal property used in constructing or repairing a grain bin are exempt from the tax imposed under this chapter. To qualify for the exemption, the tangible personal property must be incorporated into the construction or repair of a grain bin to the point of having no residual economic value. For purposes of this subsection:

- a. "Grain bin" means a vented structure that is constructed of corrugated metal or a similar material, and is primarily used to hold loose grain for drying or storage.
- b. "Tangible personal property" means grain bins, hopper bins, steps, ladders, structural support towers, catwalks, roof vents, grain bin flooring, floor supports, concrete pads, foundations, stirring equipment, fans, temperature sensors, spreaders, sweeps, augers, bolts, control devices, and motors, such as are all permanently affixed to the structure of the bin"

Renumber accordingly

**2023 SENATE APPROPRIATIONS**

**HB 1370**

# 2023 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Roughrider Room, State Capitol

HB 1370  
3/20/2023

A BILL for an Act relating to a sales tax exemption for sales of grain bins; to provide an effective date; and to provide an expiration date.

8:01 AM Chairman Bekkedahl opened the hearing on HB 1370.

Members present: Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern.

### Discussion Topics:

- Grain bins
- Sales tax
- Producer exemption
- Soybean storage
- Increased crop demand
- Jumpstart incentive
- Expiration date

8:03 AM Representative Jared Hagert, introduced the bill, testified in favor, no written testimony

8:18 AM Phil Murphy, North Dakota Soybean Association, testified in favor, no written testimony

8:26 AM Matt Perdue, North Dakota Farmers Union, testified in favor, testimony # 25847

8:44 AM Samantha Vangsness, North Dakota Corn Growers Association, testified in favor, no written testimony

8:45 AM Dan Wogsland, North Dakota Grain Growers Association, testified in favor, testimony # 25779

8:46 AM Peter Hanebutt, North Dakota Farm Bureau, testified in favor, no written testimony

8:51 AM Chairman Bekkedahl closed the hearing.

*Kathleen Hall, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Roughrider Room, State Capitol

HB 1370  
3/30/2023

A BILL for an Act relating to a sales tax exemption for sales of grain bins; to provide an effective date; and to provide an expiration date.

3:13 PM Chairman Bekkedahl opened the hearing on HB 1370.

Members present: Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern.

### Discussion Topics:

- Grain bins
- Sales tax
- Committee discussion

3:13 PM Senator Wanzek introduced the bill, no written testimony

3:17 PM Senator Davison moved DO NOT PASS.

Senator Vedaa seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Motion passed 16-0-0.

Senator Schaible will carry the bill.

3:19 PM Chairman Bekkedahl closed the hearing.

*Kathleen Hall, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**HB 1370, as engrossed and amended: Appropriations Committee (Sen. Bekkedahl, Chairman)** recommends **DO NOT PASS** (16 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1370, as amended, was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.

**TESTIMONY**

**HB 1370**

### Testimony for 1370 - Tax exemption on grain storage

Chairman Headland and committee, my name is Phil Murphy representing the ND Soybean Growers Association in support of 1370. You may know that about 90% of ND soybeans leave the state on trains for the Pacific NW and ultimately 70% of those go to China. That is on the cusp of changing in a dramatic fashion very soon. With a new soybean crush facility coming online this year, another the next and what appears to be more to come, the opportunities to supply soybeans year 'round at a premium may well incentivize producers to build storage. If they do, the permanent jobs, valuable products and expensive facilities with surrounding improved infrastructure will survive and thrive. But on-farm storage carries a hefty price tag.

The round, corrugated above-ground grain bins with cement floors, venting, fan systems and so forth cost between \$2.50 and \$3.50 per bushel (according to a quote from a large dealer last week, a 62,000 bushel bin with the works will pencil out at around \$2.50 while the smaller bins get more expensive). That's a hundred fifty grand or so which is about what my house would be worth if it had a good basement. Anyway, it's a lot of money and I believe it to be fairly obvious that the point of this bill is to encourage our growers to store. Elevators will take and keep soybeans for a price, but they have always turned around and put the beans on a train for exports out of the PNW so do not have storage capacity for all year as is needed by the crush facilities. This bill gives ND farmers a better chance to nudge our nascent value-added industry along and make it a success story for decades to come. Please consider granting this sales tax exemption to help our entire state economy move forward. The NDSGA thanks you for your time and consideration.



