

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2352

2005 SENATE FINANCE AND TAXATION

SB 2352

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2352

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 31, 2005

Tape Number	Side A	Side B	Meter #
# 2	X		5.3 - 34.2
Committee Clerk Signature <i>Sharon Engrau</i>			

Minutes:

SEN. NELSON appeared as prime sponsor of the bill with written testimony stating

KEN PAWLUK: President of the ND Horse Park Foundation appeared in support with written testimony stating we are asking for this real estate tax exemption for real estate taxes due beginning this year. We would like the same real estate tax treatment as all other race tracks and public horse arenas in the state, which are on city or county owned property, or Indian owned lands. Properly assessed real estate taxes on 99 acres inside the City of Fargo are simply more than our organization can afford.

SEN. COOK: looking at the true and assessed value of the Fargo, you are getting a tax break already aren't you?

ANSWER: That is a corrected statement. The City of Fargo has made substantial contributions to this project and from our very first meeting, we have all went forward thinking this was a tax

exempt for real estate taxes. It's only when the assessors office was working on this that they realized that this specific exemption did not exist.

SEN. WARDNER: Didn't NDSU own the land, or who owned the land before the Horse park?

ANSWER: the property had previously been owned by a county called Cheyenne Development LLT, which was owned by 2 individuals in Fargo. They made the donation, did a gift sale to the Horse Park at NDSU where they first sold a portion to a Horse Race ND which an affiliated organization and then they gifted 66 acres to the ND Horse Park Foundation and gifted 14 acres to NDSU and then Horse Racing ND ended up with the mortgage on their part to the development.

SEN. BERCIER: How do you liken the city or counties, your position with land held in trust because you mentioned you want to be treated the same in tax treatment as tribal people. Our land is held in trust, how do you liken to what your trying to accomplish?

ANSWER; I'm really trying to illustrate the fact that I'm not aware of any facility like this that pays real estate taxes.

SEN. BERCIER: there is some zoned land in their that zoned commercial/residential on that piece? Oil line runs diagonally right through the property.

ANSWER: pipeline easement, its for a gas pipeline runs through there. The sight pretty much was developed around and over top of that, so that pipeline easement actually creates part of the boundary between the different ownership's interest. Between NDSU and Horse Race ND.

SEN. BERCIER: are you aware of residential/commercial property that's in the middle embedded in this acreage?

ANSWER: I'm not aware of there being any residential zoning on this sight and I don't believe that is the case, there is an adjacent sight to this property that is shown on the NW corner, that would be the NE corner of the sight plan and that is owned by the developers by the donors of the property and at one time they had talked about establishing a NDSU student housing on that sight. That property has to bear the burden of the tax increment financing district. That property and additional area east of there has to support the tax increment district that was created in order to fund what the City of Fargo put into the project.

SEN. EVERY: difference in visitors from 2003 to 2004. When you put together your business plan for this park, you anticipated that you would have to pay property taxes I assume.

ANSWER: we had 3,000 less spectators less than previous year, we attributed to poor weather.

No - from the very beginning I was under the impression that as a nonprofit that we were exempt from real estate taxes other than special assessments of which we are not exempt.

SEN. EVERY: so now were into 2 years and your in a tight spot and you can't afford the \$1400 property tax.

ANSWER; we can't afford what they would be if it were on 99 acres, there is 2 ownership entities there. In order to facilitate the receipt of the real estate in 2001, our 501C3 status had been applied for but had not been granted yet and so we didn't know if the zoner needed to know that they would be able to get a charitable contribution for the large amount of land that they were putting forward, so the city of Fargo agreed to take that land, the 66 acre portion and then they turned around and leased to the ND Horse Park Foundation for 99 years. They now will deed the land to us, but we can't accept it because of the real estate tax issue, so it becomes a real important issue for us to accept because there's 66 acres of land that the foundation owns that has

a million and half dollars worth of improvements all inside the City of Fargo and frankly we just know how we could pay those real estate taxes.

JIM STILTON: President of Horse Race ND appeared in support and to provide further testimony in the fact that we are just in the beginning fazes of developing this property.

