

Testimony in Opposition to Senate Bill 2279
March 16, 2023
House Agriculture Committee
Bill Wocken on behalf of the North Dakota League of Cities

Good morning, Mr. Chairman and members of the House Agriculture Committee. For the record. My name is Bill Wocken, appearing on behalf of the North Dakota League of Cities in opposition to Senate Bill 2279.

This bill proposes to add an exemption to property taxation for agricultural commodity storage structures storing specified agricultural products produced by the owner of the warehouse or their direct relatives. These buildings no longer would need to be located on the primary farming tract. They could be anywhere.

A bill with similar intent was introduced as House Bill 1247. A copy is attached for your ease of reference. This bill was discussed at length by the House Finance and Taxation Committee who ultimately amended the bill into a study. The committee went further and included instructions for the study to cover issues it particularly wanted to have explored. These instructions are found on Lines 9 -14, Page 1 of the bill. The League of Cities thought these instructions were very well reasoned and has supported the amended bill and the study. HB 1247 passed the Senate last Friday and is on the way to the Governor's desk.

While 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, the League supports this study as laid out in HB 1247. For these reasons the League opposes this bill and respectfully requests a Do Not Pass recommendation from the committee but it does support the study of the issues behind these bills. I will be happy to answer any questions you may have of me.

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FIRST ENGROSSMENT

Sixty-eighth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1247

Introduced by

Representatives Grueneich, Brandenburg, Dockter, Heinert, Kempenich, Mitskog, Monson, J. Olson, Satrom, Weisz

Senators Erbele, Myrdal

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

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

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