Contact:  
**Matt Perdue, Lobbyist**  
[mperdue@ndfu.org](mailto:mperdue@ndfu.org) | 701.641.3303

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**Testimony of  
Matt Perdue  
North Dakota Farmers Union  
Before the  
House Finance and Taxation Committee  
January 23, 2023**

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Chairman Headland 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 Farmer Union's (NDFU) members.

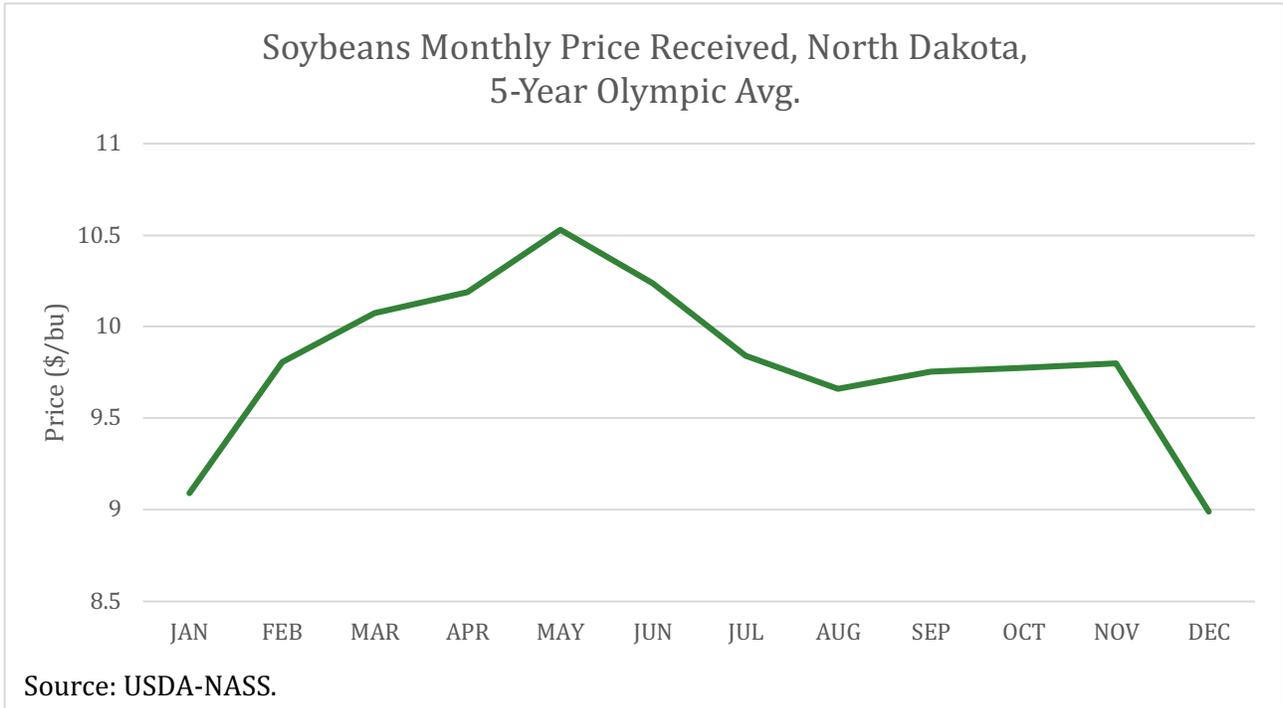
NDFU supports HB 1370, which establishes a sales tax exemption for grain bins and materials used to construct grain bins. During our most recent annual convention, our members passed a special order of business outlining our priorities for this legislative session. That list of priorities included establishment of this exemption to support expanded on-farm storage.

The grain bin sales tax exemption is modeled after a policy that has existed in Iowa since 2019. During conversations with the new soybean crush plants, NDFU and other groups learned about those facilities' interest in expanding on-farm storage. We believe HB 1370 is an important step toward supporting that expansion.

Expanding on-farm storage is a win-win for farmers and commodity processors. For example, soybean crush plants benefit from year-round access to locally available soybeans. Farmers benefit from more flexibility in their marketing strategies. The attached chart illustrates the cyclical nature of soybean prices. Prices are usually highest in the spring and lowest in the months following 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.

