

2025 HOUSE FINANCE AND TAXATION

HB 1139

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1139
1/13/2025

Relating to sales tax exemption for fire departments and to provide and effective date.

9:12 a.m. Chairman Headland called the meeting to order.

Members Present: Chairman Headland, Vice Chair Hagert, Representatives Anderson, Dockter, Dressler, Foss, Grueneich, Ista, Motschenbacher, Nehring, Olson, Porter, Steiner, Toman

Discussion Topics:

- Department impact
- Loss of state sales tax revenue
- 501C3 tax exemption status
- Equipment pricing

9:13 a.m. Chairman Headland opened hearing on HB 1139.

09:13 a.m. Representative Pyle, ND Legislative Assembly, Introduced HB 1139, testified in favor, #28504

09:24 a.m. John Hejl, Casselton Fire, testified online, in favor, #28584

09:35 am Shannon Fleischer, Office of State Tax Commissioner, Associate Director Tax Admin, Answered tax-related questions from the committee.

09:37 a.m. Chairman Headland closed hearing on HB 1039.

Janae Pinks, Committee Clerk



North Dakota House of Representatives

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Representative Brandy Pyle

District 22
P.O. Box 337
Casselton, ND 58012-0337
bpyle@ndlegis.gov

COMMITTEES:

Appropriations

HB 1139
Finance and Tax
1.13.2025
9:15 am

Good morning Chairman Headland and members of House Finance and Tax Committee. Thank you for 15 minutes delay in the schedule to allow me to introduce my other piece of legislation this morning.

I appreciate the opportunity to speak today about HB 1139, a bill that holds significant importance for fire departments across the state of North Dakota. This legislation seeks to provide all fire departments with the ability to make tax-exempt purchases, regardless of how they are organized. Currently, there are discrepancies based on how fire departments are structured, leading to unequal treatment when it comes to purchasing goods and services necessary for their operations.

As it stands, some fire departments are affiliated with political subdivisions—cities or townships—while others, for various reasons, operate independently. For those fire departments that are not formally tied to a political subdivision, they may face obstacles in securing tax exemptions on their purchases. These are often the fire departments that function much like contracted service providers for municipalities. They may not be considered part of a formal government entity, but they still provide essential services to the public, including emergency response, fire prevention, and community safety.

HB 1139 seeks to level the playing field by allowing **all** fire departments in North Dakota to make purchases free of sales tax, regardless of their organizational structure. This is not just a technical change. This bill acknowledges the important and often underappreciated role fire departments play in our communities, and it ensures they have the resources they need to do their work effectively.

Why is this important? Fire departments, whether large or small, rural or urban, face the same challenges when it comes to procuring equipment and materials to respond to emergencies. They need tools, protective gear, fire trucks, and countless other supplies to keep our communities safe. Sales tax exemption would allow these departments to stretch their budgets further, ensuring they can reinvest more into their operations rather than spending extra funds on taxes.

For the independent fire departments, those not affiliated with a political subdivision—this bill is particularly impactful. It will help them operate on a more equal footing with departments that are part of city or township budgets. Many of these independent departments are serving areas where tax resources are already stretched thin. By granting them the same tax-exempt purchasing privileges, we make sure that our first responders, no matter where they serve, have the tools they need without facing unnecessary financial barriers.

This bill does not just benefit the fire departments themselves, but it ultimately benefits every resident of North Dakota. The quicker, the more efficient a department can procure necessary equipment, the faster they can respond to

emergencies and save lives. This bill is about ensuring safety, fairness, and efficient resource allocation for all our fire departments, whether they are a part of a larger political subdivision or operate independently.

HB 1139 is an important step forward in supporting the fire departments of North Dakota. It ensures that every department, regardless of its structure, has equal access to the resources it needs to protect our communities. I strongly encourage a do pass for this bill and help make North Dakota safer and stronger for all its residents.

I believe there are others here who have submitted testimony or are in attendance today to speak in support of this bill. I have worked with local fire departments, our Fire Marshall and others on this legislation.

I stand for question,

Thank you.

Rep. Brandy L. Pyle

HB 1139 Sales Tax Exemption

Good Morning, My Name is John Hejl and I am the fire chief in Casselton ND. The Casselton Fire Department provides fire protection for the cities of Casselton and Amenia as well as 12 townships in the surrounding area. This primary fire coverage area is 385 square miles and covers just over 4,500 North Dakotans. Not every fire department in North Dakota provides extrication; many of our neighboring departments do not. We are dispatched out automatically if extrication is needed for a number of our neighboring departments bringing our total extrication zone up to 745 square miles. The Insurance Services Organization has given us an ISO score of 4 putting us in the top 1% of fire departments in North Dakota when it comes to preparedness and proven efficiency.

