

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2272

2005 SENATE FINANCE AND TAXATION

SB 2272

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2272

Senate Finance and Taxation Committee

Conference Committee

Hearing Date January 25, 2005

Tape Number	Side A	Side B	Meter #
# 1		X	23.0 - 61.4
# 2	X		0.0 - 10.3
Committee Clerk Signature <i>Sharon Kenyon</i>			

Minutes: All members present.

SEN. URLACHER: called the committee to order and opened the hearing on SB 2272.

SEN. ERBELE: appeared as prime sponsor of the bill stating the rising concerns of buying farm land for reasons other than farm purposes and being taken out of production and that the prices going considerably higher than the established market value. This seeks to do is any property that is not used for Ag purposes in at least 1 out of 3 years would be eligible to be taxed at a recreational rate. Concerns with taking land out of production, does not apply to CRP unless its strictly recreational and the intent of this bill would be to exempt CRP as well as the non profits.

SEN. COOK: if this bill passed, it's conceivable that taxable valuation of property in a county could rise considerably, would it be your intent that that increase in valuation would therefore also increase the dollars that the counties has to spend or would it be your intent that the increase in valuation would raise the same amount of dollars and just allow the taxes on other property to go down?

SEN. ERBELE: That would fall back to the individual counties desires on that

SEN. TOLLEFSON: Your in constant reference to non profit organization, I as an individual being a non farmer buying a quarter of land to ___ pheasant habitat, would I be considered a non profit organization? As an individual buying property for other than agricultural purposes, would I be excluded any exemption?

SEN. ERBELE: No, as an individual your not excluded, this is like for wildlife resources and those type of agencies but not as an individual.

REP. FROELICH: appeared as cosponsor stating its a property tax fairness issue. If you don't use the land for 1 out of the 3 years for agricultural purposes, what do they use it for? There is no economy being generate there, its no longer ag property, it becomes recreational. Generally speaking it puts no income into the community or schools, the land value triples so we can't afford to buy land and raise cattle or farm on it.

SEN. WARDNER: Would you perceive the county going out and reevaluating/assessing the property increasing the value of it and then it would be put under the commercial, right now, if its agricultural or residential, its 50% of the true and full value times 9%, this would be 50% of the true and full value x 10%, so that would be a change to commercial, would you envision that they would go out and change the valuation of the property upward, you'd have to do that to get more taxes.

REP. FROELICH: Yes, I believe that is the counties job. I don't believe its an extra burden because its already their job.

SEN. COOK: If your a farmer or whatever you are, you no longer qualify for the farm residence exemption, then your CRP man is going to no longer qualify for agricultural but qualify for commercial, did I just explain that correctly?

REP. FROELICH: yes and no, it all depends upon where CRP falls in the contract area.

SEN. TAYLOR: appeared as cosponsor in support stating that the new language put in this bill, will provide incentives for people to still use it for production. We're promoting good multi use of the land.

MARCY DICKERSON: Tax Dept. Appeared neutral on the bill with written testimony stating she needs a definition of how "primary" use is determined and the reclassification from Ag to Commercial would in most cases increase the valuation of the property.

SEN. COOK: If this was to pass, we wanted to make sure that any increase valuation did result in a lower mil levy, we would have to amend the bill to require that, is that correct.

YES.

KEITH MAGNUSSON: on behalf of himself in opposition of this bill stating that CRP restriction would directly affect him. I have an interest in CRP land and no, I'm not a farmer, I can't get out of that CRP, its in contract and I think we just renewed it and this would affect me right away. I haven't hunted for 40 years so I'm not using it for recreational purposes or anything like that.

DAVID MUNSCH: appeared on behalf of himself in opposition stating he is someone who uses the land probably both ways. Also feels that property should be evaluated by the quality of the soil, you can't micro manage stuff like that.

