

**2023 SENATE FINANCE AND TAXATION**

**SB 2293**

# 2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Fort Totten Room, State Capitol

SB 2293  
1/25/2023

Relating to an income tax deduction for military pay; and to provide an effective date.

**10:14 AM Chairman Kannianen** opened hearing.

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

**Discussion Topics:**

- Military retirement
- Community benefits

**10:15 AM Senator Meyer** introduced bill. (no written testimony)

**10:23 AM Alan Dohrmann, Adjutant General for ND National Guard,** testified in support.  
#16782

**Additional written testimony:**

Bruce Gjovig #16387

Katherine Grindberg #16653

Jay Sheldon #16654

Scott Meyer #16658

**10:30 AM Chairman Kannianen** adjourned hearing.

*Nathan Liesen, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Fort Totten Room, State Capitol

SB 2293  
1/25/2023

Relating to an income tax deduction for military pay; and to provide an effective date.
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**2:55 PM Chairman Kannianen** opens meeting.

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

**Discussion Topics:**

- Tax exemptions

**3:02 PM Senator Magrum** moved a Do Not Pass

**3:02 Senator Weber** seconded.

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

Motion passed 4-2-0

**3:10 PM Senator Magrum** will carry.

**3:11 PM Chairman Kannianen** closed the meeting

*Nathan Liesen, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2293: Finance and Taxation Committee (Sen. Kannianen, Chairman)** recommends **DO NOT PASS** (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2293 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.

# 2023 SENATE STANDING COMMITTEE MINUTES

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

SB 2293  
2/7/2023

Relating to an income tax deduction for military pay; and to provide an effective date.

**10:51 AM Chairman Kannianen** opens hearing.

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

### Discussion Topics:

- Military residency

**10:53 AM Senator Weber** motioned to reconsider.

**10:53 AM Senator Patten** seconded.

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

Motion passed 5-1-0

**10:56 AM Senator Patten** motioned a Do Pass

**10:56 AM Senator Rummel** seconded.

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

Motion failed 3-3-0

**11:13 AM Senator Magrum** motioned a Do Not Pass.

**11:13 AM Senator Piepkorn** seconded.

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

Motion failed 3-3-0

**11:15 AM Senator Magrum** motioned to send without committee recommendation.

**11:15 AM Senator Patten** seconded.

<b>Senators</b>	<b>Vote</b>
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

**11:16 AM Senator Magrum** will carry.

**11:16 AM Chairman Kannianen** adjourns meeting.

*Nathan Liesen, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2293: Finance and Taxation Committee (Sen. Kannianen, Chairman)** recommends **BE PLACED ON THE CALENDAR WITHOUT RECOMMENDATION** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2293 was placed on the Eleventh order on the calendar. This bill affects workforce development.

**2023 SENATE APPROPRIATIONS**

**SB 2293**



# 2023 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Roughrider Room, State Capitol

SB 2293  
2/13/2023

Relating to an income tax deduction for military pay

**9:22 AM Chairman Bekkedahl** opened the meeting.

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

### Discussion Topics:

- Committee Action

**9:22 AM Senator Meyer** introduced the bill, verbally.

**9:28 AM Senator Meyer** moved DO PASS.

**9:28 AM Senator Burckhard** seconded.

**9:30 AM** Roll call vote.

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	N
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y
Senator Rust	Y

Passed 15-1-0

Senator Meyer will carry the bill.

**9:31 AM Senator Bekkedahl** closed the meeting.

*Peter Gualandri on behalf Kathleen Hall, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2293: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends DO PASS** (15 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2293 was placed on the Eleventh order on the calendar. This bill affects workforce development.

**2023 HOUSE FINANCE AND TAXATION**

**SB 2293**

# 2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Room JW327E, State Capitol

SB 2293  
3/15/2023

A bill relating to an income tax deduction for military pay.

**Chairman Headland** opened the hearing at 9:07AM.

**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, Representative Finley-DeVilleville, and Representative Ista. No members absent.

**Discussion Topics:**

- Recruitment and retention of military in North Dakota
- Income tax exemption for active-duty and full-time military
- Military residences

**Senator Meyer** introduced the bill in support (#25014).

**Al Dohrmann, Adjutant General for the North Dakota National Guard**, testified in support (#25207).

**Chairman Headland** closed the hearing at 9:21AM.

**Representative Bosch** moved a Do Pass.

**Representative Olson** seconded the motion.

**Roll call vote:**

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVilleville	Y
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
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**Motion carried 14-0-0**

**Representative Olson is the bill carrier.**

**Additional written testimony:**

Katherine Grindberg, Executive Vice President for the Fargo Moorhead West Fargo Chamber of Commerce, testimony in support #25063.