SEN. COOK: Sen. Nelson's testimony talked about 99 acres and 14 acres, Ken's testimony talked about 80 acres and 33 acres, they all total 113 but my question is how many acres are included in this 2004 statement of taxes?

ANSWER; when the land was as a gift sale, there was 113 acres, 14 acres was gifted directly to the development foundation and NDSU, that 14 acres is exempt. Then the remaining 99 acres there are 65 acres that belongs to the Horse Park Foundation, there are 35 acres that was part of the sale that went to Horse Race ND. So the Horse Park Foundation and Horse Race ND own the 99 acres.

SEN. COOK: Then this statement of taxes is for 99 acres of land?

KEN: That would be on the Horse Race ND which is 35, technically 33 acres.

SEN. COOK: so if we pass this bill, then it would exempt this property plus it would exempt the 65 acres owned by the city of Fargo, ND Horse park Foundation. What was the true value before the statement was corrected?

KEN: \$33,000 on the 1st statement, the 2nd one is \$4700 and then that's the 3rd one, we can afford to pay that one but not the others.

SEN. COOK: Did you protest your taxes?

ANSWER: no, it didn't get that far. They realized what their error was.

SEN. COOK: state law says that it be assessed within 5% of its true and full value, I'm just curious how much flexibility they used on other people's tax policies.

DEAN MEYER: Director of Racing for the ND Racing Commission appeared briefly because our commission has not had a chance to meet, we're having a phone conference call this afternoon dealing with this and 4 other bills that affect the Racing Commission. My purpose here today would be to explain any questions of the relationship between the commission and the track at Fargo or some of the other tracks.

DAVID MUNSCH: Morton County Resident commenting that his renter won't go to Fargo to race because of politics.

SEN. EVERY: the horse track in Well's County which has a beautiful grand stand, nice track, great shape, never being used, how come?

DEAN MEYER: I think where they got in trouble, at that time the Racing Commission had no money, so nobody had any help so I think that grand stand became a liability and I think its still registered as an historic site. But I believe it was the repair of the grand stand.

NO FURTHER TESTIMONY. Closed the hearing.

Afternoon Committee Work.

SEN. EVERY: I know that before this horse track was built, there was quite a discussion in Fargo and West Fargo on where or when or if it should be and still is controversial. It amazes me that only 2 years into this thing that they are already struggling and that they didn't have any clue that they were going to have to pay property taxes, that that was no part of their discussion with their business plan, the whole controversy that surrounded the race track issue and I don't know how you guys feels, but I opened up a business that hasn't been up less than a year now and I'm

struggling with it and there is nobody giving me any help and I did have a business plan, so I find it hard to see for \$1400 or whatever it was, I have a hard time with it.

SEN. URLACHER: when you look back in a lot of the history we've had some problems, I would just as soon wash my hands of it.

SEN. WARDNER: the tax statement, Sen. Cook, kept pressing the issue, is that what their property taxes were?

SEN. COOK: this is for 33 acres not 65 acres, there's another bill out there for the other 65 acres that's not in here. This is just one, further more the first tax statement was for \$33,000 which my guess reflects the true value of that and now they have already, the City of Fargo has after 3 attempts got it down to where they owe \$1,440.00. The law says its got to be taxed within 5% of its true value and we get an audit bill, that's the first one that should be audited.

SEN. BERCIER: If you look at the testimony, I think what their doing is a balancing act, if you go down to the 3rd paragraph, it starts talking about all this loan money, they've got a 2.5 million dollar grant from the racing commission, a million dollar from the City of Fargo, a tax increment financing district provided cash, they built a 3 million facility on it.

SEN. URLACHER: when you consider all the dollars that are involved and we're talking about \$1400, that tells me

SEN. EVERY: it would make sense if they had a plan to put the people in the seats, that would be different, it doesn't appear that that is happening number 1 and number 2 is if its all about property tax exemption, give the damn thing to NDSU and let them have it and then it is tax exempt.

