

Testimony in favor of

SB2041

House Finance and Tax Committee

By Rep. David Monson

Mr. Chairman and members of the House Finance and Tax Committee, for the record I am Rep. David Monson from Dist. 10 in far northeastern ND. I am here to testify in favor of SB2041. We put this bill in for a group of farmers in rural areas and communities in our district. We were made aware of a problem of how taxes were being levied in Pembina County and Walsh Counties on their potato warehouses. We (all three legislators from District 10) met several times with a group of about ten to twelve farmers who all had the same complaint; they were being taxed with commercial rates on their potato warehouses despite the fact they were not a commercial enterprise. In other words, they grew the potatoes on their own farms, stored the potatoes in their own warehouses, sold them to a broker on the open market or by contract, and trucked them out as per contract. This is exactly as I do as a grain farmer. I raise my wheat, barley, canola, peas, etc., store them in my grain bins or rented bins, contract or sell on the open market, and then truck them out when delivery is needed. We could see no difference in how a potato farmer used his or her storage vs. how we as grain farmers use our grain storage. The only difference is where they are located. In most cases the grain farmer has his storage on his own farmland, although some do have some on the outskirts of a town by a railroad. We, as grain farmers, get taxed as ag land. These potato farmers own the land their potato storage sits upon, some on land contiguous to their other farmland. Until a few years ago, these potato houses were taxed as ag land. For some reason, they started to be taxed as commercial land despite nothing having changed. They complained to the county tax directors, but in most cases have not had any relief on the issue. At least one of the farmers has employed a lawyer and sued the county. After 5 months no response has been forthcoming. I talked to him over the weekend, and he said nothing has been changed. Thus, the bill is very much needed to reach a resolution. We searched, as did the potato farmers, the present law. I checked with the attorneys in legislative council and even with the attorney general. We can really see no reason the potato warehouses should be taxed as anything other than ag land just as my grain bins are. Some of the warehouses are on railroad right of ways as at one time the only way to economically ship potatoes was by rail, but the farmers expressed that it has been many years since they have shipped their potatoes by rail, not that it should make any difference in my mind. This bill includes grain facilities too, mostly as a precaution, to preempt any attempt to start taxing grain bins that are strictly ag storage as commercial. This bill, if passed, would not blanket all warehouse for potatoes or grain as ag if they are truly a commercial operation.