

2025 HOUSE FINANCE AND TAXATION

HB 1383

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1383
1/22/2025

Relating to a property tax exemption for certain agricultural land upon which an easement has been granted to the United States; and to provide an effective date.

11:00 a.m. Chairman Headland opened the hearing.

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

Members Absent: Representative J. Olson

Discussion Topics:

- Penalty on land with easements
- Purchase of wildlife easements
- Erosion of property tax
- Land payments using easements

11:01 a.m. Travis Zeblotney, farmer from Minot, testified in favor.

11:09 a.m. Doug Goehring, ND Agriculture Commissioner, testified in opposition and submitted testimony #30732.

11:12 a.m. Representative Grueneich, District 28, ND Legislative Assembly, introduced HB 1383 and submitted testimony from Scott Muggli #30562.

11:19 a.m. Pete Hanebutt, Director of Public Policy, ND Farm Bureau, testified in opposition.

11:22 a.m. Julie Ellington, ND Stock Association, testified in opposition.

Additional written testimony:

Dan Wogsland, Lobbyist, ND Grain Growers Association, submitted testimony in favor #30678.

11:24 a.m. Chairman Headland closed the hearing.

Janae Pinks, Committee Clerk

COMMISSIONER
DOUG GOEHRING



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NORTH DAKOTA
DEPARTMENT OF AGRICULTURE
STATE CAPITOL
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BISMARCK, ND 58505-0020

Testimony of Doug Goehring
Agriculture Commissioner
House Finance and Taxation
Room 327E
January 22, 2025

Chairman Headland and members of the House Finance and Taxation Committee, I am Agriculture Commissioner Doug Goehring. I am here today in opposition of HB 1383, which provides tax exemption for agricultural land under federal easement.

North Dakota has been fighting with permanent federal easement since the 1970's. These easements have tied up vast number of acres. These acres have lost the state income due to lost economic output, expanding water issues to adjacent land and prohibiting infrastructure development.

Individuals that enter federal easement for conservation are allowed to take a federal income deduction for any monies they receive from the easement. I serve on the state tax equalization board and learn this past biennium of a situation in the Northeast where a county reduced the tax on a parcel that had federal easement, simply due to the easement on the land. I believe we should not incentivize more perpetual easements, which continue to harm our communities, our agriculture base and infrastructure in our counties and state.

Chairman Headland and committee members, thank you for your time. I urge a do not pass on HB 1383. I would be happy to answer any questions you may have.

USDA Farm Service Agency
Dickey County, North Dakota

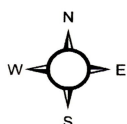


Farm 6570

S1 T130N R62W

Kentner Township
Dickey County, ND

2010 Program Year



Wetland Determination Identifiers

- ▼ Limited Restrictions
- Exempt from Conservation Provisions
- Restricted Use

Common Land Unit

- Cropland
- ▨ Non-cropland

Disclaimer: Wetland identifiers do not represent the size, shape or specific determination of the area. Refer to your original determination (CPA-026 and attached maps) for exact wetland boundaries and determinations, or contact NRCS.

2023 Dickey County Real Estate Tax Statement

Taxpayer ID: 20198

Parcel Number
01885000

Owner
[REDACTED]

Jurisdiction
12-020-02-00-00

Physical Location
KENTNER TOWNSHIP

E. Wendale

Legal Description
SE1/4
(1-130-62)

Legislative tax relief (3-year comparison):				
	2021	2022	2023	
Legislative tax relief	1,105.38	1,079.12	1,146.15	
Tax distribution (3-year comparison):				
	2021	2022	2023	
True and full value	161,900	158,100	163,700	
Taxable value	8,095	7,905	8,185	
Less: Homestead credit	0	0	0	
Disabled Veterans credit	0	0	0	
Net taxable value	8,095	7,905	8,185	
Total mill levy	192.17	191.37	199.53	
Taxes By District (in dollars):				
County	663.38	635.11	635.49	
City/Township	78.60	75.03	184.17	
School (after state reduction)	752.50	730.51	741.24	
Fire	38.37	36.60	35.44	
State	22.76	35.58	36.84	
Consolidated Tax	1,555.61	1,512.83	1,633.18	
Net Effective tax rate	0.96%	0.96%	1.00%	

2023 TAX BREAKDOWN

Net consolidated tax	1,633.18
Plus: Special assessments	0.00
Total tax due	1,633.18
Less 5% discount, if paid by Feb. 15, 2024	81.66
Amount due by Feb. 15, 2024	1,551.52

(If your mortgage company pays your property taxes, then this is an informational statement only.)