NDCC 57-39.2-04.4 authorizes North Dakota's existing 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 strong on-farm storage capacity, we believe 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.





**North Dakota Grain Growers Association  
Testimony in Support of  
HB 1148  
House Agriculture Committee  
January 20, 2023**

Chairman Headland, members of the House Finance and Tax Committee, for the record my name is Dan Wogsland, Executive Director of the North Dakota Grain Growers Association (NDGGA). NDGGA, through our contracts with the North Dakota Wheat Commission and the North Dakota Barley Council, engages in domestic policy issues on the state and federal level on behalf of North Dakota wheat and barley farmers. I am providing testimony for you today on behalf of NDGGA in support of HB 1370.

HB 1370 creates a sales tax exemption for the gross receipts from the sale and/or repairs of grain bins in the state. The bill should provide an incentive for the new construction as well as the maintenance of grain storage facilities in North Dakota. Up to date grain bins that are either newly built or upgraded are essential to the success of the agriculture industry in the state. This would allow for better marketing opportunities as well as the maintenance of quality commodities which helps feed the nation and the world.

Therefore the North Dakota Grain Growers Association supports HB 1370 and would respectfully request that the House Finance and Tax Committee as well as the full House give HB 1370 a Do Pass recommendation.

*"You Raise; We Represent"*

Phone: 701-282-9361 | Fax: 701-404-5187 | 1002 Main Ave W. #3 West Fargo, N.D. 58078



**Testimony of Brenda Elmer, Executive Director  
North Dakota Corn Growers Association  
In support of HB 1370  
January 23, 2023**

Chair Headland and members of the House Finance and Taxation and Committee,

Thank you for allowing me to come before you to share our support of House Bill 1370. For the record, my name is Brenda Elmer and I am the executive director of the North Dakota Corn Growers Association (NDCGA), which is the voice of the more than 13,000 corn growers across the state at the grass roots level.

Last month, Governor Burgum joined NDSU at the Capitol to unveil a first of its kind comprehensive study of the economic contribution of agriculture in the state. For the year 2020, agriculture contributed nearly \$31 billion to the economy and more than 110,000 jobs and represented nearly 25 percent of the state economy. The impact of agriculture was much more than we imagined and the state of ag in North Dakota is promising.

North Dakota farmers are employed in one of the most financially risky occupations, facing difficult economic situations, rising input costs like fertilizer - more than 400 percent, mounting federal regulations that create vast uncertainty that can make or break a growing session. Storage of harvested crops is one effective tool that helps give our growers more options and a better hand in the markets. Instead of simply choosing between what the local grain elevator or the nearest ethanol plant will pay for their corn right at harvest time, storage provides them increased opportunity to hedge for a better future price, because they can sell throughout the year.

With three soybean crush plants in the works and a possible corn wet mill, these value-added agriculture partners will need crops year-round for their facilities. Constructing a new grain bin to store more of their crops is very expensive for growers these days who face rising costs in raw materials — particularly steel and concrete. While new farm machinery used exclusively for agriculture production is taxed at a lower sales tax rate, on-farm storage depends on features, for example if a fan is included, the tax is less. Erecting on-farm storage systems can cost tens of thousands of dollars for just one bin. A sales tax exemption for such ag equipment can save North Dakota several hundred to thousands of dollars. Money that instead can be invested or expended elsewhere in the state.

We anticipate that the bill's sponsors have or will work with storage contractors to help determine what is and what is not part of the "grain bin." For example, the ladders attached to the bin, or the concrete pad, augers, sweeps, spreaders, fans, heaters, floors, conveyors, bucket elevators, and air systems are often part of bin storage construction.

This tax exemption will reduce the overall cost of doing business for our state's farmers and pay dividends as a result. Our mission statement is "growing a healthy, profitable business climate for northern corn", and this legislation will be a valuable tool to help producers meet that mission. We urge your support of HB 1370. Thank you for your time today and I stand for any questions you may have.

