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## TAX REFORM AND RELIEF ADVISORY COMMITTEE

Wednesday, December 3, 2025  
Room 327B, State Capitol  
Bismarck, North Dakota

Senator Brad Bekkedahl, Chairman, called the meeting to order at 10:00 a.m.

**Members present:** Senators Brad Bekkedahl, Dale Patten, Michelle Powers, Dean Rummel, Mark F. Weber; Representatives Jason Dockter, Ty Dressler, Jim Grueneich, Craig Headland, Don Vigesaa

**Members absent:** None

**Others present:** Representative Jared C. Hagert, Emerado, member of the Legislative Management Ryan Aasheim, Greater Fargo Moorhead Economic Development Corporation; Jonathan Fortner\*, Lignite Research Council; Lindsey Harriman\*, Williams County; Andrew Jordan\*, Wilton Public School District; Donnell Preskey, North Dakota Association of Counties

See [Appendix A](#) for additional persons present.

*\*Attended remotely*

**It was moved by Representative Vigesaa, seconded by Senator Powers, and carried on a voice vote that the minutes of the September 23, 2025, meeting be approved as distributed.**

Chairman Bekkedahl distributed a memorandum entitled [Tax Reform and Relief Advisory Committee - Tentative Interim Schedule](#).

### STRIPPER WELL OIL EXTRACTION TAX EXEMPTION STUDY

Mr. Adam Mathiak, Senior Fiscal Analyst, Legislative Council, presented a memorandum entitled [Stripper Well Exemption Study - Background](#) regarding the history of oil and gas taxes, the allocation of oil and gas taxes, and the stripper well oil extraction tax exemption.

Chairman Bekkedahl distributed a memorandum entitled [Stripper Well Study - Committee Motion](#).

**It was moved by Representative Headland, seconded by Senator Patten, and carried on a roll call vote that the committee ask the Tax Department, the Department of Mineral Resources, and the Energy and Environmental Research Center to coordinate and provide the committee an analysis of the stripper well oil extraction tax exemption, including:**

- The number of current and estimated future oil wells eligible for the stripper well oil extraction tax exemption.
- The amount of current and estimated future oil production from oil wells eligible for the stripper well oil extraction tax exemption.
- The current and anticipated future life cycle of an oil well in the Bakken or Three Forks Formations with consideration of oil production changes over the life of an oil well, including the expected decline curve and increased production from restimulation or enhanced oil recovery techniques.

- The current and estimated future impact to the state's oil extraction tax collections based on the current tax policy and oil production trends.
- Comparisons to stripper well tax structures in other states.
- The estimated future impact to the state's oil extraction tax collections based on alternative tax policies as requested by the committee Chairman.

Senators Bekkedahl, Patten, Powers, Rummel, and Weber and Representatives Dockter, Dressler, Grueneich, Headland, and Vigessaa voted "aye." No negative votes were cast.

## **ECONOMIC DEVELOPMENT TAX INCENTIVES STUDY**

### **Economic Development Association of North Dakota**

Mr. Matt Marshall, Member, Economic Development Association of North Dakota, presented information ([Appendix B](#)) regarding the economic development tax incentives selected for study. He noted:

- Economic development incentives that attract and retain businesses help support the state's economy and contribute to maintaining a competitive business climate relative to other states.
- The Economic Development Association of North Dakota recommends continuing the incentives under study in their current form.

### **Department of Commerce**

Mr. Rich Garman, Director, Economic Development and Finance, Department of Commerce, presented information (Appendices [C](#) and [D](#)) regarding:

- A sales and use tax exemption for materials used to construct a fertilizer or chemical processing facility;
- A sales and use tax exemption for raw materials, single-use product contact systems, and reagents used for biologic manufacturing; and
- A sales and use tax exemption for materials used to construct or expand a coal processing facility that utilizes coal as a feedstock.

Mr. Garman noted sales tax exemptions are effective economic development incentives because the exemptions require a company to invest in physical property within the state to qualify, and the value of the exemption is proportional to the size of the project.