SEN. BERCIER: when they got to divide it up 3 ways, when that whole track of land, there was a land debate last session which brought out race gimmick. I thought it was pretty much NDSU also. I had no idea about this ND horse park and then this little chunk of land or with the 80 acres that's off to the side, I believe, I could pull my record and look, I'm pretty certain that that was zoned commercial/residential.

SEN. EVERY: are 4-H, rodeo, horse show facilities tax exempt? They would fit under this, that would mean that the horse show arena in Devils Lake would qualify as well

SEN. WARDNER: all the 4-H, rodeo grounds are all using Dickinson State property. Why not transfer all to NDSU?

SEN. URLACHER: would we really want that?

SEN. EVERY: no we probably really don't want that, but I find it hard to believe the story, it just didn't add up, I find it hard to believe that they didn't think all this through, this is a pretty big operation.

SEN. URLACHER: if it materializes, it will be big operation, a lot of dollars.

SEN. BERCIER: relates to Sen. Cooks question, if you look at this it sales full and true value, its hard for me to believe that 33 acres in that area is only worth \$21,000

SEN. COOK: that's a corrected statement (3rd time)

SEN. WARDNER: question on tax increment district.

SEN. URLACHER: I think we will hold off on this

SEN. TOLLEFSON: I have a few more questions on this yet.

SEN. WARDNER: I agree with Sen. Cook, if we were to kill the bill and they were actually assessing that, I think they better be audited because they are not within the 5%.

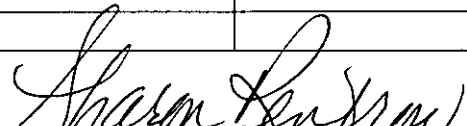
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2352**

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date **February 9, 2005**

Tape Number	Side A	Side B	Meter #
#1		X	1.2 - 2.
Committee Clerk Signature 			

Minutes:

SEN. EVERY: if they would just give the damn thing to NDSU that would fix everything.

SEN. COOK: made a **MOTION FOR DO NOT PASS**, seconded by Sen. Bercier.

ROLL CALL VOTE: 6-0-0 Sen. Bercier will carry the bill.

FISCAL NOTE STATEMENT

Senate Bill or Resolution No. 2352

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, or school districts. However, no state agency has primary responsibility for compiling and maintaining the information necessary for the proper preparation of a fiscal note regarding this bill or resolution. Pursuant to Joint Rule 502, this statement meets the fiscal note requirement.

John Walstad
Code Revisor

Date: 2-9-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2352

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Cook Seconded By Every

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Bercier	✓	
Sen. Wardner	✓		Sen. Every	✓	
Sen. Cook	✓				
Sen. Tollefson	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Bercier

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 9, 2005 1:13 p.m.

Module No: SR-26-2294
Carrier: Bercler
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2352: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO NOT PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2352 was placed on the Eleventh order on the calendar.

2005 TESTIMONY

SB 2352



NORTH DAKOTA SENATE

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Senator Carolyn Nelson
District 21
1 Second Street South, #5-109
Fargo, ND 58103-1921
cnelson@state.nd.us

COMMITTEES:
Judiciary
Government and Veterans Affairs

Senate Bill 2352

In Fargo, drive west from the Fargo Dome on 19th Avenue North, you'll eventually cross 25th Street North and there on the left is the North Dakota Horse Park – 113 acres fully inside the Fargo city limits.

North Dakota Horse Park Phase 1 was completed in the summer of 2003 – there is a ¾ mile track (6 furlongs), 1500 seats for spectators, a barn for 400 horses and 600 parking spots. And, hopefully, a plan to pave 9th Street E soon. The park is a cooperative effort. The land: 99 acres from the ND Horse Park Foundation and 14 acres from the NDSU Foundation. The money and inkind contributions came from the Horse Park, NDSU, Cass County Economic Development, FM Convention and Visitors' Bureau and the City of Fargo. There are two more phases planned.

There is lots of oversight: the Racing Commission, the Horse Park Foundation Board, Horse Park Executive Board and NDSU.

