

# Taxation Committee

11/5/13

## Local Control

1. The local portion of the sales tax is rebated to Canadians along with the state sales tax. Change the state law so that the local governing body must decide if it wants to rebate the tax or not.
  
2. Property tax exemption on state land:
  - a. The authority to grant these exemptions should come from the local governing body not the state government. Changing the state law would force the local body to explain their decision to their constituents instead of saying, “We have no say in the matter; it is a state law.”
  - b. Change the state law so that the exemptions are only good for 3-5 years. The businesses then must move off state land and into the private sector or stay on state land and pay the appropriate property tax.
  
3. Contact information:

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# City of Grand Forks

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## MEMO

February 17, 2011

To: Mayor Brown, City Council  
From: Mel Carsen, City Assessor

Some time ago Terry Bjerke and other city council members have asked about property tax assessments for property located on state owned land. Generally privately owned property on land leased from the state or other political subdivision is taxable to the lessee pursuant to section 57-02-26(1) NDCC. (Reprinted here)

**"57-02-26. Certain property taxable to lessee or equitable owner – Exception.**

1. Property held under a lease for a term of years, or under a contract for the purchase thereof, belonging to the United States or to the state or a political subdivision thereof, except such lands as have been leased for pasture or grazing purposes or upon which the state makes payments in lieu of property taxes, or to any religious, scientific, or benevolent society or institution, whether incorporated or unincorporated, or to any railroad corporation whose property is not taxed in the same manner as other property, must be considered, for all purposes of taxation, as the property of the person so holding the same."

Under this section of the law we assess leased property on land owned by the railroad, state and city. Those assessments are made directly to the tenant and include property such as L.M. Glassfiber, Cirrus Design, Hilton Garden Inn, UND Bookstore and the other leased parcels on the Bronson property. We cannot assess properties which qualify for a property tax exemption. One of these exemption provisions is found in section 57-02-08(34) NDCC. (Reprinted here)

**"57-02-08. Property exempt from taxation.** All property described in this section to the extent herein limited shall be exempt from taxation:"

"34. Any building located on land owned by the state if the building is used at least in part for academic or research purposes by students and faculty of a state institution of higher education."

According to this subsection the tenants located in the Skalicky Tech Incubator building and EERC building; are tax exempt. This exemption is limited to the building value and doesn't exempt the land. In most cases the land value portion for these tenant spaces represent a very small dollar amount, and we have not made any of these assessments.

Tenants located in the Skalicky Tech Incubator include:

1. Sunrise Renewables
2. UND Continuing Education
3. DataCom – DataSign
4. Agridata
5. Barry Streigel
6. Kingsbury Applied Economics
7. Clean Republic/Yong Hou
8. Microbeam Technologies
9. Larson Technologies

Tenants located in the EERC Building include 5 tenants having single offices:

1. Accelergy Corporation
2. Pratt & Whitney Rocketdyne
3. Grunergy Technologies USA, Inc.
4. EERC Foundation
5. Dept of Commerce Division of Community Services

The REAC 1 property on North 42<sup>nd</sup> street, the UND Aerospace Foundation property at 4775 Technology Circle and the Ida Mae Rude Entrepreneur Center gain their exemption pursuant to section 57-02-08(16) NDCC. (Reprinted here)

ALUMNI  
FOUNDATION

**"57-02-08. Property exempt from taxation.** All property described in this section to the extent herein limited shall be exempt from taxation:"

"16. Property now owned, or hereafter acquired, by a corporation organized, or hereafter created, under the laws of this state for the purpose of promoting athletic and educational needs and uses at any state educational institution in this state, and not organized for profit."

This exemption provision, exempts land and buildings of qualifying properties.

Tenants located in the REAC 1 property at 4201 James Ray Drive:

1. UND Research Foundation
2. DMD
3. Aggies Sunshine Cafe
4. Avianax
5. Novadign
6. UND Engineered Surfaces Center

Tenants located in the UND Aerospace Foundation property at 4775 Technology Circle include:

1. USDA Service Center
2. MCS Melby Construction Services, Inc.
3. Bac Tee Systems, Inc.
4. Laserlith Corporation

Tenants located in the Ida Mae Rude Entrepreneur Center include:

1. Center for Innovation
2. DVG (UND Students); CI Interns
3. Mueller Interns (UND Students)
4. Schuetzle Law Office & CI Staff
5. Ulteig Engineering
6. ND SBDC – Josh Klug
7. Northrop Gruman
8. S & S Promotional Group
9. ICON Architectural Group, LLC
10. Ntractive
11. Woods/International Trade Solutions
12. Microbean Technology

Should you have any questions, please give me a call or e-mail response.

Cc: Howard Swanson, City attorney  
Rick Duquette, City Administrator  
Pete Haga, Community / Gov. Relations Officer