

**Testimony on HB 1575**  
**Amy McBeth, Regional AVP Public Affairs, BNSF Railway**  
**March 11, 2025**  
**Senate Finance and Taxation Committee**

BNSF Railway supports the bill as amended. With the amendment offered to HB 1575, centrally assessed taxpayers would receive the same treatment as agricultural and commercial taxpayers in the state.

Without the amendment, it would provide a higher tax for centrally assessed property.

There are a number of reasons to be opposed to separating centrally assessed taxpayers from others, but BNSF's opposition focuses on the legal issues: Federal law prohibits inequitable tax treatment for railroads and there's a court decision specific to North Dakota's past attempts to unfairly tax railroads that should help guide the committee's decision to adopt the amendment.

Given the impact on interstate commerce that individual city and state regulations of railroads could have, Congress has enacted laws to ensure national uniformity for regulation of rail transportation.

The Railroad Revitalization and Regulatory Reform Act of 1976 (known as the 4-R Act) is one such law and it prohibits states from enacting taxes that discriminate against railroads. Under the 4-R Act, states cannot tax railroads in a manner less favorable than the taxation of other commercial and industrial property. Different assessment ratios (and assessment ratio relief) are discriminatory under the 4-R Act.

A 1981 decision by the U.S. Court of Appeals for the Eight Circuit Court confirmed that North Dakota cannot treat railroads differently than other commercial and industrial property taxpayers. In the 1981 case, railroads and other centrally assessed taxpayers were subject to North Dakota personal property tax, but other commercial and industrial taxpayers were not. The Court held that this discriminatory treatment of railroads by North Dakota violated the 4-R Act.

We must be treated similarly to commercial and industrial taxpayers. This amendment includes centrally assessed taxpayers for a reduction of the taxable valuation along with agricultural property and commercial property.

In Section 10, it's our understanding that the intent is for all taxable property, including railroads, to be included in the valuation limitation. With that, and the amendment, our concerns would be addressed and we urge the committee to adopt it and support the bill. Thank you.