**Chairman Headland** adjourned at 9:24AM.

*Mary Brucker, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2293: Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2293 was placed on the Fourteenth order on the calendar.

**TESTIMONY**

**SB 2293**

To: Senate Finance & Taxation Committee

From Bruce Gjovig, USAF & Space Force Civic Leader, Grand Forks  
[Bruce@Gjovig.net](mailto:Bruce@Gjovig.net) C: 701-739-3132

January 24, 2023

### For SB 2293 Income Tax Deduction for Military Pay

Many states recognize military service by choosing to provide favorable tax treatment for **military pay** and **military retirement pay**. North Dakota is among 26 states that exempts military retirement pay from state income tax, with 22 states partially exempting retirement pay, and only 2 states fully taxing military retirement pay. States exempt military retirement pay from taxes as recognition of military service to our country and an incentive to retire in-state after 20+ years of service as retired military are a highly desirable workforce. Retirees are known to locate where their military retirement pay is not taxed.

Military pay is considered to be taxable income at the federal level. North Dakota also currently taxes military pay. Eight (8) states have no state income tax (incl. SD), one state only taxes interest & dividend income, and an additional 12 states fully exempt military income from state tax including Minnesota. An additional 14 states partially exempt military income from state income tax under certain conditions. *That is a total of 35 states that have no or partial state income tax on military pay.* (<https://www.myairforcebenefits.us.af.mil/News/Which-states-tax-my-Active-Duty-or-Reserve-military-pay>).

A service member is allowed to keep a **state of residence** for income tax, including have an option of establishing residency in a new state where they are stationed, and keep that residency as they are stationed in other states or overseas. Most military members establish residency in states without income taxes to exclude military pay. They pay state income taxes on other income and their spouse would pay state income tax in that state of residency even if they used no services from that state. *We want military members to choose North Dakota for home of residence.*

Military personnel often do not have a say in where they are stationed during their military career. Upon retirement, they have an opportunity to choose a community and state that is best for the rest of their career and in retirement. They often chose a place where they loved to live and were treated well along with job opportunities, lower cost of living and high quality of life. No income tax on their military or retirement pay also plays an important role in that decision.

The Department of Defense reports there are about 2.2 million military retirees in the United States, each receiving an average monthly pay of \$2,361 (Sept 2022, The 10 Best States for Military Retirees). Unlike most civilian retirement plans, military pensions begin the day they retire, no matter the age.

North Dakota has the lowest income tax of any state having an income tax. It may go lower if income tax is lowered to 1.5% flat tax. It may not seem like not much of an incentive to waive the lowest income tax in the nation, but it remains an important gesture of recognition for service to our country, and an invite to make North Dakota your state of residence and to live and retire here. That is what we want.





### FMWF Chamber Support for SB 2293

01/25/2023

Chairman Kannianen and members of the Senate Finance and Taxation Committee:

For the record, my name is Katherine Grindberg, and I have the pleasure of serving as the Executive Vice President of the Fargo Moorhead West Fargo (FMWF) Chamber of Commerce. The Chamber's mission is to be a catalyst for economic growth and prosperity for businesses, members, and the greater community. On behalf of our over 1,900 members, I respectfully offer testimony in support of Senate Bill 2293 as it relates to the attraction and retention of military personnel.

Workforce is a major challenge facing every employer across this great state and our nation's military is not exempt from these challenges. Our local units have seen firsthand the challenges of attracting and retaining talented individuals in the current employment market. As you may know, every state is evaluating its budgets, regulations, and taxes to create a more competitive environment in hopes to fill the numerous job openings.

Simply put, this bill would expand the existing tax credit to include military pay for members of the armed forces of the United States on federal active duty, member of the national guard, or reserve member of the armed forces of the United States. This is extremely beneficial for communities like ours with military bases that border a neighboring state, as we compete to attract military personnel. Our state must continue to find creative solutions the keep North Dakota competitive and enhance our ability to attract and retain highly skilled military personnel. Senate Bill 2293 does exactly that by expanding opportunities and incentivizing the men and women that serve our state and nation to remain or relocate to North Dakota.

On behalf of our members, I would like to thank committee members for their time this morning and would urge a DO PASS recommendation.

