

SENATE BILL NO. 2330

Introduced by

Senators Wanzek, Schaible, Sorvaag, Unruh

Representatives Headland, D. Johnson

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 and use tax exemption for milking equipment and~~
3 ~~materials purchased for use on a licensed dairy farm; and to provide an effective date:~~for an Act
4 to amend and reenact subsection 2 of section 57-39.5-01 of the North Dakota Century Code,
5 relating to the definition of farm machinery; to provide for a study by the agriculture
6 commissioner; to provide for a report to the legislative management; and to provide an effective
7 date.

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

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

11 ~~Gross receipts from the sale of milkhouse materials and milking equipment for use on~~
12 ~~a dairy farm licensed pursuant to chapter 4-30.~~

13 ~~— **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after~~
14 ~~June 30, 2017.~~

15 **SECTION 1. AMENDMENT.** Subsection 2 of section 57-39.5-01 of the North Dakota
16 Century Code is amended and reenacted as follows:

17 2. "Farm machinery" means all vehicular implements and attachment units, designed and
18 sold for direct use in planting, cultivating, or harvesting farm products or used in
19 connection with the production of agricultural produce or products, livestock, or poultry
20 on farms, which are operated, drawn, or propelled by motor or animal power. "Farm
21 machinery" also includes machinery, equipment, and structural materials used directly
22 and exclusively in, or incorporated into the structure of, a facility for the collection,
23 handling, storage, heating, and cooling related to a milking operation of a dairy farm.

24 "Farm machinery" does not include vehicular implements operated wholly by hand or a

1 motor vehicle required to be registered under chapter 57-40.3. "Farm machinery" does
2 not include machinery that may be used for other than agricultural purposes, including
3 tires, farm machinery repair parts, tools, shop equipment, grain bins, feed bunks,
4 fencing materials, and other farm supplies and equipment.

5 **SECTION 2. STUDY - AGRICULTURE COMMISSIONER - REPORT TO LEGISLATIVE**
6 **MANAGEMENT.** During the 2017-18 interim, the agriculture commissioner shall study state
7 dairy operations, with the intent of identifying ways by which to increase the number of dairy
8 operations in the state. The study must include a review of current dairy industry practices,
9 general dairy industry best practices, and tax policy related to dairy operations. The study must
10 also comparatively analyze the differences between North Dakota and South Dakota dairy
11 operations, including analysis of land type, land use, geography, climate, dairy commodity
12 pricing mechanisms, dairy farm property tax assessments, and the sales and use taxes related
13 to milking equipment and materials purchased for use on a licensed dairy farm. The agriculture
14 commissioner shall provide a report with recommendations to the legislative management
15 regarding the results of the study by June 30, 2018.

16 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable events occurring after June
17 30, 2017.