The first season, 2003, was 6 weeks long. Five weeks featured thoroughbred and quarter horses; the final week featured harness racing. Racing was at 5:30 on Fridays and 1:15 on the weekends and holidays. An estimated 42,000 people attended.

The goals of the Park are to expand harness racing, have horse shows, offer therapeutic riding, have rodeos and 4-H events and showcase NDSU equine studies projects.

There is a Denim and Diamond Equestrian Drill Team. Of the 12 members, 1 member is Gale Chapman, wife of NDSU president, Joe Chapman. Her horse's name is Pizza. NDSU graduate student Bobbie Bingeman is the current coach.

Now that I've told you a little bit about the Horse Park, I'd like Ken Pawluk, chair of the Horse Park Foundation Board, and Dr. Jim Tilton, chair of the Horse Park Executive Board, to tell you why you should recommend SB 2352 for passage.

Senate Bill 2352 Testimony

North Dakota Horse Park has been incorporated as a nonprofit since 2001. One of the benefits available to most nonprofits is an exemption from real estate taxes. While many pages of real estate tax exemptions for nonprofits exist in the ND Century Code, a specific exemption does not exist for our purpose.

The founders of North Dakota Horse Park thought that an exemption existed, and have promoted the idea to City of Fargo from the very first meeting that this would be exempt from real estate taxes. We were surprised when there was no basis in law for it. The City of Fargo has helped to prepare the legislation that has been proposed, and is not opposing this action.

North Dakota Horse Park sits on 113 acres on Nineteenth Avenue North on Fargo's North West side. A donation of about 80 acres of land, and the purchase of 33 acres with an interest free loan from Cass County Economic Development Corporation secured the land. A \$2.5 million grant from the North Dakota Racing Commission, and a \$1 million grant from the City of Fargo through a Tax Increment Financing District provided the cash for completion of Phase I in construction.

North Dakota State University's Alumni Association received 14 acres and has located the NDSU Equine Studies program at the site. NDSU has built a \$3 million facility on the site. Significant overlap and benefits accrue to the parties involved at North Dakota Horse Park from the use of colocated facilities and improvements.

NDSU is in their second year of programming equine activities at their facility. Planning for the third season of horse racing is under way. Horse Park owned facilities are available to other local groups. NDSU offers an ever increasing menu of community related activities in addition to their student educational classes.

North Dakota Horse Park is a public spirited nonprofit organization supported almost totally with public dollars. The main source of revenue is a Racing Commission grant to put on the season's horse races. The goal of the Horse Park is to develop the income sources to complete the project construction and become financially self sufficient. The Horse Park intends to be the site for all equine activities in the region.

Currently, every NDSU student and employee who uses the NDSU facility uses Horse Park owned property to access their site. They park their trailers at Horse Park owned trailer parking. They use our outdoor arena on a daily basis in season, as well the grounds for riding. Students are employed by the Horse Park during the race season. Local groups use the arena free of charge, and additional courses for different equine activities like cross country, jumpers, and cow horse events will be developed. We are working to establish a Therapeutic Riding program for handicapped persons. We expect to see our facility used by 4-H groups. Except for the Director of Racing and paid staff during racing, ours is totally a volunteer operation.

We are asking for this real estate tax exemption for real estate taxes due beginning this year. We would like the same real estate tax treatment as all other race tracks and public horse arenas in the state, which are on city or county owned property, or Indian owned lands. Properly assessed real estate taxes on 99 acres inside the City of Fargo are simply more than our organization can afford.

Ken Pawluk
President
North Dakota Horse Park Foundation
2808 28th Avenue S
Fargo, ND 58103
701-239-0144
701-238-1808 cell

Dr. Jim Tilton
President
Horse Race North Dakota
2926 3rd Avenue N
Fargo, ND 58103
701-235-1589

North Dakota Horse Park

North Dakota Horse Park Foundation

"To develop, operate and oversee an equine center and educational center, and to raise and distribute funds related to the equine center and educational center."

Executive Committee

Ken Pawluk, Fargo, President
Jeff Schlossman, Fargo, Vice President
Dr. Ken Odde, Fargo, Secretary
Clay Schott, Detroit Lakes, Treasurer
Glen Thompson, Cogswell, member at large

Horse Race North Dakota

"To promote the sport of horse racing and all equine activities."