Respectfully,

Katherine Grindberg  
Executive Vice President  
FMWF Chamber of Commerce  
[kgrindberg@fmwfchamber.com](mailto:kgrindberg@fmwfchamber.com)

TESTIMONY OF  
MAJOR GENERAL ALAN S. DOHRMANN  
NORTH DAKOTA NATIONAL GUARD  
BEFORE THE  
SENATE FINANCE AND TAXATION  
19 JANUARY 2023  
SENATE BILL 2293

Good morning, Chairman Kannianen and members of the committee, I am Al Dohrmann, Adjutant General for the North Dakota National Guard (NDNG). I am here today to testify in support of Senate Bill 2293.

At the surface this bill is a benefit to military members that live in North Dakota. Below the surface it is much more than that.

When debating this Bill and its fiscal impact, a factor that may weigh into your deliberations, you should consider about 2000 new airmen are transferred to Minot and Grand Forks Air Force Bases each year. Military members generally become residents of states that provides the greatest benefits and retain that residency throughout their time in service. This is why you see Texas, Florida, and Alaska licenses plates at bases here in North Dakota and in other states that tax military pay; these are all states that either have no state tax, or exempt military pay.

If SB 2293 were to pass, this could result in population growth for North Dakota each year, with accompanying \$1,910 in federal program dollars the state would receive for each new resident following the next census. If just 10% of the newly stationed Airmen selected North Dakota as their residence we could gain 200 new citizens each year, generating additional federal program funding. At this rate of 200 new resident a year, exempting military pay from state tax will eventually be revenue positive for the state of North Dakota.

It may also be relevant, from a regional workforce competition view, to understand that North Dakota is surrounded by states that don't tax military pay, either because they don't have a state tax or decided specifically to exclude military pay from taxation. This, in part, could account for 15% of the North Dakota National Guard members, or about 600 soldiers and airmen, having a home of record in Minnesota or South Dakota. In many, possibly most cases, this is due to their civilian employment; in some case, it may be a calculated decision to live in a state with a better tax benefit, especially in our cross-border metro areas such as Fargo/Moorhead and Grand Forks/East Grand Forks

If the Governor's proposed tax plan is adopted a significant population of the Active Duty and Full-time national guard would already be tax exempt. Most enlisted members in the pay grade of E-6 with eight years of service and below would be tax exempt and most new officers would also be exempt. For the North Dakota Army National Guard this group consists of 76% of current members.

I ask for your support of SB 2293 not only as a benefit to North Dakota military members but as method to grow our population, increase federal program dollars, and address workforce shortages. Thank you for your time and will stand by for questions.

Scott Meyer  
District 18 State Senate  
[scottmeyer@ndlegi.gov](mailto:scottmeyer@ndlegi.gov)

Mr. Chairman,

SB 2293 is an income tax bill that is looking to keep North Dakota as one of the most military friendly states in the country while also helping recruit and retain military members.

In 2019 the North Dakota legislature made the right decision to give state income tax exemption on military retirement benefits. The goal of that legislation was service members will decide to stay in North Dakota to raise their families and work in the private sector after separating. These Veterans are typically highly trained and provide valuable skills to fill our many open jobs in the state. Many service members I interact with love North Dakota for the quality of life our state provides through lower cost of living and lower crime. They even find ways to look past the winters once they get here.

Stats on North Dakota's Military Economic Impact:

Fiscal Year 2021 – Military Organizations employed 14,092 people and created appx 3,843 indirect jobs.

Annual payroll for the following:

- Minot Air Force Base \$607 million
- Grand Forks Air Force Base \$270 million (FY 2019)
- ND National Guard \$315 million

I'm going to walk you through some of the reasons why this bill makes sense to pass this session. First, 40% of the airmen at the Grand Forks Air Force Base start their military career at this base. This gives these airmen the opportunity to set residency in North Dakota and count towards our census counts, and even when they are given PCS orders many of these airmen will keep their residency in North Dakota purely because of our income tax structure.

As a mortgage lender I can tell you most airmen that I help with home financing have identification from South Dakota, Texas, and Alaska just to name a few. We all know why they have residency there...no income tax.

Second, this bill doesn't just deal with Active-Duty income taxes, but it also gives a state income tax deduction for National Guard and Reserves pay. I thank Major Jay Sheldon for his willingness to help draft this tax policy with legislative council. Our National Guard is having issues recruiting new soldiers, and we're hopeful this incentive will be another tool in the toolbox to drive recruiting efforts. Minnesota has been taking many of our potential guard members because of their income tax policy (fully exempt) and tuition reimbursement.

