



January 21, 2025

House Industry Business and Labor

HB 1401

Rep. Jonathan Warrey, Chair

For the record, I am Stephanie Dassinger Engebretson. I am appearing on behalf of the North Dakota League of Cities, in support of HB 1401. I am the deputy director and attorney for the North Dakota League of Cities.

Currently, when selling real property, cities have the option to either sell the property by a public sale or through a non-exclusive listing agreement with a real estate broker. A public sale requires either selling the property by taking open bids at a time set at a meeting or setting a time for written bids to be submitted. A public sale requires publishing notice of the sale in the official newspaper once each week for two consecutive weeks with the last publication being at least ten days in advance of the date set for the sale. (NDCC § 40-11-04.1)

Alternatively, a city can sell property using a non-exclusive listing agreement with a real estate broker by passing a resolution describing the property to be sold, defining the maximum compensation, and stating that the city reserves the right to reject all offers determined to be insufficient. (NDCC § 40-11-04.2) Under a non-exclusive listing agreement, any real estate broker can try to market and sell the property and collect any commission for the sale; however, it is my understanding that the MLS property listing service cannot be used for non-exclusive listing agreement. City officials have also told me that not many real estate brokers are interested in selling properties using non-exclusive listing agreements.

HB 1401 would add the option for a city governing board to use an exclusive listing agreement with a real estate broker. In order to use the exclusive listing agreement the city would need to pass a resolution describing the property to be sold, defining the maximum compensation, and stating that the city reserves the right to reject all offers determined to be insufficient and allow real estate brokers to submit proposals to enter an exclusive listing agreement with the city to sell the property.

Allowing a way for cities to have exclusive listing agreements with real estate brokers would make city real estate that is for sale more widely marketed to the public and would also help to ensure that cities are getting fair market value for the properties they are selling.

The North Dakota League of Cities respectfully requests a Do Pass recommendation on HB 1401.