Executive Committee

Dr. Jim Tilton, Fargo, President
Rick Buchholz, Horace, Vice President
Terry Reed, Hillsboro, Secretary
Barb Nelson, Moorhead, Treasurer
Rick Tessin, Hillsboro, member at large
Bill Maulding, Montpelier, member at large

North Dakota State University Equine Studies Program Animal Range Sciences

Dr. Ken Odde, Department Head

2004 Statement of Taxes

**** Recalculated Bill ****
Statement #: 040227585

Parcel #	Jurisdiction
01-6560-00200-000	FARGO CITY
Property Address	
5180 NW 19 AVE FARGO, ND 58108	

HORSE RACE NORTH DAKOTA
 2808 28TH AVE SW
 FARGO, ND 58103

Tax Breakdown	
Consolidated	439.46
Specials	459.31
Drains	541.59
Total Due	1,440.36
Discount	21.97
Discount Amt due Feb 15	1,418.39
1st Payment due March 1	1,220.65
2nd Payment due Oct 15	219.71

Return this portion, with remittance, made payable to:

Cass County Treasurer
 P.O. Box 2806
 Fargo, ND 58108-2806

Thank you!

2004 Statement of Taxes

**** Your cancelled check is your receipt. Receipts will not be mailed. ****

**** Recalculated Bill ****
Statement #: 040227585

Parcel #	Jurisdiction
01-6560-00200-000	FARGO CITY

Property Address		
5180 NW 19 AVE FARGO, ND 58108		
True and Full Value	Taxable Value	Mill Levy
21,000	1,050	418.53000

Prior Year(s) Taxes Unpaid

Tax Breakdown	
Consolidated	439.46
Specials	459.31
Drains	541.59
Total Due	1,440.36
Discount	21.97
Discount Amt due Feb 15	1,418.39
1st Payment due March 1	1,220.65
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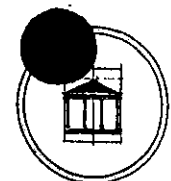
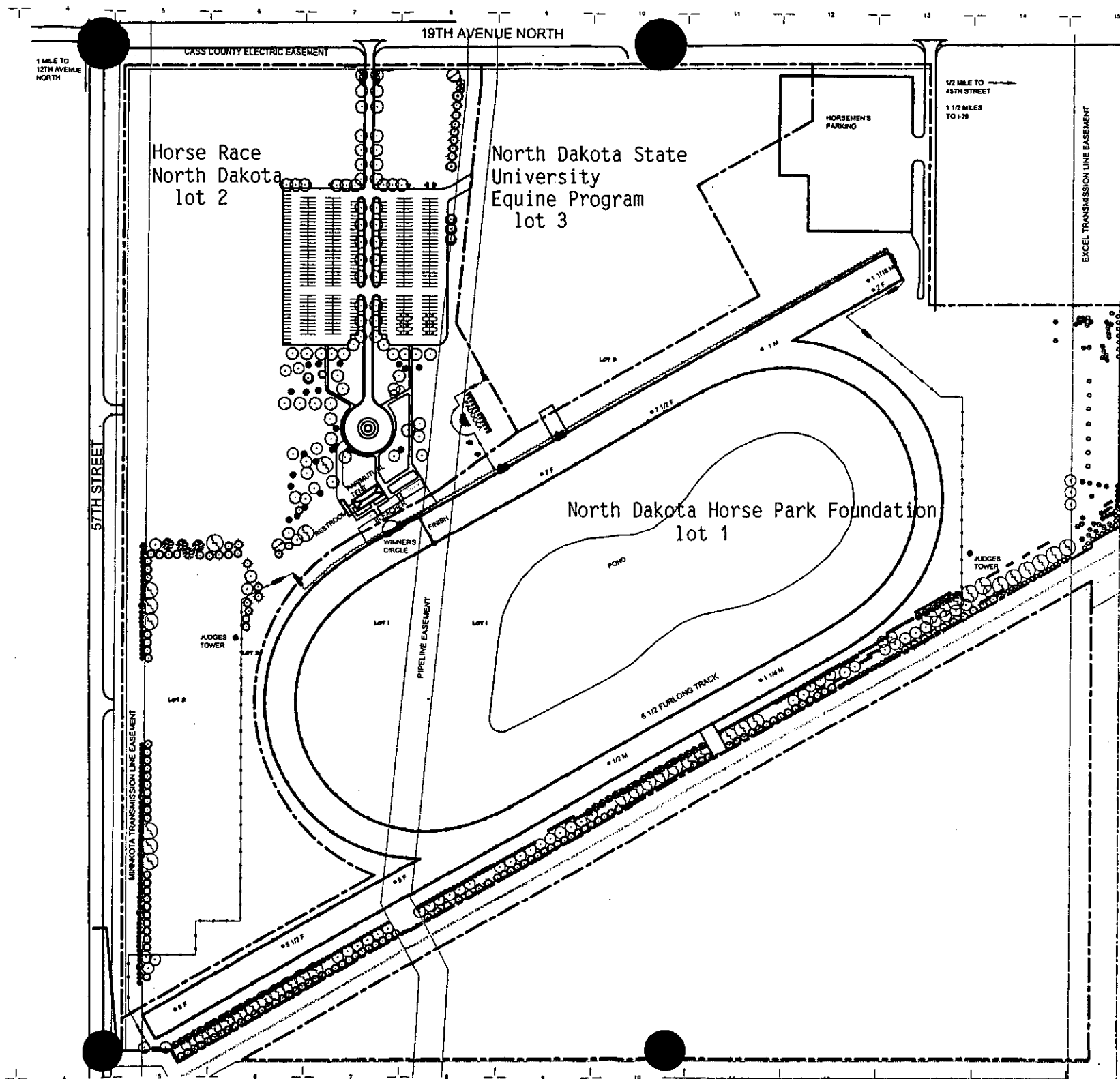
Consolidated Breakdown		
A	COUNTY	70.35
B	STATE	1.05
C	SOIL CONSV	.34
C001	FARGO CITY	61.67
PK01	PARK 01	34.08
S006	SCHOOL #6	266.72
W060	WATER 60	5.25