Casselton Fire Department is organized as a 501c3. Most fire departments in North Dakota are either "Fire Protection Districts", "city" fire departments or a combination of both. The main ask of HB 1139 is to close up a small gap where fire departments like ours are left out of sales tax exemptions. This bill takes away the limiting definition of what a fire department is in North Dakota and leaves it to the State Fire Marshall's Office to grant a certificate of existence. Purchasing the equipment demanded of a fire department is expensive; this bill will go a long way in helping us use our funding efficiently to protect our residents.

Thank you for your time, I would appreciate any feedback or questions.

John Hejl
Chief CFD
7012383734
Hejl87@aol.com

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1139
1/13/2025

Relating to a sales tax exemption for fire departments; and to provide an effective date.

10:39 Chairman Headland opened the hearing.

Members Present: Chairman Headland, Vice Chairman Hagert, Representatives Anderson, Rep Dockter, Rep Dressler, Grueneich, Finley-DeVile, Frelich, Hendrix, Johnston, Kasper, Koppelman, Maki, Morton, Osowski, Schatz

Discussion Topics:

- Sales tax exemption
- Certificate of Existence

10:39 a.m. Representative Porter voiced his support and would like to see the bill amended to address motor vehicle excise tax.

10:43 a.m. Representative Dressler offered to contact Legislative Counsel for more information.

10:44 a.m. Chairman Headland adjourned the meeting.

Janae Pinks, Committee Clerk

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1139
1/22/2025

Relating to a sales tax exemption for fire departments; and to provide an effective date.

9:14 a.m. Chairman Headland opened the hearing.

Members Present: Chairman Headland, Vice Chairman Hagert, Representatives Anderson, Dockter, Dressler, Foss, Grueneich, Motschenbacher, Nehring, Olson, Porter, Steiner, Toman
Members Absent: Representative Ista

Discussion Topics:

- Rural ND fire departments

9:15 a.m. Representative Dockter moved a Do Not Pass.

9:15 a.m. Representative J. Olson seconded the motion.

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Jason Dockter	Y
Representative Ty Dressler	Y
Representative Austin Foss	Y
Representative Jim Grueneich	N
Representative Zachary Ista	AB
Representative Mike Motschenbacher	Y
Representative Dennis Nehring	N
Representative Jeremy Olson	Y
Representative Todd Porter	N
Representative Vicky Steiner	N
Representative Nathan Toman	N

9:20 a.m. Motion passed 8-5-1

9:20 a.m. Representative J. Olson carried the bill.

9:22 a.m. Chairman Headland closed the meeting.

Janae Pinks, Committee Clerk

REPORT OF STANDING COMMITTEE
HB 1139 ([25.0099.02000](#))

Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO NOT PASS** (8 YEAS, 5 NAYS, 1 ABSENT AND NOT VOTING). HB 1139 was placed on the Eleventh order on the calendar.

2025 SENATE FINANCE AND TAXATION

HB 1139

2025 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1139
3/11/2025

A BILL for an Act to create and enact a new subsection to section 57-39.2-04 of the North Dakota Century Code, relating to a sales tax exemption for fire departments; and to provide an effective date.

10:48 a.m. Chairman Weber opened the hearing.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

Discussion Topics:

- 501(c) (3) classification for fire departments
- Motor vehicle excise tax

10:48 a.m. Representative Pyle, District 22, introduced HB 1139, testified in favor and submitted testimony #39713.

10:54 a.m. John Hejl, Chief, Casselton Fire Department, testified in favor and submitted testimony #40360.

11:08 a.m. Doug Nelson, State Fire Marshal, testified in favor and submitted testimony #40537.

11:10 a.m. Shannon Fleisher, Associate Director, Office of ND Tax Commissioner, testified neutral.

11:15 a.m. Chairman Weber closed the hearing.

11:16 a.m. Senator Walen moved Amendment LC#25.0099.02001.

11:16 a.m. Vice Chairman Rummel seconded the motion.

Senators	Vote
Senator Mark F. Weber	Y
Senator Dean Rummel	Y
Senator Richard Marcellais	Y
Senator Dale Patten	Y
Senator Michelle Powers	Y
Senator Chuck Walen	Y

Motion passed 6-0-0.

11:18 a.m. Senator Walen moved a Do Pass as Amended.

11:18 a.m. Senator Patten seconded the motion.

Senators	Vote
Senator Mark F. Weber	Y
Senator Dean Rummel	Y
Senator Richard Marcellais	Y
Senator Dale Patten	Y
Senator Michelle Powers	Y
Senator Chuck Walen	Y

Motion passed 6-0-0.