In response to questions from committee members, Mr. Garman noted:

- Sales and use tax exemptions help to attract and retain businesses by providing a more favorable tax environment and offering a competitive advantage over other states.
- If requested, the department supports local economic development by identifying potential incentives for prospective businesses and facilitating connections with regulatory agencies.

Committee members noted sales tax incentives are effective tools for business recruitment and retention and help ensure the state remains competitive.

### **Bioscience Association of North Dakota**

Ms. Nancy Johnson, Secretary, Board of Directors, Bioscience Association of North Dakota; Ms. Ellen Shafer, Senior Director of Communications, Aldevron; and Mr. Ryan Aasheim, Chief Business Development Officer, Greater Fargo Moorhead Economic Development Corporation, presented information ([Appendix E](#)) regarding the sales and use tax exemption for raw materials, single-use product contact systems, and reagents used for biologic manufacturing.

Ms. Johnson noted one of the Bioscience Association of North Dakota's main goals is to advocate for incentives that support the bioscience industry, including the incentive selected for study.

Ms. Shafer noted:

- In 2024, Aldevron reported sales tax exemptions totaling \$4,366,772 and gross payroll totaling \$95,502,547.
- Minnesota, Wisconsin, and Iowa also offer tax incentives for the bioscience industry.
- The exemption generates ancillary economic activity through client, vendor, and staff travel to Fargo.

Mr. Aasheim noted the economic impact of the bioscience sector in North Dakota increased from \$103 million in 2014, to \$507 million in 2024, and the number of jobs increased from 919 in 2019, to 1,439 in 2024.

### **Lignite Energy Council**

Mr. Jonathan Fortner, President and Chief Executive Officer, Lignite Energy Council, presented information ([Appendix F](#)) regarding the sales and use tax exemption for materials used to construct or expand a coal processing facility that uses coal as a feedstock. He noted:

- While no exemptions have been claimed because the extraction of critical minerals from coal is in the research and development stage, the industry supports continuation of the exemption to incentivize future investment in domestic production of critical minerals from coal.
- Critical minerals are essential to national security and advanced technology.

Chairman Bekkedahl noted committee members are welcome to bring forward bill drafts proposing modifications to any of the incentives selected for study for the committee's consideration.

## **PROPERTY TAX REFORM AND RELIEF STUDY**

### **Tax Department**

Mr. Brian Kroshus, Tax Commissioner, presented information ([Appendix G](#)) regarding the number of properties that have no property tax liability after application of the homestead credit, disabled veterans' credit, and primary residence credit. He noted:

- The primary residence credit eliminated the property tax liability for approximately 16,000 households for tax year 2024, and 50,000 households for tax year 2025.
- The Tax Department does not have sufficient data to determine the number of households with no property tax liability after application of the homestead credit and the disabled veterans' credit.

In response to a question from a committee member, Mr. Kroshus noted the application process for the primary residence credit could be improved with automation, but automation may increase the risk of fraud or errors.

### **County Approaches to Property Tax Transparency**

#### **North Dakota Association of Counties**

Ms. Donnell Preskey, Government and Public Relations Specialist, North Dakota Association of Counties, presented information ([Appendix H](#)) regarding county approaches to property tax transparency. She noted:

- McKenzie County and Stutsman County provide access to interactive tax data on their websites.
- Counties reported minimal taxpayer participation in county budget meetings.
- The majority of counties publish budget information on websites and social media, while a few include budget information with mailed tax statements.

In response to questions from committee members, Ms. Preskey noted changes to the property tax statement typically involve costs and recommended further discussion with county representatives if potential changes to the statement are being considered.

**Williams County**

Ms. Lindsey Harriman, Community Engagement Coordinator, Williams County, presented information ([Appendix I](#)) regarding budget and property tax information communicated to taxpayers. She noted:

- The county uses a variety of communication platforms, including a website, live and recorded meetings available online, printed mailers, and a monthly radio segment.
- The county publishes preliminary and approved budgets and property tax mill levy data on the county website.