RICHARD SCHLOSSER: from the North Dakota Farmers Union appeared in support stating we're hearing more and more concerns that Sen. Erberle's said about the competition that we see with our young producers and our farmers out there who are attempting to buy land or lease land with other interests. In concept we agree with what this bill is attempted to do, but is this the vehicle in which to pursue how we sort of limit this. Some issues have been raised and need to be looked at.

SEN. URLACHER: How about CRP, we have operators out there where a small portion of CRP that is part of their operation, do you think that should be toyed with?

MR. SCHLOSSER: That was a concern I had, that is an issue and needs to be addressed, maybe there needs to be some work to guarantee that that is not going to be caught up under this whole thing and fall under those other tax provisions.

WADE MOSER: ND Stockmen's Assoc. appeared in support stating he thinks the provision that addresses the CRP can be resolved fairly easy with the new provisions that's in the law now that allows for managed haying and grazing. In fact, in most cases its probably going to benefit both for the wildlife and the producer or you can opt to graze or hay for 1 of 3 years. That's allowed in this legislation so I think its fixable.

LEON SAMUEL: Director of the Tax Equalization in Morton County appeared neutral to explain a couple of things about the bill. Water reinforcement, who's going to tell us this is what you put on and this is what you keep off. This is another farm exempt bill and that's exactly what it is. Here's the rules and regulations, we have to determine who falls on this side and who falls on that side, where do we get the information that this should be on, this should be off, who is going to tell us all that? That's the big problem, where do we get that information, we're the

ones out there that are going to decide yes, this needs to be commercial or no it doesn't. It's going to be very tough for us to do that unless somewhere along the line there's black and white that's say yes or no.

SEN. URLACHER: Soil classes and productivity.

ANSWER: That's not going to do it, because the best soils are not what they are paying the high prices for. The best soils, right now, down the road, the good farm land is going to be the cheapest land we have down the road, because right now, they are buying the creek bottoms, the wooded areas and that's what they are paying the \$750 to \$1500 an acre for. They don't want that 160 acres of nice flat farm land, there is no birds or deer on that.

SEN. EVERY: Don't you work closely with the Register of Deeds to know when these transfers occur, its public record, can't you kind of assume in most cases what's going on with this property? Are you suggesting that there needs to be some kind of a form that goes along with it, how would you make this work so that we do what that property is going to be officially used for?

ANSWER: we see these transfers, but it still doesn't tell us, what are they going to be using the property for, are they going to be working with a farmer or only using it for hunting or whatever. I don't know how to make it work, its like the farm exempt bill, how do we decide whose farm is exempt and who isn't.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2272

Senate Finance and Taxation Committee

Conference Committee

Hearing Date **February 1, 2005**

Tape Number	Side A	Side B	Meter #
#3	X		3.2 - 7.9
Committee Clerk Signature <i>Sharon Guprow</i>			

Minutes: AFTERNOON COMMITTEE WORK

SEN. EVERY: Marcy Dickerson wanted some amendments on this one and asked for direction on how primary use was determined, percentage of time, percentage of income earnings on other criteria.

SEN. WARDNER: Define "primary use", that's what she wanted. She says it would be helpful if this bill included directions concerning how primary use is determined by percentage of time, by percentage of income earned or some other criteria.

SEN. COOK: I can't support this bill the way it is, but this bill addresses some issues that needs to be addressed. I think an option that we have is to turn it into a study resolution, but I don't know to what degree its been studied in the past. Some land classified as agricultural and should be classified as commercial.

SEN. WARDNER: made a **MOTION FOR DO NOT PASS**, seconded by Sen. Bercier

ROLL CALL VOTE: 5-1-0 Sen. Bercier will carry the bill.