Finally, I believe this bill should be passed regardless of the Governor's flat tax policy that's currently in the House, as I still feel the legislature can still fund our future obligations even with this \$4,000,000 fiscal note. However, if the flat tax policy passes, many of our airmen will fall under the single and joint filer threshold and will not be paying state income tax. The reason is that active duty military members are only taxed on their base pay. These military members are not taxed on Basic Allowance for Housing (BAH) and Basic Allowance for Subsistence (BAS). Since their W2 tax form doesn't include the compensation for BAH and BAS, many of these active-duty members wouldn't be paying income tax

regardless. The earners who would be paying income tax, without this bill, will be senior enlisted members and officers. These are people we want to set residency in North Dakota, and hopefully stay once they separate from the military.

Mr. Chairman since HB 1158 hasn't passed, I don't have an updated fiscal note to provide. I will try to work with legislative council or the tax department to see if I can get some figures for the committee to review.

I believe the time is now, regardless of what happens with other tax policy, to make military pay exempt from state income tax. This will help our National Guard with recruiting against our neighbor to the east, it will help with workforce development by Veterans filling job openings once they separate from the military, and it will continue to show that North Dakota is a leader in providing quality of life opportunities for our service members. They've earned it.

I ask for a Do Pass and will stand for any questions.

TESTIMONY OF  
MAJOR GENERAL ALAN S. DOHRMANN  
NORTH DAKOTA NATIONAL GUARD  
BEFORE THE  
SENATE FINANCE AND TAXATION  
25 JANUARY 2023  
SENATE BILL 2293

Good morning, Chairman Kannianen and members of the committee, I am Al Dohrmann, Adjutant General for the North Dakota National Guard (NDNG). I am here today to testify in support of Senate Bill 2293.

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If SB 2293 were to pass, this could result in population growth for North Dakota each year, with accompanying \$1,910 in federal program dollars the state would receive for each new resident following the next census. If just 10% of the newly stationed Airmen selected North Dakota as their residence we could gain 200 new citizens each year, generating additional federal program funding. At this rate of 200 new resident a year, exempting military pay from state tax will eventually be revenue positive for the state of North Dakota.

It may also be relevant, from a regional workforce competition view, to understand that North Dakota is surrounded by states that don't tax military pay, either because they don't have a state tax or decided specifically to exclude military pay from taxation. This, in part, could account for 15% of the North Dakota National Guard members, or about 600 soldiers and airmen, having a home of record in Minnesota or South Dakota. In many, possibly most cases, this is due to their civilian employment; in some case, it may be a calculated decision to live in a state with a better tax benefit, especially in our cross-border metro areas such as Fargo/Moorhead and Grand Forks/East Grand Forks

If the Governor's proposed tax plan is adopted a significant population of the Active Duty and Full-time national guard would already be tax exempt. Most enlisted members in the pay grade of E-6 with eight years of service and below would be tax exempt and most new officers would also be exempt. For the North Dakota Army National Guard this group consists of 76% of current members.

I ask for your support of SB 2293 not only as a benefit to North Dakota military members but as method to grow our population, increase federal program dollars, and address workforce shortages. Thank you for your time and will stand by for questions.

Scott Meyer  
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As a mortgage lender I can tell you most airmen that I help with home financing have identification from South Dakota, Texas, and Alaska just to name a few. We all know why they have residency there...no income tax.

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Minnesota has been taking many of our potential guard members because of their income tax policy (fully exempt) and tuition reimbursement.

Finally, I believe this bill should be passed regardless of the flat tax policy that's currently in the Senate, as I still feel the legislature can still fund our future obligations even with this \$4,000,000 fiscal note. However, if the flat tax policy passes, many of our airmen will fall under the single and joint filer threshold and will not be paying state income tax. The reason is that active duty military members are only taxed on their base pay. These military members are not taxed on Basic Allowance for Housing (BAH) and Basic Allowance for Subsistence (BAS). Since their W2 tax form doesn't include the compensation for BAH and BAS, many of these active-duty members wouldn't be paying income tax regardless. The earners who would be paying income tax, without this bill, will be senior enlisted members and officers.

Mr. Chairman since the current income tax proposals haven't passed, I don't have an updated fiscal note to provide.