**City Approaches to Property Tax Transparency****North Dakota League of Cities**

Mr. Matt Gardner, Executive Director, North Dakota League of Cities, presented information ([Appendix J](#)) regarding city approaches to property tax transparency. He noted the North Dakota League of Cities assists cities by providing information related to budgeting and tax levy limitations.

**City of Mandan**

Mr. Jim Neubauer, City Administrator, City of Mandan, presented information ([Appendix K](#)) regarding approaches used by large cities to provide property tax transparency. He noted:

- The city uses a variety of methods to communicate budget and tax levy information to taxpayers, but public participation in the budget process has been minimal.
- Graphs and comparisons of funding options for city projects help educate taxpayers about the city budget and tax levies.
- The city plans to include information regarding available property tax credit programs with annual property valuation notices to help promote tax relief programs.

**City of Carrington**

Mr. Tom Erdmann, Mayor, City of Carrington, presented information ([Appendix L](#)) regarding approaches used by medium-sized cities to provide property tax transparency. He noted:

- City budget data is communicated through several avenues, including the city website, public meetings, and local media.
- Board of equalization meetings generally draw more public participation than budget hearings, which tend to be sparsely attended.

**City of Ray**

Ms. Ronda Rustad, City Auditor, City of Ray, presented information ([Appendix M](#)) regarding approaches used by small cities to provide property tax transparency. She noted:

- City employees contacted residents to inform them of the primary residence credit and assisted residents with the application process.
- Obstacles to providing more robust budget and property tax information to taxpayers include limited staff, funding, and technology resources.
- A suggestion for state assistance to support small cities is to provide state funding for a website to host taxing district budgets.

**School District Approaches to Property Tax Transparency****North Dakota School Boards Association**

Ms. Amy De Kok, Executive Director, North Dakota School Boards Association, submitted information ([Appendix N](#)) regarding school district approaches to property tax transparency.

**Wilton Public Schools**

Dr. Andrew Jordan, Superintendent, Wilton Public School District, presented information ([Appendix O](#)) regarding approaches used by small school districts to provide property tax transparency. He noted:

- After an unsuccessful building project referendum in April 2022, the school district expanded its communication outreach, including incorporating community forums, mailings, cost comparisons, local media, and social media, which ultimately contributed to a successful referendum in November 2022.
- The school district is updating its long-range financial plan and is evaluating an option to develop quarterly financial communications for the community.

### **Bismarck Public Schools**

Dr. Jeff Fastnacht, Superintendent, and Dr. Darin Scherr, Business and Operations Manager, Bismarck Public School District, presented information ([Appendix P](#)) regarding approaches used by large school districts to provide property tax transparency.

Dr. Scherr noted:

- The school district makes the budget accessible online and presents the budget to the school board during a publicly broadcast meeting.
- The school district prepares various monthly and annual financial reports, long-range strategic plans, and budget projections, which are posted online.

Dr. Fastnacht noted:

- The school district publishes an annual superintendent report with graphics and other visual aids to communicate achievements and statistics about the district.
- The school district is evaluating the use of artificial intelligence to analyze data and identify trends in operations and performance.

### **Jamestown Public Schools**

Dr. Robert Lech, Superintendent, Jamestown Public School District, presented information ([Appendix Q](#)) regarding approaches used by medium-sized school districts to provide property tax transparency. He noted:

- The school district surveyed residents of the school district about preferred methods of communication, and the results informed the development of a new communications strategy.
- The school district publishes a variety of information on its website, including financial reports, annual reports, strategic plans, and budget information.
- The school district offers a property tax calculation tool for taxpayers to identify the possible tax impact of the district's budget request.

No further business appearing, Chairman Bekkedahl adjourned the meeting at 4:32 p.m.

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Megan J. Gordon  
Code Revisor

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Adam Mathiak  
Senior Fiscal Analyst

ATTACH:17