FISCAL NOTE
Requested by Legislative Council
03/18/2005

Amendment to: SB 2272

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Engrossed SB 2272 requires the legislative council to consider conducting two interim studies: circumstances in which property should cease to be considered agricultural property; and issues related to the transferability of income tax credits for installation of wind energy devices. There is no fiscal impact other than any potential costs associated with conducting the studies.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	03/21/2005

FISCAL NOTE
Requested by Legislative Council
01/18/2005

Bill/Resolution No.: SB 2272

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2272 requires property to be classified as commercial instead of agricultural under certain conditions. The result of reclassification to commercial would, in most cases, increase the valuation of the property. Any structures on the reclassified property would not be eligible for the farm building exemption.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

It is not possible to estimate the amount of increased property tax revenue that would be generated by the provisions of SB 2272. All political subdivisions in which reclassified property is located, including the state medical center, would receive additional revenue.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	01/23/2005

REPORT OF STANDING COMMITTEE (410)
February 2, 2005 8:27 a.m.

Module No: SR-22-1638
Carrier: Bercier
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2272: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO NOT PASS (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2272 was placed on the Eleventh order on the calendar.

2005 HOUSE FINANCE AND TAXATION

SB 2272

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2272**

House Finance and Taxation Committee

Conference Committee

Hearing Date **March 1, 2005**

Tape Number	Side A	Side B	Meter #
2	X		22
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

REP. WES BELTER, CHAIRMAN Called the committee hearing to order.

SEN. ROBERT ERBELE, DIST. 28 Introduced the bill. This bill is brought to you because a lot of agricultural property is being bought and then not being used for ag purposes. Related to a situation near his home, where a farm was for sale, a couple quarters, and the price went way beyond the ability of the neighborhood to buy, then one of the young farmers, hoping he could rent the pasture and make the hay, and the buyer said no, it was for his own pleasure and hunting, he even went so far as pulling the fences off the land. I don't have a particular problem with anyone from anywhere buying land in North Dakota for any price. All we want here is, if you aren't going to use the land for an agricultural purpose, then it should be taxed. Related to land along the Little Missouri in the Badlands, selling for one thousand per acre. This bill says, if you use it for agricultural purposes for one out of three years, you can maintain the ag tax. The bill's intent is not to harm CRP land in anyway.

REP. BELTER Questioned what page 2, subsection 2 related to.

SEN. ERBELE Defines what a farmer is.

REP. CONRAD When you say primarily used as agriculture, is there some definition of that?

SEN. ERBELE You are saying a number of animals for a small tract of land?

I think it means used according to capacity of animal units or grazing.

REP. CONRAD We need some definition of primary.

REP. WRANGHAM What is the difference between taxation of agricultural and commercial, and maybe we need another category of recreational?

SEN. ERBELE That subject did arise in the Senate, whether we should have a third category of recreational. I am not so sure there would be a whole lot of difference between that and commercial.

WADE MOSER, NORTH DAKOTA STOCKMEN'S ASSOCIATION Testified in support of the bill. He stated the amendments put on this bill will go a long ways to solve the problem. When you look at the CRP, there may need to be some language in there. Gave examples about people coming in and buying land for a high price and basically walking away. There was a section of land purchased south of Richardton for about three times what the appraised value was. The purchasers were from Bismarck, they just use it a couple of times per year for hunting. There was another piece of land that was purchased north of Tuttle by a person from New York. When he bought that land, he leased it back to the guy who has been leasing it for about twenty five years, they had a great friendship, and wanted to make sure the land was taken care of like it was before, so he leased it back out. We have these different types of examples out there of how

people treat the land and the community. We think this is a great concept, and these people should be taxed accordingly.

REP. BRANDENBURG Stated he signed on to the bill for the reason, that the land should be taxed as part of the economy, the roads are there and the infrastructure is there.

MARCY DICKERSON, STATE TAX DEPARTMENT Testified in support of the concept but do have concerns. See attached written testimony.

REP. BELTER Did you bring this to the attention of the Senate, dealing with Game & Fish Department and the National Guard?

MARCY DICKERSON I did not as I was out ill at that time.

REP. FROELICH It was the intent of the bill not to include the nonprofits.