Senator Walen will carry the bill.

11:20 a.m. Chairman Weber closed the hearing.

Chance Anderson, Committee Clerk

CO
3/11/25
LOF

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1139

Introduced by

Representatives Pyle, Frelich, Grueneich, Novak

Senators Kessel, Klein, Myrdal

A BILL for an Act to create and enact a new subsection to ~~section~~ sections 57-39.2-04 and 57-40.3-04 of the North Dakota Century Code, relating to a sales tax exemption and a motor vehicle excise tax exemption for fire departments; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new subsection to section 57-39.2-04 of the North Dakota Century Code is created and enacted as follows:

Gross receipts from sales when made to a fire department for the purpose of providing fire protection services. For purposes of this subsection, "fire department" means a fire department or fire district that has filed a certificate of existence under section 18-04-02 which has been approved.

SECTION 2. A new subsection to section 57-40.3-04 of the North Dakota Century Code is created and enacted as follows:

Any motor vehicle acquired by, or leased and in the possession of, a fire department for the purpose of providing fire protection services. For purposes of this subsection, "fire department" means a fire department or fire district that has filed a certificate of existence under section 18-04-02 which has been approved.

SECTION 3. EFFECTIVE DATE. This Act is effective for taxable events occurring after June 30, 2025.

**REPORT OF STANDING COMMITTEE
HB 1139**

Finance and Taxation Committee (Sen. Weber, Chairman) recommends **AMENDMENTS** ([25.0099.02001](#)) and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). HB 1139 was placed on the Sixth order on the calendar. This bill does not affect workforce development.



North Dakota House of Representatives

STATE CAPITOL
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BISMARCK, ND 58505-0360



Representative Brandy Pyle

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COMMITTEES:

Appropriations

Good morning Chaiman Weber and members of Senate Finance and Tax Committee.

I appreciate the opportunity to speak today about HB 1139, a bill that holds significant importance for fire departments across the state of North Dakota. This legislation seeks to provide all fire departments with the ability to make tax-exempt purchases, regardless of how they are organized. Currently, there are discrepancies based on how fire departments are structured, leading to unequal treatment when it comes to purchasing goods and services necessary for their operations.

As it stands, some fire departments are affiliated with political subdivisions—cities or townships—while others, for various reasons, operate independently. For those fire departments that are not formally tied to a political subdivision, they may face obstacles in securing tax exemptions on their purchases. These are often the fire departments that function much like contracted service providers for municipalities. They may not be considered part of a formal government entity, but they still provide essential services to the public, including emergency response, fire prevention, and community safety.

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acknowledges the important and often underappreciated role fire departments play in our communities, and it ensures they have the resources they need to do their work effectively.

Why is this important? Fire departments, whether large or small, rural or urban, face the same challenges when it comes to procuring equipment and materials to respond to emergencies. They need tools, protective gear, fire trucks, and countless other supplies to keep our communities safe. Sales tax exemption would allow these departments to stretch their budgets further, ensuring they can reinvest more into their operations rather than spending extra funds on taxes.

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I stand for questions.

HB 1139 Sales Tax Exemption

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In the early days of the fire service; insurance companies funded fire departments with payouts from fighting fires. Firefighters could easily tell which homeowners had fire insurance and who didn't by fire insurance marks located on the front of homes. There are stories of racing, fighting, and strong handed methods to be the first to extinguish fires and get paid. Often it was a problem for homeowners who did not have insurance to have the fire company respond to a fire in their home and effectively remove belongings from it because the firefighters knew that there wouldn't be any money in it for them. That practice has stopped but there are still areas in the United States where if you haven't paid your personal yearly dues to the local fire department, they will stage by the closest neighbors' houses who have paid and make sure your house fire does not spread to theirs while doing nothing to extinguish yours. Thank God we live in North Dakota and this is not practiced here. However, there are still a few fire departments across our state that do not organize as or as part of a political subdivision.

Casselton Fire Department is organized as a 501c3. Most fire departments in North Dakota are either "Fire Protection Districts", "city" fire departments or a combination of both. Casselton Fire has remained an independent fire department as this structure allows us to bill the entities that we provide protection to based upon their call volume and risk assessment. We have explored the formation of a fire protection district but have had push back from our residents as it would give them less input on our operations. Organizing as a city entity would shift focus toward protecting the city and away from our largely rural areas. Every year we meet with every entity that we provide protection to and justify our existence to them based upon past call volume and future costs and needs. The main ask of HB 1139 is to close up a small gap where fire departments like ours are left out of sales tax exemptions. This bill takes away the limiting definition of what a fire department is in North Dakota and leaves it to the State Fire Marshall's Office to grant a certificate of existence, a function that they already carry out in order for fire departments to receive their state insurance rebates. Purchasing the equipment demanded of a fire department is expensive; this bill will go a long way in helping us use our funding efficiently to protect our residents.

