

**2023 HOUSE FINANCE AND TAXATION**

**HB 1247**

# 2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Room JW327E, State Capitol

HB 1247  
1/16/2023

A bill relating to a commercial property tax exemption for grain elevator and potato warehouse property used for personal use.
--

**Chairman Headland** opened the hearing at 9:01am.

**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-DeVille, and Representative Ista. No members absent.

**Discussion Topics:**

- Grain elevators on commercial property
- Storage facilities taxed commercially
- Exemption of property taxes on commercial property

**Representative Grueneich** verbally introduced the bill in support.

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

**Cameron Shepard, Potato Farmer in District 19**, testified verbally in support.

**Bill Wocken, North Dakota League of Cities**, testified in opposition (#13880).

**Dee Wald, General Counsel for North Dakota Office of State Tax Commissioner**, testified verbally in neutral capacity at the chairman's request.

**Chairman Headland** closed the hearing at 9:37am.

**Additional written testimony:**

**Donald Flaherty, Mayor with the City of Ellendale**, neutral testimony #13384.

*Mary Brucker, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Room JW327E, State Capitol

HB 1247  
1/23/2023

A bill relating to a commercial property tax exemption for grain elevator and potato warehouse property used for personal use.
--

**Chairman Headland** opened the meeting at 2:54PM.

**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:**

- Proposed verbal amendment
- Committee vote

Committee discussion.

**Representative Steiner moved a Do Not Pass.**

**Representative Bosch seconded the motion.**

**Representative Steiner withdrew her motion.**

**Representative Steiner moved the amendment** to place on a study to show how much property tax shift occurs, the ramifications, definitions of a farm plant law, how much abandoned property is present, and the cost associated. (#16410)

**Representative Dockter 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	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 13-0-1**

**Representative Dockter 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	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	N
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	N
Representative Nathan Toman	N

**Motion carried 9-4-1**

**Representative Hagert is the bill carrier.**

Meeting adjourned at 3:07PM.

*Mary Brucker, Committee Clerk*

January 23, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1247

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study regarding the impact of a property tax exemption for agricultural products storage.

*Act  
1-23-23  
(1-1)*

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

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY - PROPERTY TAX EXEMPTION FOR AGRICULTURAL PRODUCTS STORAGE.** During the 2023-24 interim, the legislative management shall study the provision of a property tax exemption for elevators, warehouses, and other farm structures classified as commercial property, which are privately owned and used to store agricultural products produced by the owner or an individual related to the owner as defined in section 10-06.1-12. The study must include consideration of the potential shift in property tax burden if the exemption were to be enacted, the definitions of agricultural property and farm plant as used in subsection 15 of section 57-02-08, and the impact of abandoned elevators, potato warehouses, and other farm structures classified as commercial property on the political subdivisions in which they are located, including the cost of refurbishment or removal. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly

**REPORT OF STANDING COMMITTEE**

**HB 1247: Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (9 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). HB 1247 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study regarding the impact of a property tax exemption for agricultural products storage.

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

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY - PROPERTY TAX EXEMPTION FOR AGRICULTURAL PRODUCTS STORAGE.** During the 2023-24 interim, the legislative management shall study the provision of a property tax exemption for elevators, warehouses, and other farm structures classified as commercial property, which are privately owned and used to store agricultural products produced by the owner or an individual related to the owner as defined in section 10-06.1-12. The study must include consideration of the potential shift in property tax burden if the exemption were to be enacted, the definitions of agricultural property and farm plant as used in subsection 15 of section 57-02-08, and the impact of abandoned elevators, potato warehouses, and other farm structures classified as commercial property on the political subdivisions in which they are located, including the cost of refurbishment or removal. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly

**2023 SENATE FINANCE AND TAXATION**

**HB 1247**

# 2023 SENATE STANDING COMMITTEE MINUTES

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

HB 1247  
3/6/2023

A BILL for an Act to provide for a legislative management study regarding the impact of a property tax exemption for agricultural products storage.
---

**10:00 AM Chairman Kannianen** opened hearing.

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

**Discussion Topics:**

- Warehouse or elevator storage tax exemption
- Study

**10:00 AM Representative Grueneich** introduced bill.

**10:04 AM Bill Wocken, ND League of Cities**, in support #22263

**10:06 AM Chairman Kannianen** adjourned hearing.

*Nathan Liesen, Committee Clerk*



# 2023 SENATE STANDING COMMITTEE MINUTES

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

HB 1247  
3/6/2023

A BILL for an Act to provide for a legislative management study regarding the impact of a property tax exemption for agricultural products storage.