Or pay in two installments (with no discount):	
Payment 1: Pay by Mar. 1st	816.59
Payment 2: Pay by Oct. 15th	816.59

Parcel Acres:
Agricultural 160.00 acres
Residential 0.00 acres
Commercial 0.00 acres

Special assessments:
No Special Assessment details available

Notes:
Penalty Dates for Specials & Payment 1
March 2: 3% May 1: 6%
July 1: 9% Oct 15: 12%
Penalty for Payment 2.....Oct 16: 6%
Add 12% Interest per Year delinquent

FOR ASSISTANCE, CONTACT:

Office: Wonada Lematta, Treasurer
P O Box 369
Ellendale, ND 58436-0369
Phone: (701) 349-8312

2023 Dickey County Real Estate Tax Statement

(Additional information on SUMMARY page)

Parcel Number : 01885000
Taxpayer ID : [REDACTED]

Change of address?
Please make changes on SUMMARY Page

Total tax due	1,633.18
Less: 5% discount	81.66
Amount due by Feb. 15th	1,551.52

Or pay in two installments (with no discount):	
Payment 1: Pay by Mar. 1st	816.59
Payment 2: Pay by Oct. 15th	816.59

Please see SUMMARY page for Payment stub
Parcel Range: 01803000 - 06944000

While Game and Fish wildlife easements have been around since the 1960's, the accompanying property tax implications and unfair treatment of landowners restricted by easements has not been addressed. These easements create a financial imbalance, especially when compared to neighboring properties that are not encumbered by such easements.

The ability to tile and drain land without the restrictions of wildlife easements offers substantial financial benefits to landowners. Enhanced soil conditions, increased yields, and reduced input costs all contribute to a more profitable farming operation.

Landowners bound by easements made generations ago limit the landowner's ability to adapt or improve the property. On one quarter of land, an easement may only have 30 acres in the easement, but those 30 acres ties the hands of the landowner over the whole quarter. Tile and drainage on that quarter is not an option. The landowner not only loses the economic benefit but many times the land around these easements becomes alkaline, unmanageable and unprofitable.

Property owners who are subject to Game and Fish easements face a reduction in utility and opportunity, yet they continue to pay property taxes as though their land is unrestricted. In contrast, neighboring property owners without easements have the opportunity to fully capitalize on their land through tiling and drainage. The result is an inequitable system that places an undue financial burden on the landowner who is subject to the easement. To address this imbalance, there needs to be a more equitable system for assessing property taxes on easement-encumbered land, ensuring that landowners are not unfairly taxed on properties that have restricted use and diminished value from these easements.

This is a comparison difference of my quarter with 32 acres of Game and Fish easements with the set backs around each one that they say they control compared to Maple River Colony quarter that shows development opportunity with drain tile. With equal property tax on each one. Thanks for looking at this.

Scott Muggli





**North Dakota Grain Growers Association
Testimony in Favor of HB 1383
House Finance and Taxation Committee
January 22, 2025**

Chairman Headland, Members of the House Finance and Taxation Committee, for the record my name is Dan Wogsland representing the North Dakota Grain Growers Association (NDGGA). I am here today to express our support for the proposed amendments to Section 57-02-10 of the North Dakota Century Code.

Purpose and Benefits of the Bill

This legislation provides a property tax exemption for agricultural land where a permanent easement has been granted to the United States for the protection, restoration, or enhancement of wetlands. By adding agricultural lands under easement to the existing exemptions for inundated and highway easement lands, this bill recognizes the environmental and community benefits provided by landowners who voluntarily support conservation initiatives.

Key Reasons for Support

1. Encouragement of Conservation Efforts

North Dakota farmers and ranchers are at the forefront of conserving and enhancing natural resources. This exemption acknowledges the sacrifices landowners make when placing their agricultural land into permanent easements. By foregoing the full use of their land for crop or livestock production, they contribute to environmental goals such as improved water quality, wildlife habitat, and flood mitigation.

2. Fairness and Equity

Agricultural lands under permanent conservation easements often cannot be used for income-generating agricultural production. Taxing these lands as if they were actively producing income is inequitable. This bill ensures fairness by exempting such lands from taxation, aligning their tax status with their limited use and economic value.

3. Support for Rural Communities

This measure will alleviate a financial burden for landowners, enabling them to reinvest in their agricultural operations and contribute to the economic vitality of rural communities. Moreover, the federal easement programs these landowners participate in often provide critical environmental benefits that indirectly support North Dakota's agricultural economy.

4. Consistency with State Policy

North Dakota has a strong tradition of supporting land stewardship and conservation. This amendment reflects our state's values by ensuring that landowners who contribute to the protection of our wetlands are not penalized with property taxes on land they cannot use for production.