Thank you for your time, I would appreciate any feedback or questions.

John Hejl
Chief CFD
7012383734
Hejl87@aol.com



TESTIMONY

Douglas Nelson, State Fire Marshal

Senate Finance and Taxation Committee

March 11th, 2025

Senator Weber, Chairman of the Senate Finance and Taxation Committee, and Committee members,

I am here in support of House Bill 1139, which proposes a sales tax exemption for fire departments that are set up as a non-governmental organization. The state has approximately seven departments that are organized in this way, and this bill clarifies that they should be treated similarly to City Fire Departments and Rural Fire Protection Districts. Whether a city department, a rural district, or a non-governmental organization, these fire departments are all legally recognized for fire protection by their respective counties, the State Fire Marshal's office, and are providing the same public service as departments organized as a political subdivision.

The State Fire Marshal's Office and the Insurance Department support the fair and equal recognition of these seven departments that House Bill 1139 provides.

I respectfully ask for your support on House Bill 1139, and thank you for your time.

2025 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1139
3/24/2025

Relating to a sales tax exemption and a motor vehicle excise tax exemption for fire departments; and to provide an effective date.

8:21 a.m. Chairman Weber opened the hearing.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

Discussion Topics:

- Conference committee assignment

8:21 a.m. Chairman Weber assigned Senator Walen, Senator Powers, and Chairman Weber to conference committee regarding addition of motor vehicle excise tax for fire departments.

8:23 a.m. Chairman Weber closed the hearing.

Chance Anderson, Committee Clerk

2025 CONFERENCE COMMITTEE

HB 1139

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1139
4/1/2025
Conference Committee

Relating to a sales tax exemption and a motor vehicle excise tax exemption for fire departments; and to provide an effective date.
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4:59 p.m. Chairman D. Anderson called the meeting to order.

Members Present: Chairman D. Anderson, Representatives J. Olson, Grueneich; Chairman Weber, Senators Walen, Powers

Discussion Topics:

- Excise tax exemption
- Seven fire departments not under political subdivisions
- Fire engines
- Equipment sales tax
- Fire service to the Community

4:59 p.m. Senator Walen explained that fire departments that are not under the supervision of a political subdivision should also be able to draw upon the excise tax exemption.

5:01 p.m. Shannon Fleischer, Associate Director, ND Office of State Tax Commissioner, stood for questions.

5:03 p.m. Committee discussion.

5:11 p.m. Chairman D. Anderson adjourned the meeting.

Janae Pinks, Committee Clerk

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1139
4/7/2025
Conference Committee

Relating to a sales tax exemption and a motor vehicle excise tax exemption for fire departments; and to provide an effective date.
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3:55 p.m. Chairman D. Anderson called the meeting to order.

Members Present: Chairman D. Anderson, Representatives J. Olson, Grueneich; Chairman Weber, Senators Walen, Powers

Discussion Topics:

- Committee Action

3:55 p.m. Senator Weber moved to reject Amendment LC #25.0099.02001.

3:56 p.m. Representative Grueneich seconded the motion.

3:57 p.m. Motion passed 6-0-0.

3:58 p.m. Representative J. Olson will carry the bill.

3:58 p.m. Senator Weber will carry the bill.

3:58 p.m. Chairman D. Anderson adjourned the meeting.

Krystal Eberle for Janae Pinks, Committee Clerk

HB 1139 040725 1557 PM Roll Call Vote

Final Recommendation

HB 1139

Date Submitted: April 7, 2025, 3:57 p.m.

Recommendation: Reject

Amendment LC #: 25.0099.02001

Engrossed LC #: N/A

Description:

Motioned By: Weber, Mark F.

Seconded By: Grueneich, Jim

House Carrier: Olson, Jeremy

Senate Carrier: Weber, Mark F.

Emergency Clause: None

Vote Results: 6 - 0 - 0

Rep. Anderson, Dick	Yea
Rep. Olson, Jeremy	Yea
Rep. Grueneich, Jim	Yea
Sen. Weber, Mark F.	Yea
Sen. Walen, Chuck	Yea
Sen. Powers, Michelle	Yea

**REPORT OF CONFERENCE COMMITTEE
HB 1139**

Your conference committee (Sens. Weber, Walen, Powers and Reps. D. Anderson, J. Olson, Grueneich) recommends the **SENATE REJECT** its amendments ([25.0099.02001](#)) to HB 1139.

HB 1139 was placed on the Seventh order of business on the calendar.