DAVID MUNSCH, MORTON COUNTY Testified in opposition of the bill. I think the bill is a protection thing for the local people. They are trying to avoid something that will inevitably happen. You can pass this, but somewhere down the line, there will be a lawsuit over it, particularly, because of the game and fish and also the CRP. I lease my cropland out and keep the grass back. The guy that I leased it to, overgrazed it, so I kicked him off. Now I have a friend of mine lease it for race horses, and I keep it for the wildlife, and raise as many trees as I can. If you want to split hairs, I guess I am recreational on that. That land has been in my wife's family for about a hundred years. I would like to keep all of these people out. I think by tweaking this stuff, eventually, a guy like Ted Turner will come in here, and if he wants some land, he will get it. You go to states like Iowa, there is no native grass. You are going down a dangerous path here.

ARVID WINKLER, ASSESSOR IN BARNES COUNTY Testified in a not so neutral position. What was not discussed today is, I as an assessor, how will I value this land as commercial property. Nothing is said about the statistics or comparable sales. If I have one in the township, what am I going to compare it to. You are adding some more creative accounting in this one out of three agricultural use. You are apparently going to create this recreation classification, if so, spell it out that way, and tell us what the assessing rate is going to be, nine percent, ten percent, if you are referring to commercial property, I assume it will be ten percent. Please spell it out. I am troubled by line 13, on page 2, I am not sure what is intended there.

LAUREN HUNZE, MC LEAN COUNTY TAX DIRECTOR Testified in a neutral position. Game and fish land would be affected by this. McLean County has the largest number of acres of game and fish land, I think, some where around 36,000 acres. I have thousands of acres of timbered land along the Missouri River in McLean County, that probably only two ranchers graze. That would be subject to taxation. Reading through it, if it is not used primarily for agricultural purposes, it would be subject to commercial use. That could affect every farmstead in North Dakota. Every acre of ground underneath the farmstead, where the farm is located, is not used for agricultural purposes. There are far reaching affects in this that needs to be addressed.

With no further testimony, the hearing was closed.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2272**

House Finance and Taxation Committee

Conference Committee

Hearing Date **March 9, 2005**

Tape Number	Side A	Side B	Meter #
2		X	3
Committee Clerk Signature			

Minutes:

COMMITTEE ACTION

REP. BRANDENBURG Presented amendments relating to the State Game & Fish

Department's concerns. The amendments take the nonprofits out of the bill. We are only keeping the ones that don't contribute to the economy in the bill.

A representative from the State Game & Fish appeared before the committee, stating the amendments only take care of half their concerns. Attached is a copy of information they presented.

The committee decided to have Marcy Dickerson, with the State Tax Department, come to a committee meeting to answer questions. The bill will be acted on at a later date.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2272**

House Finance and Taxation Committee

Conference Committee

Hearing Date **March 15, 2005**

Tape Number	Side A	Side B	Meter #
1	X		39
Committee Clerk Signature			

Minutes:

COMMITTEE ACTION

REP. FROELICH Presented amendments to committee members. The amendments relate to sale of land that is sold for twice as much, will then be assessed as recreational property. The sale of the land is the component in this amendment.

REP. BRANDENBURG Presented two additional amendments.

REP. NICHOLAS Suggested all amendments be digested overnight.

REP. BELTER Stated, the bill would be acted on tomorrow.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2272**

House Finance and Taxation Committee

Conference Committee

Hearing Date **March 16, 2005**

Tape Number	Side A	Side B	Meter #
1	X		37
Committee Clerk Signature			

Minutes:

COMMITTEE ACTION

REP. FROELICH Presented amendments to committee members.

REP. KELSH Made a motion to adopt amendment #50730.0105.

REP. IVERSON Second the motion. Motion carried by voice vote.

REP. FROELICH Made a motion for a **do pass as amended**.

REP. IVERSON Second the motion. **Motion carried.**

12 yes 0 no 2 absent

REP. FROELICH Was given the floor assignment.

