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**Testimony of
Matt Perdue
North Dakota Farmers Union
Before the
Senate Finance and Taxation Committee
February 3, 2025**

Chairman Weber and members of the committee,

Thank you for the opportunity to testify on Senate Bill No. 2363. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union's (NDFU) members. NDFU supports SB 2363.

SB 2363 provides a \$1,550 property tax credit on agricultural property. The \$1,550 credit is available only to individuals who own farmland *and* currently operate a farm or ranch. This legislation mirrors the amount of the primary residence credit provided through HB 1176. We believe this legislation is an important complement to HB 1176.

Agriculture's Share of North Dakota Property Taxes

Agricultural property accounted for 18.9% of property tax collections, excluding special assessments, in 2024.¹ North Dakota is home to 25,068 farms. Only half of those farms operate on 500 acres or more. In fact, 95% of the state's farmland is operated by 12,677 farms or ranches.² Thus, about 1.6% of the population paid an estimated 15.6% of all property taxes collected in the state.

While residential property represents the majority share of all property taxes collected statewide, agriculture landowners carry the lion's share of the property tax burden in most counties. In fact, in 42 of North Dakota's 53 counties, property tax collected on agricultural property exceeds that which is collected on residential property. Moreover, in 30 North Dakota counties, agricultural property accounts for over half of all property tax collections, excluding special assessments.³

¹ Office of the North Dakota Tax Commissioner. (2024, December). *State and Local Taxes, an Overview and Comparative Guide*. Retrieved from <https://www.tax.nd.gov/sites/www/files/documents/news-center/publications/2024-Red-Book.pdf>.

² USDA National Agricultural Statistics Service. (2024, February). *2022 Census of Agriculture*. Retrieved from https://www.nass.usda.gov/Publications/AgCensus/2022/Full_Report/Volume_1_Chapter_1_US/usv1.pdf.

³ Office of the North Dakota Tax Commissioner. (n.d.). *Property Taxes Levied by Property Class*. North Dakota Property Tax Power BI. Retrieved from <https://app.powerbigov.us/view?r=eyJrIjoiNGYyYThiYTgtODgzNS00YzlhLTlhYTUyOGUwYmQwZDBmMzZmIiwidCI6IjJkZWVwNDY0LWRhNTEtNGE4OC1iYWUyLWIzZGI5NGJjMGM1NCI9>.



Property Tax Relief and Rural Communities

As we have shared previously, NDFU supports expanding the primary residence credit. That concept is being contemplated in several pieces of legislation this session. As the legislature acts on those bills, we continue to support complementary relief that addresses the large swath of our state where agricultural property carries the largest portion of the property tax burden.

SB 2363 offers one way to provide equitable relief to the rural areas of our state. We recognize it is not the only way to do so. We have also supported SB 2279 and HB 1575, each of which would provide more broad-based relief. We have also supported HB 1176 and recognize the strong momentum behind that legislation. SB 2363 is the most direct complement to HB 1176.

Conclusion

We acknowledge the difficult task before this committee. We are grateful for the legislature's strong attention to property tax relief and reform this session. Our goal is to ensure agriculture is included in whatever final package the legislature approves.

Thank you for your consideration of my testimony. We respectfully request a "Do Pass" recommendation on SB 2363. I will stand for any questions.

Agricultural Land Property Taxes as Percent of Total County Collections 2022

