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**Testimony of Lance Gaebe
North Dakota Farmers Union
In Support of HB 1168
Senate Finance and Taxation Committee
March 11, 2025**

Chairman Weber and members of the Finance and Taxation Committee,

Thank you for the opportunity to testify on House Bill No. 1168. I am Lance Gaebe, and I am testifying on behalf of North Dakota Farmers Union (NDFU). NDFU supports HB 1168.

HB 1168 reduces the tax burden for K-12 funding by 10 mills. The reduction in school mills would apply to all classes of property, including residential, commercial, agricultural and centrally assessed. NDFU supports HB 1168 as a complement to primary residence relief.

Support for Broad-Based Relief

As we have shared previously with this committee, agricultural property carries a significant share of the local property tax burden in most of our state's counties. In 42 of North Dakota's 53 counties, property tax collected on agricultural property exceeds that collected on residential property. Moreover, in 30 North Dakota counties, agricultural property accounts for over half of all property taxes.

In the months leading up to the 2025 legislative session, NDFU established a property tax working group. That group had a series of thoughtful, focused and intentional discussions about how to craft property tax relief and reform that benefits the entire state. That group endorsed a strong focus on relief for primary residences, recognizing the importance of providing relief for our urban neighbors. That group, and our broader membership, continues to believe that complementary, broad-based relief is critical in a final package.

HB 1168 as Complementary Relief

We believe HB 1168 can be an important complement to HB 1176. NDFU recognizes the strong support behind HB 1176. We supported that bill in the House but recommended changes including limiting the credit to a certain percentage of a taxpayer's liability, so all taxpayers have a vested interest with a financial commitment. We also continue to encourage the legislature to adopt complementary, broad-based relief. We believe the school mill buydown provided for in HB 1168 can be an important complement to targeted relief for primary residences.

NDFU encourages the committee to consider merging HB 1168 into HB 1176. We further encourage the committee to explore using the General Fund to grow the primary residence credit and to fund the school mill buydown with Legacy Fund earnings. Doing so would create a



pathway for future reductions in property tax liabilities for all classes of property, including residential, commercial, agricultural and centrally assessed.

The Legacy Fund was created to provide long-term benefits to the citizens of North Dakota. We believe providing tax relief for all North Dakota property owners is an appropriate use of Legacy Fund earnings. We further believe Legacy Fund earnings for school mill buydowns is a sustainable, and over time meaningful, plan for property tax relief for all property taxpayers.

Conclusion

We acknowledge the difficult task before this committee. We are grateful for the legislature's attention to property tax relief and reform this session. NDFU urges the committee to approve HB 1168, or to advance the concepts within it, to another bill. Thank you for the opportunity to testify. I will try to answer any questions.