23.0861.01001  
Title.

Prepared by the Legislative Council staff for  
Representative Hagert  
January 19, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1370

Page 1, line 2, remove "and"

Page 1, line 3, after "date" insert "; and to provide an expiration date"

Page 1, line 11, after "**DATE**" insert "**- EXPIRATION DATE**"

Page 1, line 12, after "2023" insert ", and before July 1, 2025, and is thereafter ineffective"

Renumber accordingly

### Testimony for 1370 - Tax exemption on grain storage

Chairman Kannianen and committee, my name is Phil Murphy representing the ND Soybean Growers Association in support of 1370. You may know that about 90% of ND soybeans leave the state on trains for the Pacific NW and ultimately 70% of those go to China. That is on the cusp of changing in a dramatic fashion very soon. With a new soybean crush facility coming online this year, another the next and what appears to be more to come, the opportunities to supply soybeans year 'round at a premium may well incentivize producers to build storage. If they do, the permanent jobs, valuable products and expensive facilities with surrounding improved infrastructure will survive and thrive. But on farm storage carries a hefty price tag.

The round, above ground grain bins with cement floors, venting, fan systems and so forth cost between \$2.50 and \$3.50 per bushel (according to a quote from a large dealer last week, a 62,000 bushel bin with the works will pencil out at around \$2.50 while the smaller bins get more expensive). That's a hundred fifty grand or so which is about what my house would be worth if it had a good basement. Anyway, it's a lot of money and I believe it to be fairly obvious that the point of this bill is to encourage our growers to store. Elevators will take and keep soybeans for a price, but they have always turned around and put the beans on a train for the PNW. They do not have storage for keeping all year. This bill gives ND a chance to nudge our nascent value-added industry along and make it a success story for decades to come. Please consider granting this sales tax exemption to help our entire state economy.



**North Dakota Grain Growers Association  
Testimony in Support of  
HB 1370  
House Agriculture Committee  
March 6, 2023**

Chairman Kannianen, members of the Senate Finance and Tax Committee, for the record my name is Dan Wogsland, Executive Director of the North Dakota Grain Growers Association (NDGGA). NDGGA, through our contracts with the North Dakota Wheat Commission and the North Dakota Barley Council, engages in domestic policy issues on the state and federal level on behalf of North Dakota wheat and barley farmers. I am providing testimony for you today on behalf of NDGGA in support of HB 1370.

HB 1370 creates a sales tax exemption for the gross receipts from the sale and/or repairs of grain bins in the state. The bill should provide an incentive for the new construction as well as the maintenance of grain storage facilities in North Dakota. Up to date grain bins that are either newly built or upgraded are essential to the success of the agriculture industry in the state. This would allow for better marketing opportunities as well as the maintenance of quality commodities which helps feed the nation and the world.

Therefore the North Dakota Grain Growers Association supports HB 1370 and would respectfully request that the Senate Finance and Tax Committee as well as the full Senate give HB 1370 a Do Pass recommendation.

*"You Raise; We Represent"*

Phone: 701-282-9361 | Fax: 701-404-5187 | 1002 Main Ave W. #3 West Fargo, N.D. 58078



Contact:  
**Matt Perdue, Lobbyist**  
[mperdue@ndfu.org](mailto:mperdue@ndfu.org) | 701.641.3303

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**Testimony of  
Matt Perdue  
North Dakota Farmers Union  
Before the  
Senate Finance and Taxation Committee  
March 6, 2023**

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Chairman Kannianen 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.