I believe the time is now, regardless of what happens with other tax policy, to make military pay exempt from state income tax. This will help our National Guard with recruiting against our neighbor to the east, it will help with workforce development by Veterans filling job openings once they separate from the military, and it will continue to show that North Dakota is a leader in providing quality of life opportunities for our service members. They've earned it.

I ask for a Do Pass and will stand for any questions.



### FMWF Chamber Support for SB 2293

March 15<sup>th</sup>, 2023

Chairman Headland and members of the House Finance and Taxation Committee:

For the record, my name is Katherine Grindberg, and I have the pleasure of serving as the Executive Vice President of the Fargo Moorhead West Fargo (FMWF) Chamber of Commerce. The Chamber's mission is to be a catalyst for economic growth and prosperity for businesses, members, and the greater community. On behalf of our over 1,900 members, I respectfully offer testimony in support of Senate Bill 2293 as it relates to the attraction and retention of military personnel.

Workforce is a major challenge facing every employer across this great state and our nation's military is not exempt from these challenges. Our local units have seen firsthand the challenges of attracting and retaining talented individuals in the current employment market. As you may know, every state is evaluating its budgets, regulations, and taxes to create a more competitive environment in hopes to fill the numerous job openings.

Simply put, this bill would expand the existing tax credit to include military pay for members of the armed forces of the United States on federal active duty, member of the national guard, or reserve member of the armed forces of the United States. This is extremely beneficial for communities like ours with military bases that border a neighboring state, as we compete to attract military personnel. Our state must continue to find creative solutions the keep North Dakota competitive and enhance our ability to attract and retain highly skilled military personnel. Senate Bill 2293 does exactly that by expanding opportunities and incentivizing the men and women that serve our state and nation to remain or relocate to North Dakota.

On behalf of our members, I would like to thank committee members for their time this morning and would urge a DO PASS recommendation.

Respectfully,

Katherine Grindberg  
Executive Vice President  
FMWF Chamber of Commerce  
[kgrindberg@fmwfchamber.com](mailto:kgrindberg@fmwfchamber.com)



TESTIMONY OF  
MAJOR GENERAL ALAN S. DOHRMANN  
NORTH DAKOTA NATIONAL GUARD  
BEFORE THE  
HOUSE FINANCE AND TAXATION COMMITTEE  
15 MARCH 2023  
SENATE BILL 2293

Good morning, Chairman Headland and members of the committee, I am Al Dohrmann, Adjutant General for the North Dakota National Guard (NDNG). I am here today to testify in support of Senate Bill 2293.

In the long run, this Bill will likely generate revenue for the State. About 2000 new airmen are transferred to Minot and Grand Forks Air Force Bases each year. Military members generally become residents of states that provide the greatest benefits and Military members tend to retain that residency throughout their time in service. This is why you see a larger number of South Dakota, Texas, Florida, and Alaska licenses plates in the parking lots of our Air Force bases in Minot and Grand Forks. These states either have no state tax, or exempt military pay.

If SB 2293 were to pass, this could result in population growth for North Dakota each year, with accompanying \$1,910 in federal program dollars the state would receive for each new resident following the next census. If just 10% of the newly stationed Airmen selected North Dakota as their residence we could gain 200 new citizens each year, generating additional federal program funding. At this rate of 200 new resident a year, exempting military pay from state tax will eventually be revenue positive for the state of North Dakota. As these "new" North Dakotans move around the country and world, they will remain North Dakota residence; we will still get the federal program dollars; they will still vote and register their vehicles here. They may even decide to retire here, adding to our workforce.

It may also be relevant, from a regional workforce competition view, to understand that North Dakota is surrounded by states that don't tax military pay, either because they don't have a state tax or decided specifically to exclude military pay from taxation. This, in part, could account for 15% of the North Dakota National Guard members, or about 600 soldiers and airmen, having a home of record in Minnesota or South Dakota. For many, this is due to their civilian employment; in other cases, it may be a calculated decision to live in a state with a better tax benefit, especially in our cross-border metro areas such as Fargo/Moorhead and Grand Forks/East Grand Forks

Further, if HB 1158 is enacted into law, a significant population of the Active Duty and Full-time national guard would already be tax exempt, significantly reducing the fiscal note on this Bill. Most enlisted members in the pay grade of E-6 with eight years of service and below would be tax exempt and most new officers would also be exempt. For the North Dakota Army National Guard this group consists of 76% of current members.

I ask for your support of SB 2293 not only as a benefit to our State's military members but as method to grow our population, increase federal program dollars, and address workforce shortages. Thank you for your time and will stand by for questions.