



TAX REFORM AND RELIEF ADVISORY COMMITTEE

Wednesday, August 26, 2026
Roughrider Room, 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: Marita Fiddler, Bismarck; Joshua C. Gallion, State Auditor; Matt Gardner, North Dakota League of Cities; Rich Garman and Rikki Roehrich, Department of Commerce; Brian Kroshus, Tax Commissioner; Matt Marshall, Economic Development Association of North Dakota; Neal Messer, Stark County Commission; Nicholas Miller, National Conference of State Legislatures; Andrea Pfennig, Greater North Dakota Chamber; Linda Svihovec, North Dakota Association of Counties

**Attended remotely.*

It was moved by Senator Rummel, seconded by Representative Vigesaa, and carried on a voice vote that the minutes of the June 23, 2026, meeting be approved as distributed.

Mr. Adam Mathiak, Senior Fiscal Analyst, Legislative Council, presented a memorandum entitled [Tax Reform and Relief Advisory Committee - Tentative Interim Schedule](#) regarding the status of the committee's studies.

PROPERTY TAX REFORM AND RELIEF STUDY Political Subdivision Compliance with State Law

Background Information

Ms. Megan J. Gordon, Code Revisor, Legislative Council, presented a memorandum entitled [Political Subdivision Compliance with State Law - Background Information](#) regarding a directive from the Chairman of the Legislative Management to consider evaluating political subdivision compliance matters as part of the Tax Reform and Relief Advisory Committee's property tax reform and relief study. She noted a possible approach to the directive includes receiving information from the State Auditor and political subdivisions regarding the political subdivision audit process and compliance with state law.

State Auditor

Mr. Joshua C. Gallion, State Auditor, presented an overview ([Appendix A](#)) of the political subdivision audit process related to compliance with property tax levy limitations, including limits for interim funds or cash reserves. He noted:

- Based on data from the most recent audit reports received by the State Auditor from political subdivisions, counties had a total of \$1.42 billion of cash and investments, cities had a total of \$1.93 billion of cash and investments, and school districts had a total of \$1.02 billion of cash and investments.
- A 2023 audit report for Stark County included a finding of noncompliance with state law because Stark County's General Fund mill levy exceeded the allowable limit due to excess cash reserves.

- The county auditor is responsible for verifying and approving mill levy calculations and may be subject to a penalty if a levy exceeds a statutory limitation.

In response to a question from a committee member, Mr. Gallion noted:

- Some political subdivisions have not submitted the required audit reports because the audits have not been completed, primarily due to a shortage of available governmental auditors.
- Political subdivisions review a sample of levy limitations for compliance during the audit process, and any identified issues are documented in the audit report.

North Dakota Association of Counties

Ms. Linda Svihovec, Research Analyst, North Dakota Association of Counties, presented information ([Appendix B](#)) regarding county compliance with property tax levy limitations. She noted:

- The association provides resources, such as budget calculation worksheets and levy limitation worksheets, to assist county auditors with state law compliance.
- The association provides regular training to county officials, including 35 training sessions since May 2025, to promote continuing education.
- The association's training includes information regarding ending fund balance thresholds and recommended fund balance management practices.

In response to a question from a committee member, Ms. Svihovec noted 15 county auditors are appointed and the remaining 38 are elected.

North Dakota League of Cities

Mr. Matt Gardner, Executive Director, North Dakota League of Cities, provided comments regarding city compliance with property tax levy limitations. He noted:

- City auditors are required by state law to complete a specified amount of training, which is provided by the North Dakota League of Cities.
- Some small cities have challenges attracting and retaining staff with financial expertise.

In response to a question from a committee member, Mr. Gardner noted he is not aware of any cities with audit findings related to noncompliance with state laws, including property tax levy limitations.