Date: 3/16/05
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2272

House FINANCE & TAXATION Committee

Check here for Conference Committee

Legislative Council Amendment Number 50730.0105

Action Taken Do Pass as amend

Motion Made By Rep. Froelich Seconded By Rep. Iverson

Representatives	Yes	No	Representatives	Yes	No
BELTER, WES, CHAIRMAN	✓				
DROVDAL, DAVID, V-CHAIR	✓				
BRANDENBURG, MICHAEL	✓				
CONRAD, KARI	✓				
FROELICH, ROD	✓				
GRANDE, BETTE	✓				
HEADLAND, CRAIG	✓				
IVERSON, RONALD	✓				
KELSH, SCOT	✓				
NICHOLAS, EUGENE	✓				
OWENS, MARK	✓				
SCHMIDT, ARLO	✓				
WEILER, DAVE	✓				
WRANGHAM, DWIGHT	✓				

Total (Yes) 12 No 0

Absent 2

Floor Assignment Rep. Froelich

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2272: Finance and Taxation Committee (Rep. Belter, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2272 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative council study of circumstances in which property should cease to be considered agricultural property for property tax purposes and a legislative council study of transferability of income tax credits for installation of geothermal, solar, or wind energy devices.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE COUNCIL AGRICULTURAL PROPERTY STATUS FOR PROPERTY TAX PURPOSES STUDY. The legislative council shall consider studying, during the 2005-06 interim, circumstances in which property should cease to be considered agricultural property for property tax purposes. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly.

SECTION 2. LEGISLATIVE COUNCIL INCOME TAX CREDIT TRANSFERABILITY STUDY. The legislative council shall consider studying, during the 2005-06 interim, issues related to transferability of income tax credits for installation of geothermal, solar, or wind energy devices. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly."

Renumber accordingly

2005 TESTIMONY

SB 2272

SENATE FINANCE AND TAXATION COMMITTEE

January 25, 2005

Testimony of Marcy Dickerson, State Supervisor of Assessments

SENATE BILL 2272

Mr. Chairman, Members of the Committee, for the record my name is Marcy Dickerson and I am employed as State Supervisor of Assessments and Director of the Property Tax Division by the Tax Commissioner.

Senate Bill 2272 provides for property to lose agricultural classification and be classified as commercial property under certain conditions. Property not enrolled in the conservation reserve program must have been primarily used for raising agricultural crops or grazing farm animals in at least one of the three consecutive preceding taxable years to qualify for assessment as agricultural property. Property that is enrolled in the conservation reserve program does not qualify as agricultural property if the owner does not qualify as a farmer as defined in subdivision b of subsection 15 of section 57-02-08. Property acquired by a nonprofit organization in compliance with section 10-06.1-10 is not subject to those provisions.

It would be helpful if this bill included direction concerning how 'primary' use is determined -- by percentage of time, percentage of income earned, or some other criteria.

It appears that land owned by North Dakota Game & Fish Department, North Dakota National Guard, and the Board of University and School Lands, all of which is required to be valued the same as other real property and make payment in lieu of taxes, would have to be valued as commercial property.

The provision under Section 2 that applies retroactively for purposes of consideration of property sales occurring after December 31, 1994, is relevant only to existing law regarding

property platted on or after March 30, 1981. The new language does not refer to sales of property.

The result of reclassification from agricultural to commercial would, in most cases, increase the valuation of the property. Any structures on the reclassified property would not be eligible for the farm building exemption.

It is not possible to estimate the amount of increased property tax revenue this bill would generate. All political subdivisions in which reclassified property was located would receive additional revenue.

This concludes my prepared testimony. I will be happy to try to answer any questions.

HOUSE FINANCE AND TAXATION COMMITTEE

March 1, 2005

Testimony of Marcy Dickerson, State Supervisor of Assessments

SENATE BILL 2272

Mr. Chairman, Members of the Committee, for the record my name is Marcy Dickerson and I am employed as State Supervisor of Assessments and Director of the Property Tax Division by the Tax Commissioner.