**11:47 AM Chairman Kannianen** opens meeting.

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

### Discussion Topics:

- Bill history
- Committee action

**11:51 AM Dee Wald, ND State Tax Department,** answered questions.

**11:55 AM Senator Weber** moved a Do Pass

**11:55 AM Senator Rummel** seconded.

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

Motion passed 5-1-0

**11:56 AM Senator Weber** will carry.

**11:57 Chairman Kannianen** adjourned meeting.

*Nathan Liesen, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**HB 1247, as engrossed: Finance and Taxation Committee (Sen. Kannianen, Chairman)** recommends **DO PASS** (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). Engrossed HB 1247 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.

**TESTIMONY**

**HB 1247**

**Donald W. Flaherty**  
Mayor

**Candace Middlestead**  
Auditor

ellendal@drtel.net



**City of Ellendale**

Box 267  
Ellendale, ND 58436

**Phone 701-349-3252**  
**Fax 701-349-3333**  
**TDD 800-366-6889**

www.ellendalend.gov

2023 House Finance and Taxation Committee  
Honorable Representative Craig Headland, Chairman  
North Dakota State Capitol

January 16, 2023

Dear Representative Headland and Members of the House Finance and Taxation Committee:

My name is Don Flaherty and I am the Mayor of the City of Ellendale. I am writing you today to provide neutral testimony for HB 1247. I believe that the proposed addition to section 57-02-08 to provide a property tax exemption for potato warehouses and grain elevators on commercial property for personal use will have a far reaching financial impact on small cities with these types of structures if passed in its current form.

In both my city and a sister city in my county there is an elevator complex that is privately owned and operated. If this legislation were to pass as presented, those properties would become exempt and create a loss of revenue for small cities that have budgetary pressures. Based on 2022 Mill Rates, for my city that would equate to a loss of \$8,438 and for our sister city a loss of \$1,872. These may seem like negligible amounts but for our city that is a property tax revenue decrease of 2.5% and our sister city a decrease of 14.67%. That is a large impact.

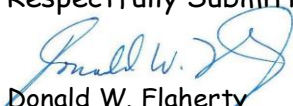
As a way to minimize the impact of this financial loss, I would like to propose the following amendment to this bill:

- c. (Prior to 01/01/2027) The base valuation for a structure subject to this exemption shall remain equal to the valuation for the 2022 assessment period and shall be subject to a 20% exemption for the 2023 assessment period, a 40% exemption for the 2024 assessment period, a 60% exemption for the 2025 assessment period and an 80% exemption for the 2026 assessment period.

The aspects of this legislation have a much further reach than is commonly understood and would have a huge impact on a number of small cities within the state.

Therefore, I would strongly recommend the adoption of the proposed amendment for HB 1247.

Respectfully Submitted,

  
Donald W. Flaherty  
Mayor of Ellendale

*"This institution is an equal opportunity provider and employer"*

Testimony in Opposition to House Bill 1247  
January 16, 2023  
House Finance and Taxation Committee  
Bill Wocken on behalf of the North Dakota League of Cities

Good morning, Mr. Chairman and members of the House Finance and Taxation Committee. For the record, my name is Bill Wocken, appearing on behalf of the North Dakota League of Cities in opposition to House Bill 1247.

This bill proposes 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 consistently opposed tax exemptions in the past on the grounds that each exemption only increases the tax burden for properties that are not exempt. There are already 43 exemptions enumerated in this section of the Century Code.

The League has a specific concern with this legislation. The proposal is to exempt a facility storing only the potatoes or grain produced by the owner or their relatives. From the language in the bill, we are not sure how large that family can be or how the family relationship can be known. The bill merely says on Page 1, Line 11 included individuals must be related to the owner by blood, adoption or marriage.

Many potato and grain facilities are located in smaller cities. For those cities an exemption of the type requested may have a very significant impact on local budgets. We would ask you to consider the effect of this bill on smaller cities' budgets and on those who will pay the exempted properties' share of taxes if this exemption is granted.

For these reasons the North Dakota League of Cities opposes this bill and respectfully requests a Do Not Pass recommendation from the committee. I will be happy to answer any questions you may have of me.

23.0699.01001  
Title.02000

Adopted by the House Finance and Taxation  
Committee

January 23, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1247

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study regarding the impact of a property tax exemption for agricultural products storage.

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

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY - PROPERTY TAX EXEMPTION FOR AGRICULTURAL PRODUCTS STORAGE.** During the 2023-24 interim, the legislative management shall study the provision of a property tax exemption for elevators, warehouses, and other farm structures classified as commercial property, which are privately owned and used to store agricultural products produced by the owner or an individual related to the owner as defined in section 10-06.1-12. The study must include consideration of the potential shift in property tax burden if the exemption were to be enacted, the definitions of agricultural property and farm plant as used in subsection 15 of section 57-02-08, and the impact of abandoned elevators, potato warehouses, and other farm structures classified as commercial property on the political subdivisions in which they are located, including the cost of refurbishment or removal. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly

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.