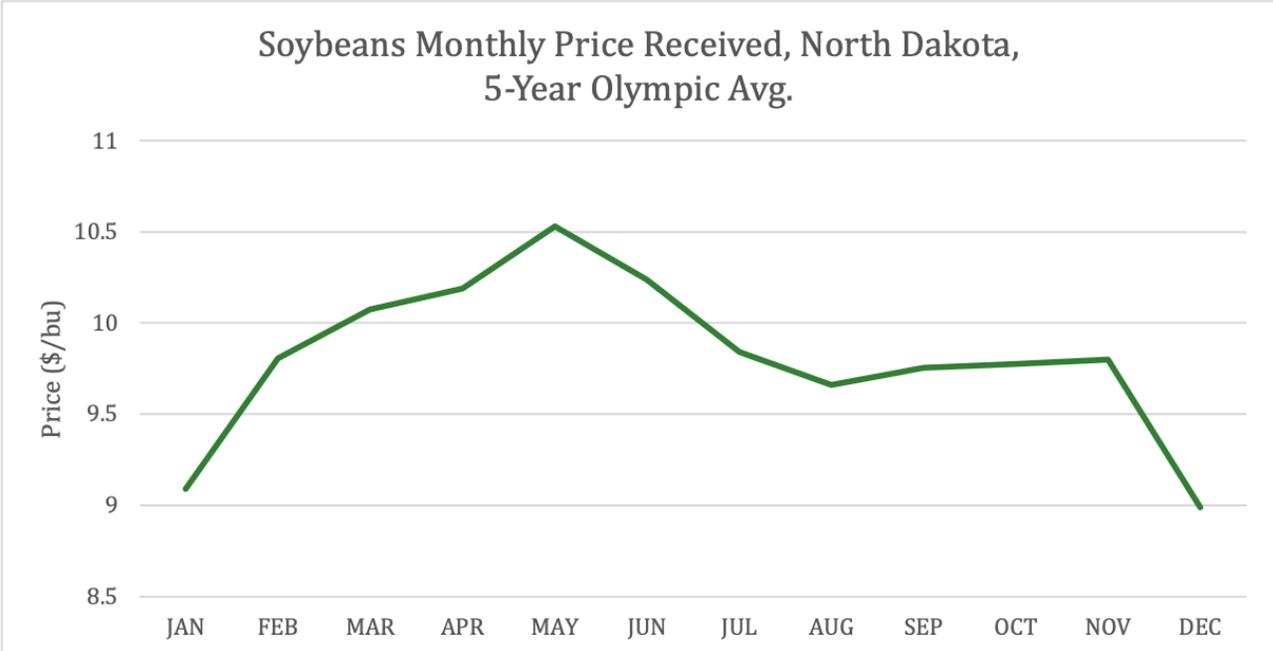
NDFU supports HB 1370, which establishes a sales tax exemption for grain bins and materials used to construct or repair grain bins. The bill is intended to support an expansion of on-farm grain storage in the near-term and provides an expiration date of July 1, 2025.

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. HB 1370 was developed in response to those needs and is modeled after a policy that has existed in Iowa since 2019.

Expanding on-farm storage is a win-win for farmers and commodity 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 attached chart 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.

NDCC 57-39.2-04.4 authorizes North Dakota's existing 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.



Source: USDA-NASS.



Testimony of Brenda Elmer, Executive Director

North Dakota Corn Growers Association

In support of HB 1370

March 6, 2023

Chair Kannianen and members of the Senate Finance and Taxation and Committee,

Thank you for allowing me to come before you to share our support of House Bill 1370. For the record, my name is Brenda Elmer and I am the executive director of the North Dakota Corn Growers Association (NDCGA), representing the more than 13,000 corn growers across the state.

North Dakota farmers are employed in one of the most financially risky occupations, facing difficult economic situations, rising input costs like fertilizer, and mounting federal regulations that create vast uncertainty that can make or break a growing season to name just a few. Storage of harvested crops is one effective tool that helps give our growers more options and a better hand in the markets. Instead of simply choosing between what the local grain elevator or the nearest ethanol plant will pay for their corn right at harvest time, storage provides our growers the increased opportunity to hedge for a better future price, because they can sell throughout the year.

With three soybean crush plants in the works and the possibility of additional commodity processing endeavors, these value-added agriculture partners will need crops year-round for their facilities. Constructing a new grain bin to store more of their crops is very expensive for growers these days who face rising costs in raw materials — particularly steel and concrete. While new farm machinery used exclusively for agriculture production is taxed at a lower sales tax rate, on-farm storage depending on features, the tax is less. Erecting on-farm storage systems can cost tens of thousands of dollars for just one bin. A sales tax exemption for such ag equipment can save a North Dakota producers several hundred to thousands of dollars. Money that instead can be invested, or expended elsewhere in the state.

We anticipate that the bill's sponsors will work with storage contractors to help determine what is and what is not part of the "grain bin." For example, the ladders attached to the bin, or the concrete pad, augers, sweeps, spreaders, fans, heaters, floors, conveyors, bucket elevators, and air systems are often part of bin storage construction.

Other ag-supportive states like Iowa already have this tax break, giving those producers not only the economic advantage but also more storage options that greatly aid them in getting the best prices possible for their commodities. We want that for North Dakota farmers too.