Comments by Interested Persons

Mr. Neal Messer, Chairman, Stark County Commission, noted:

- Stark County has had excess cash reserves in its General Fund since 2019, and the amount levied in property taxes for the county's General Fund was reduced in subsequent years but remained in excess of the levy limitation under state law.
- A portion of the excess cash reserves were intended to be used for a road project, but the project was not completed.
- County officials preferred to maintain flexibility with the cash reserves rather than transferring the cash to a special fund for a particular project, which would have brought the county in compliance with state law but would have restricted the use of the cash.

Ms. Marita Fiddler provided comments regarding the committee's study of property tax reform and relief.

Property Tax Statement Subcommittee Update

Representative Craig Headland, Chairman, Tax Reform and Relief Advisory Committee - Property Tax Statement Subcommittee, provided an update regarding the subcommittee's findings and recommendations related to the study of the feasibility and desirability of revising the content of the real estate tax statements. He noted:

- The subcommittee reviewed the content of the property tax statement and discussed potential concerns related to changes approved during the January 2026 special legislative session which apply the discount for early payment of tax before the primary residence credit.
- After receiving information from and engaging in discussion with representatives of the Tax Department, representatives of the North Dakota Association of Counties, county auditors, county treasurers, and representatives of property tax software vendors, the subcommittee recommended a bill draft for consideration by the committee.

Ms. Gordon distributed a bill draft [\[27.0244.01000\]](#) relating to the removal of the legislative property tax relief information from property tax statements and to provide an appropriation of \$200,000 for a supplemental property tax information grant program.

It was moved by Representative Headland, seconded by Senator Weber, and carried on a roll call vote that the bill draft [\[27.0244.01000\]](#) relating to the required content of the real estate tax statement and an appropriation for a supplemental property tax information grant program be approved and recommended to the Legislative Management. Senators Bekkedahl, Patten, Powers, Rummel, and Weber and Representatives Dockter, Dressler, Grueneich, Headland, and Vigasaa voted "aye." No negative votes were cast.

ECONOMIC DEVELOPMENT TAX INCENTIVE STUDY AND REPORTS

Renaissance Zone and Tax Increment Financing Report

Ms. Rikki Roehrich, Deputy Director, Division of Community Services, Department of Commerce, presented information ([Appendix C](#)) regarding the annual report pertaining to renaissance zone progress, as required by North Dakota Century Code Section 40-63-03(2), and the summary of reports provided by cities that have renaissance zone property included in a tax increment financing district, as required by Section 40-63-03(10). She noted the following for renaissance zones and tax increment financing districts in 2025:

Renaissance Zones	
Projects completed	49
Income tax exemptions	\$840,947
Property tax exemptions	\$3,719,127
New businesses created	15
Businesses expanded	11
New jobs	132
Projects approved (since inception)	2,213

Tax Increment Financing Districts	
Fargo - Projects	11
Fargo - Benefit	\$3,790,912
Fargo - Duration range	2019-2045
Grand Forks - Projects	1
Grand Forks - Benefit	\$10,746,000
Grand Forks - Duration range	2024-2048

After the meeting adjourned, Ms. Roehrich provided information ([Appendix D](#)) related to property valuations for the Renaissance Zone Program projects completed in 2025.

Tax Department Reports

Mr. Brian Kroshus, Tax Commissioner, presented information ([Appendix E](#)) regarding:

- A report summarizing the information provided by taxpayers that received a sales tax exemption for raw materials, single-use product contact systems, and reagents used for biologic manufacturing, as required by Section 57-39.2-04.19.
- An overview of the statutory reporting requirements under Section 57-39.2-04.17 and an update of available fiscal information pertaining to the sales and use tax exemption for enterprise information technology equipment and computer software used in a qualified data center.

