

PEMBINA COUNTY BOARD OF COMMISSIONERS

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March 2, 2021

To: Finance and Taxation Committee

RE: SB 2041

Dear Committee Chair Headland,

Please accept this letter on behalf of the Pembina County Board of County Commissioners expressing opposition to SB 2041 as written.

Historically, absent an exception, land is taxable. In order to benefit from an exemption, it is incumbent on the landowner to provide documentation proving the existence of an exemption. SB 2041 does not address how the exemption will operate in tandem with other century codes or address conflicts with other rules within N.D.C.C. Chapter 57-02.

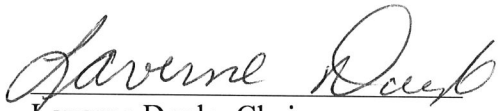
Currently, warehouses and grain elevators located on commercial property within a city are not tax exempt. As written, the newly created definition of "personal use" proposed in SB 2041 creates a tax exemption that would create a substantial loss in revenue for all taxing districts. With decreased valuations, levies increase, and the expenses would likely remain the same or potentially increase as additional commercial enterprises seek to benefit from tax-free property. Without another source of replacement income, the financial burden of expenses due to decreased valuations would fall on the residential property owners of small, rural cities and townships. The deficit would have a detrimental impact on all cities, schools, EMS, and fire districts, and create a lack of funding for the maintenance of infrastructure and roadways in all of our communities across the state. General taxpayers will bear the burden of absorbing the deficit through increased taxation.

As written, SB 2041 does not address conflicts between the new definition and current legislation. The language in SB 2041 appears to be a "blanket" definition, and lacks specificity as to: 1) what level of consanguinity is considered; 2) who is considered a relative by "blood or marriage;" 3) whether a person must be a "farmer" by definition; 4) whether some portion of property for personal use is overcome by a portion used for non-personal use; and 5) how relationships, or use information is to be proven. Potentially,

anyone who claims to be a distant cousin could be tax exempt. In addition, if a warehouse owner uses a portion of the building for grain, but rents a portion of the warehouse to another for a private hauling business, or a portion of the property is used as an office to sell seed, SB 2041 offers no clear distinction as to taxability. Additionally, this revision would have an impact on commercial property tax revenue on railroad property, which has been taxable for at least 50 years.

The Pembina County Board of County Commissioners ask you to consider the unintended consequences created by SB 2041, and the unnecessary and unplanned financial burden it would create for all of the residential property owner citizens in Pembina County, and throughout the state. The Pembina County Board of County Commissioners urge each of you to vote against SB 2041. Thank you for your consideration.

Respectfully,
Rebecca Flanders
Pembina County State's Attorney on behalf of the
Pembina County Board of County Commissioners

A handwritten signature in cursive script, appearing to read "Laverne Doyle".

Laverne Doyle, Chairperson
Pembina County Board of County Commissioners