This tax exemption will reduce the overall cost of doing business for our state's farmers and pay dividends as a result. Our mission statement is "growing a healthy, profitable business climate for northern corn", and this legislation will be a valuable tool to help producers meet that mission. We urge your support of HB 1370. Thank you for your time today.

Testimony in Support of Engrossed House Bill 1247  
March 6, 2023  
Senate Finance and Taxation Committee  
Bill Wocken on behalf of the North Dakota League of Cities

Good Morning, Mr. Chairman and members of the Senate Finance and Taxation Committee. For the record. My name is Bill Wocken, appearing on behalf of the North Dakota League of Cities in support of Engrossed House Bill 1247.

This bill originally proposed to add an exemption to property taxation for a warehouse or elevator storing potatoes or grain produced by the owner of the warehouse or their relatives. The League of Cities has historically opposed these type of tax exemptions in the past. The House of Representatives amended this bill to study the issue of commercial agricultural structures and the effect of tax exemptions on these types of structures.

The League of Cities supports this study. We are pleased to see the component issues that will be studied as they are listed on Page 1, lines 9 through 14 of the engrossed bill. We believe this study and the conversations about these issues would be fruitful.

For these reasons the North Dakota League of Cities supports this bill and respectfully requests a Do Pass recommendation from the committee. I will be happy to answer any questions you may have of me.

23.0861.02000

Sixty-eighth  
Legislative Assembly  
of North Dakota

**ENGROSSED HOUSE BILL NO. 1370**

Introduced by

Representatives Hagert, Beltz, Fisher, Grueneich, Headland, D. Johnson, Weisz

Senators Erbele, Kessel, Lemm, Meyer, Weber

1 A BILL for an Act to create and enact a new subsection to section 57-39.2-04 of the North  
2 Dakota Century Code, relating to a sales tax exemption for sales of grain bins; to provide an  
3 effective date; and to provide an expiration date.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1.** A new subsection to section 57-39.2-04 of the North Dakota Century Code  
is created and enacted as follows:

7 ~~Gross receipts from sales of grain bins, including material or replacement parts~~  
8 ~~used to construct or repair a grain bin. The term "grain bins" as used in this~~  
9 ~~subsection means property that is vented and covered with corrugated metal or~~  
10 ~~similar material, and is used primarily to hold loose grain for drying or storage.~~  
11 tangible personal property used to construct or repair a grain bin are exempt from  
12 tax imposed under this chapter. To qualify for the exemption, the tangible personal  
13 property must be incorporated into the construction or repair of a grain bin to the  
14 point of having no residual economic value.

- 15 a. For purpose of this section:
- 16 i. "Grain bin" means a vented structure that is constructed of corrugated  
17 metal or a similar material, and is primarily used to hold loose grain for  
18 drying or storage.
  - 19 ii. "Tangible personal property" means grain bins, hopper bins, steps,  
20 ladders, structural support towers, catwalks, roof vents, grain bin  
21 flooring, floor supports, concrete pads, foundations, stirring equipment,

fans, temperature sensors, spreaders, sweeps, augers, bolts, control devices, and motors, such as are all permanently affixed to the structure of the grain bin.

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**SECTION 2. EFFECTIVE DATE - EXPIRATION DATE.** This Act is effective for taxable events occurring after June 30, 2023, and before July 1, 2025, and is thereafter ineffective.



**North Dakota Grain Growers Association  
Testimony in Support of  
HB 1370  
Senate Appropriations Committee  
March 20, 2023**

Chairman Bekkedahl, members of the Senate Appropriations Committee, for the record my name is Dan Wogsland, Executive Director of the North Dakota Grain Growers Association (NDGGA). NDGGA, through our contracts with the North Dakota Wheat Commission and the North Dakota Barley Council, engages in domestic policy issues on the state and federal level on behalf of North Dakota wheat and barley farmers. I am providing testimony for you today on behalf of NDGGA in support of HB 1370.

HB 1370 creates a sales tax exemption for the gross receipts from the sale and/or repairs of grain bins in the state. The bill should provide an incentive for the new construction as well as the maintenance of grain storage facilities in North Dakota. Up to date grain bins that are either newly built or upgraded are essential to the success of the agriculture industry in the state. This would allow for better marketing opportunities as well as the maintenance of quality commodities which helps feed the nation and the world.