Mr. Kroshus noted the sales tax exemption for materials used in biologic manufacturing reflects the following:

Reported Item	Tax Year 2023	Tax Year 2024	Tax Year 2025
Sales and use tax exemption	\$1,792,476	\$4,400,673	\$3,315,406
Gross payroll (includes other states)	\$89,010,581	\$96,528,257	\$82,494,035
North Dakota property taxes paid	\$59,625	\$116,630	\$118,001

Mr. Kroshus noted the sales tax exemption for enterprise information technology equipment and software used in a qualified data center reflects the following:

Reported Item	Tax Year 2023	Tax Year 2024	Tax Year 2025
Estimated tax exempt	\$7,836,886	\$15,264,914	\$65,443,337
Jobs created or retained	61	115	95

In response to a question from a committee member, Mr. Kroshus noted:

- The statutory reporting requirement for the sales tax exemption for enterprise information technology equipment and software used in a qualified data center applies only to facility owners and operators, even though tenants also may qualify for the exemption.
- Because tenants are not required to report exemption information, the data presented does not reflect the full fiscal impact of the exemption.

National Conference of State Legislatures

Mr. Nicholas Miller, Policy Associate, Fiscal Affairs Program, National Conference of State Legislatures, presented information ([Appendix F](#)) regarding the status of data center tax incentives and related legislation in other states. He noted:

- Data center tax incentives are available in 38 states, all of which include a sales and use tax exemption.
- Some state legislatures are considering changes to tax incentives for data centers, including a 3-year suspension of new exemptions in Arizona and the removal of an exemption in Washington for data center refurbishment.
- Some tax incentives require a certain level of investment or job creation to qualify, and some states limit the tax incentive to a specified number of years.
- Six states are considering new taxes applicable to data centers to increase state revenues.

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

- An analysis of data center tax incentives in Illinois identified over 90 percent of data centers created exactly 20 jobs, which was the minimum threshold required to qualify for the tax incentive.
- Some states are considering prohibitions on nondisclosure agreements, but the outcome of the prohibition is uncertain because this new policy discussion recently began in July 2026.

Department of Commerce

Mr. Rich Garman, Director, Economic Development and Finance Division, Department of Commerce, presented information ([Appendix G](#)) regarding the angel investor tax credit and the sales and use tax exemption for enterprise information technology equipment and computer software used in a qualified data center. He noted the:

- Angel investor credit is intended to encourage early-state capital investment, and other complementary state programs include Innovate North Dakota, the North Dakota Development Fund, the North Dakota Growth Fund, the Angel Match Program, and other financing programs available through the Bank of North Dakota.

- Sales tax exemption for information technology equipment and software used in a qualified data center does not duplicate any state programs, but a data center project may qualify for other state or local economic development incentives.

In response to a question from a committee member, Mr. Garman noted the department monitors and collects economic activity data and works with local and regional development agencies to attract projects to the state using tools available to the department, including tax incentives.

Economic Development Association of North Dakota

Mr. Matt Marshall, Member, Economic Development Association of North Dakota, presented information ([Appendix H](#)) regarding the angel investor tax credit and the sales and use tax exemption for enterprise information technology equipment and computer software used in a qualified data center. He noted:

- North Dakota has data center development in Williston, Jamestown, Ellendale, Grand Forks, Harwood, and Center, which has resulted in billions of dollars of investment.
- Data centers contribute to local economies through other taxes, including property taxes, local sales taxes, and franchise fees.
- Changes to the tax incentives for data centers may limit future investments in North Dakota.
- The association recommends maintaining the angel investor tax credit in its current form and supports reporting requirements for economic development incentives to support informed policymaking.

Comments by Interested Persons

Ms. Andrea Pfennig, Vice President of Government Affairs, Greater North Dakota Chamber, noted:

- Data centers throughout the United States provided 600,000 jobs in 2023 and paid \$715 billion in federal, state, and local taxes from 2017 through 2023 based on information from the United States Chamber of Commerce.
- Maintaining consistency in tax policy and tax incentives allows businesses to plan for the future and may attract new businesses to the state.

No further business appearing, Chairman Bekkedahl adjourned the meeting at 3:05 p.m.

Megan J. Gordon
Code Revisor

Adam Mathiak
Senior Fiscal Analyst

ATTACH:8