Drain Breakdown		
Z025	40M SE	541.59

Legal Description
North Dakota Horsepark Lot 2 Block 1

Property tax information can be accessed at www.casscountygov.com. Tax payments by electronic check or credit card, can also be made. The servicer company charges a convenience fee.

**** NOTE:** If your mortgage company pays the real estate taxes for this property, this statement is being provided for your information.



R.L. ENGBERTSON

Architectural Interior Design/Construction

P.O. BOX 1584 13 BROADWAY, SUITE 205
FARGO, ND 58105-2584 FARGO, ND 58102-2007
P. (701) 253-5755 F. (701) 253-5758

www.rlen.com / rlen@rlen.com

NORTH DAKOTA HORSE PARK PHASE I

19th Ave. N. &
57th St. NW.
Fargo,
North Dakota

REVISIONS

PROJECT #: 241175
DATE: 12-09-08
DRAWN BY: RHE
CHECKED BY: RHE

BY R.L. ENGBERTSON

PHASE 1



NORTH DAKOTA HORSE PARK

Fargo, North Dakota

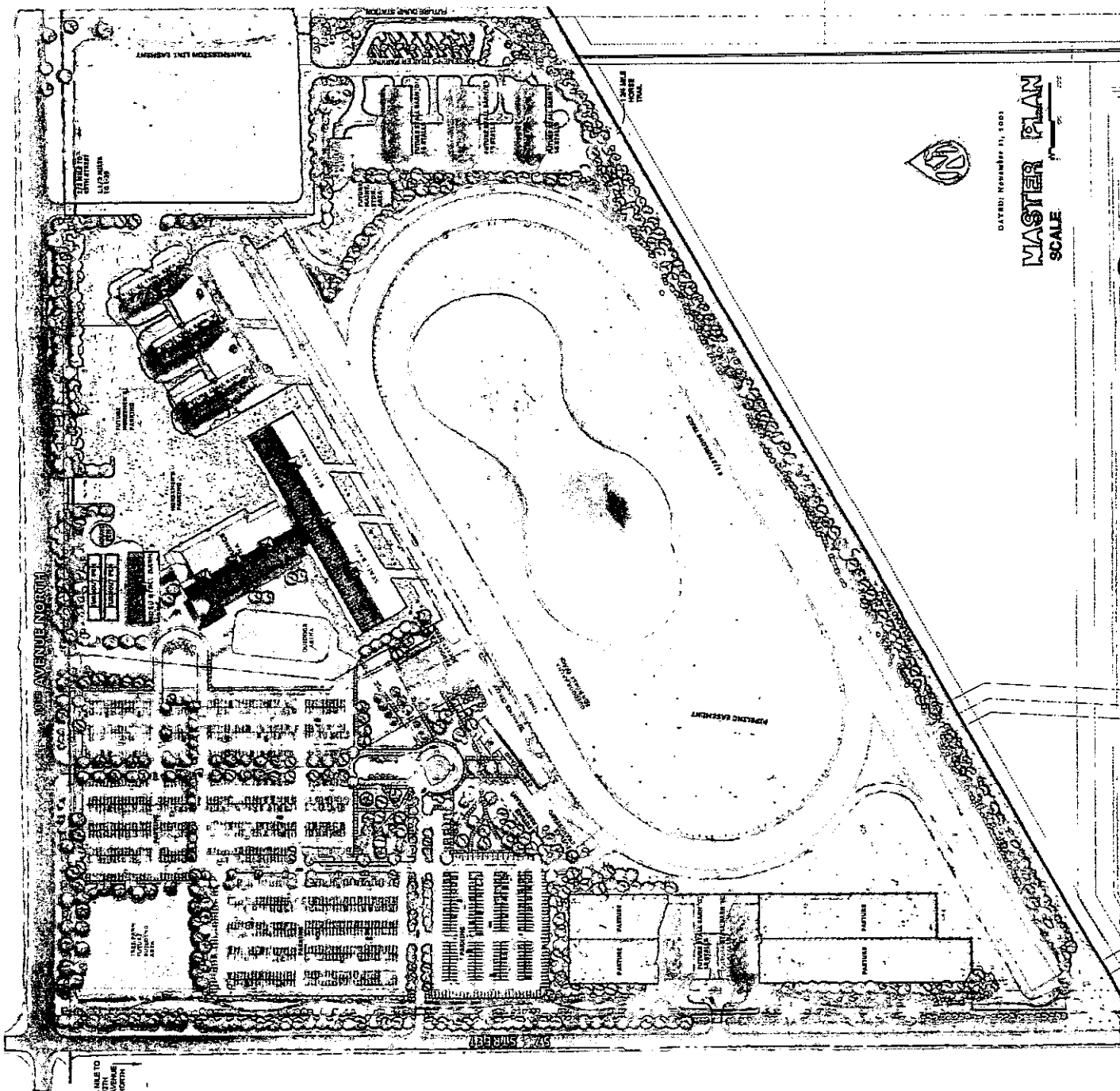
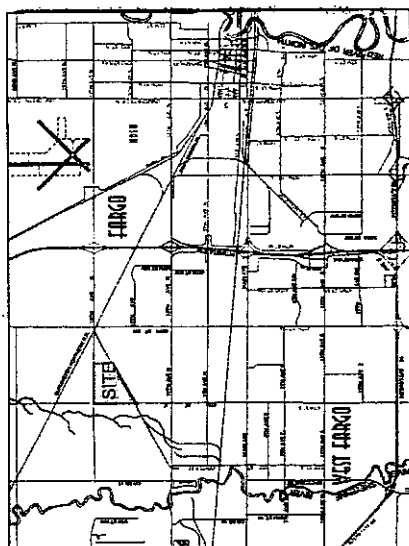


PLATE XXV



R. L. FENCLEBERTSON

Architecture + Interior Design + Construction