Therefore the North Dakota Grain Growers Association supports HB 1370 and would respectfully request that the Senate Appropriations Committee as well as the full Senate give HB 1370 a Do Pass recommendation.

*"You Raise; We Represent"*

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

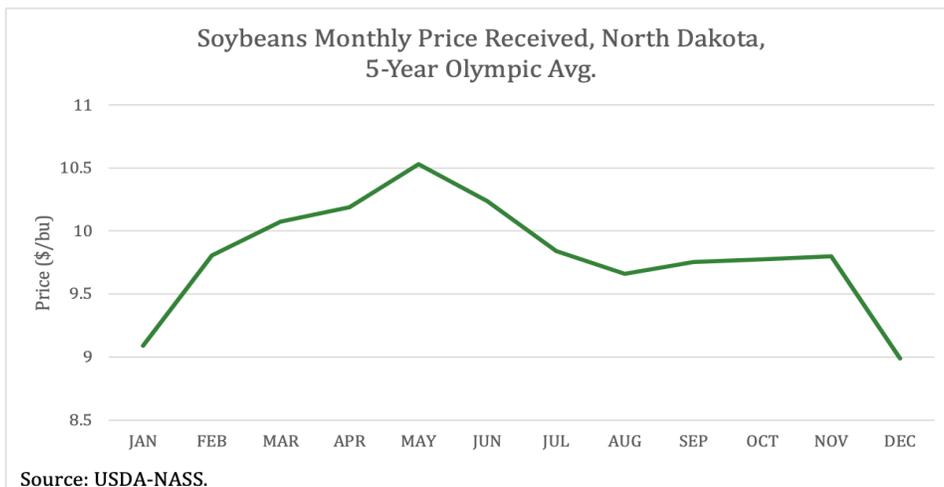
Chairman Bekkedahl and members of the committee,

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.

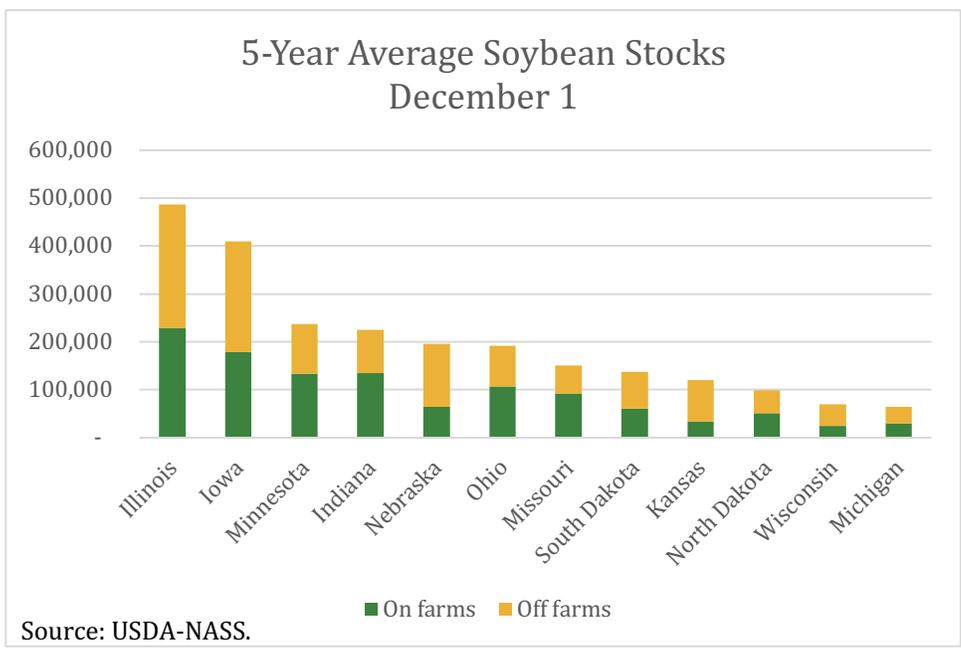
As you know, the establishment of new soybean crush facilities in Spiritwood, Casselton and Grand Forks will expand North Dakota’s soybean crush capacity to roughly 140 million bushels. In conversations with those projects and other processors, NDFU and commodity groups have learned about those facilities’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