It would be helpful if this bill included direction concerning how "primary" use is determined – by percentage of time, percentage of income earned, or some other criteria.

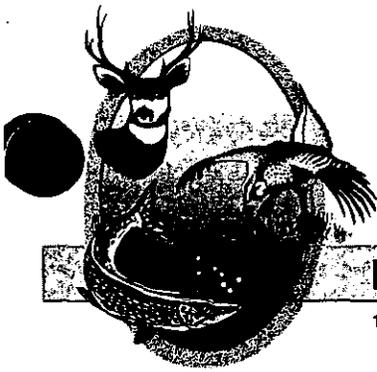
It appears that land owned by North Dakota Game & Fish Department and by the North Dakota National Guard, all of which is required to be valued the same as other real property and make payment in lieu of taxes, will have to be valued as commercial property if Senate Bill 2272 is enacted.

The provision under Section 2 that applies retroactively for purposes of consideration of property sales occurring after December 31, 1994, appears to be left over from a bill that was introduced in 2003. Is it intended that the new provisions will apply only to property that changed ownership after December 1, 1994?

The result of reclassification from agricultural to commercial would, in most cases, increase the valuation of the property. Any structures on the reclassified property would not be eligible for the farm building exemption.

It is not possible to estimate the amount of increased property tax revenue this bill would generate. All political subdivisions in which reclassified property was located could receive additional tax revenue, depending on which method they used to calculate their mill rates.

This concludes my prepared testimony. I will be happy to try to answer any questions.



"VARIETY IN HUNTING AND FISHING"

NORTH DAKOTA GAME AND FISH DEPARTMENT

100 NORTH BISMARCK EXPRESSWAY BISMARCK, NORTH DAKOTA 58501-5095 PHONE 701-328-6300 FAX 701-328-6352

State Game + Fish

North Dakota Game and Fish Department

Information for Consideration on the Deliberation of SB 2272

- 1. This bill will significantly increase the In Lieu of Tax Payments made by the North Dakota Game and Fish Department.** The Department leases just over 113,000 acres mainly from the Corps of Engineers and Bureau of Reclamation. The Department owns about 82,000 acres. The 2004 in lieu of tax bill for these lands was approximately \$418,000. If SB 2272 passes, much of the Department's land would be reclassified as commercial property. It is estimated that the Department's tax bill would increase by roughly 50%. If this happens, our appropriation bill should be increased by about \$400,000 for the 2005-2007 bienniums for this. Note that on the Corps of Engineers and Bureau of Reclamation land, the combination of payments made by the federal agency and the Game and Fish Department in most cases, significantly exceed the per acres tax payments made for similar privately owned land.
- 2. The Department has numerous agreements with private landowners to preserve wildlife habitat and provide hunting access.** A lot of this land is of marginal agricultural value. Under SB 2272 it would become commercial property and the private landowner would most likely end up paying higher taxes. This will negatively affect our habitat programs, especially when we are trying to expand these programs to meet public demand.
- 3. As the director of the Game and Fish Department, I have tried to point out the negative impacts on both the Department and private landowners who are involved with or might become part of one of our habitat programs.** I must also point out that **this bill will cause a significant shifting of property taxes to private landowners who have their land enrolled in beneficial state and federal conservation programs providing critical flood control, water quality, soil/wind erosion control and other key environmental protection such as:**

 - Farmable Wetland Program (FWP)
 - Wetland Reserve Program (WRP)
 - Emergency Watershed Program (EWP)
 - Grassland Reserve Program (GRP)

- **Wildlife Habitat Incentive Program (WHIP)**
- **North Dakota State Water Bank**

While SB 2272 does exempt some Conservation Reserve Program participants, a large amount of CRP land would not be exempt. SB 2272 is a very short, but complex and controversial bill. This bill could impact over a million acres of land enrolled in beneficial conservation programs. As it is researched and discussed, more and more problems surface. The Department requests that you do not pass it.