Conclusion

By amending and reenacting Section 57-02-10, this bill ensures a fair property tax structure that incentivizes conservation, supports farmers and ranchers, and protects vital natural resources for future generations. It is a common-sense measure that aligns tax policy with land use realities and state conservation goals.

On behalf of NDGGA, I urge the committee to give this bill a "Do Pass" recommendation. Thank you for the opportunity to testify, and I am happy to answer any questions you may have.

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1383
1/27/2025

Relating to a property tax exemption for certain agricultural land upon which an easement has been granted to the United States; and to provide an effective date.

2:34 p.m. Chairman Headland opened the meeting.

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

Discussion Topics:

- Property easements carrying through generations
- Decreased value of land
- Impact of future easements

2:36 p.m. Doug Goehring, Agriculture Commissioner, proposed an amendment to change from tax exempt to not tax exempt #31918.

2:59 p.m. Shelley Meiers Office of State Tax Commissioner, stood for questions from the committee.

3:03 p.m. Charles Dendy, General Counsel, Office of State Tax Commissioner, stood for questions from the committee.

3:08 p.m. Representative Hagert moved to amend LC #25.1082.01002.

3:09 p.m. Representative Steiner seconded the motion.

3:11 p.m. Motion carried due to voice vote.

3:11 p.m. Vice Chairman Hagert moved a Do Pass as Amended LC #25.1082.02000.

3:11 p.m. Representative Nehring seconded the motion.

Representatives	Vote
Representative Craig Headland	N
Representative Jared Hagert	Y
Representative Dick Anderson	N
Representative Jason Dockter	N
Representative Ty Dressler	N
Representative Jim Grueneich	N
Representative Mike Motschenbacher	N
Representative Dennis Nehring	Y
Representative Jeremy Olson	N

Representative Todd Porter	N
Representative Vicky Steiner	N
Representative Nathan Toman	AB
Representative Austin Foss	N
Representative Zachary Ista	N

3:15 p.m. Motion failed 2-11-1.

3:16 p.m. Representative Porter moved a Do Not Pass as Amended LC #25.1082.02000.

3:16 p.m. Representative J. Olson seconded the motion.

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

3:16 p.m. Motion passed 7-5-2

3:19 p.m. Representative Motschenbacher will carry the bill.

3:20 p.m. Chairman Headland motioned for bill to held for reconsideration on 01/28/2025.

3:20 p.m. Representative Grueneich seconded the motion.

3:23 p.m. Chairman Headland closed the meeting.

Janae Pinks, Committee Clerk

Legislative Assembly
of North Dakota

BILL NO.

Introduced by

“enter sponsor name”

A BILL for an Act to enact section 57-02-27.2(11) of the North Dakota Century Code, Valuation and assessment of agricultural lands, relating to disallowing tax exemptions for conservation-related easements and other conservation-related property interests on agricultural lands; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1.

Section 57-02-27.2(11) of the North Dakota Century Code is enacted as follows:

11. Except as authorized under sections 57-02-08.4 or 57-02-10, agricultural land subject to a conservation-related easement or other conservation-related property interest shall not be exempt from taxation due to the easement or property interest.

SECTION 2. EFFECTIVE DATE. This Act becomes effective on August 1, 2025.

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1383
1/28/2025

Relating to a property tax exemption for certain agricultural land upon which an easement has been granted to the United States; and to provide an effective date.

2:45 p.m. Chairman Headland opened the meeting.

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

Discussion Topics:

- Reconsideration
- Committee Action

2:45 p.m. Representative Dockter moved to reconsider the bill.

2:46 p.m. Representative J. Olson seconded the motion.

2:46 p.m. Voice vote - motion passed.

2:46 p.m. Representative Motschenbacher moved to withdraw amendment LC#25.1082.01001

2:46 p.m. Representative J. Olson seconded the motion.

2:48 p.m. Voice vote - motion passed.

2:48 p.m. Representative Dockter moved a Do Not Pass.

2:48 p.m. Representative Motschenbacher 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 Jim Grueneich	N
Representative Mike Motschenbacher	Y
Representative Dennis Nehring	Y
Representative Jeremy Olson	Y
Representative Todd Porter	Y
Representative Vicky Steiner	N
Representative Nathan Toman	AB

Representative Austin Foss	Y
Representative Zachary Ista	Y

2:49 p.m. Motion passes 11-2-1.

2:49 p.m. Representative Motschenbacher will carry the bill.

2:49 p.m. Chairman Headland closed the meeting.

Janae Pinks, Committee Clerk

REPORT OF STANDING COMMITTEE
HB 1383 ([25.1082.01000](#))

Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO NOT PASS** (11 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). HB 1383 was placed on the Eleventh order on the calendar.