

**2023 HOUSE FINANCE AND TAXATION**

**HB 1439**

# 2023 HOUSE STANDING COMMITTEE MINUTES

**Finance and Taxation Committee**  
Room JW327E, State Capitol

HB 1439  
1/24/2023

A bill relating to a property tax exemption for property of churches.
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**Vice Chairman Hagert** opened the hearing at 10:48AM.

**Members present:** Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Steiner, Representative Toman, and Representative Ista. **Members absent:** Chairman Headland, Representative Olson, Representative Finley-DeVille.

**Discussion Topics:**

- Church properties
- Property tax on churches
- Construction of churches

**Representative Bellew** introduced the bill in support (#15579).

**Bill Wocken, North Dakota League of Cities**, testified in support (#16286).

**Mark Jorritsma, Executive Director for North Dakota Family Alliance**, testified in support (#16093).

**Vice Chairman Hagert** closed the hearing at 11:01AM.

*Mary Brucker, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Room JW327E, State Capitol

HB 1439  
1/24/2023

A bill relating to a property tax exemption for property of churches.
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**Chairman Headland** opened the meeting at 3:03PM.

**Members present:** Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVile, and Representative Ista. No members absent.

**Discussion Topics:**

- Committee vote

**Representative Dockter moved a Do Pass.**

**Representative Fisher seconded the motion.**

**Dee Wald, North Dakota Tax Commissioner's Office**, verbally explained the bill to the committee in a neutral capacity.

**Representative Dockter withdrew his motion.**

Committee will further review and come back to this bill at a later date.

**Chairman Headland** closed the meeting at 3:14PM.

*Mary Brucker, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Room JW327E, State Capitol

HB 1439  
1/31/2023

A bill relating to a property tax exemption for property of churches.

**Chairman Headland** opened the meeting at 11:32AM.

**Members present:** Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVilleville, and Representative Ista. No members absent.

**Discussion Topics:**

- Undeveloped land
- Retroactive date

**Representative Bosch** moved a Do Pass.

**Representative Motschenbacher** seconded the motion.

**Dee Wald, General Counsel with the North Dakota Tax Commissioner's Office,** answered questions from the committee.

**Representative Bosch** withdrew his motion.

**Representative Olson** moved an amendment to remove section two of the bill and add an effective date of December 31, 2023. #18447

**Representative Bosch** seconded the motion.

**Roll call vote:**

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVilleville	Y
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y

Representative Jeremy Olson	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	N

**Motion carried 13-1-0**

**Representative Grueneich** proposed a verbal amendment on page 1, line 20, change “20 acres” to “5 acres” and on page 2, line 2, change “commenced” to “been completed.”

**Dee Wald, General Counsel with the North Dakota Tax Commissioner’s Office,** answered questions from the committee.

**Chairman Headland** adjourned at 11:59AM.

*Mary Brucker, Committee Clerk*

January 31, 2023

2/1 1-31-23

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1439

Page 1, line 2, remove "; to provide for"

Page 1, line 3, remove "application"

Page 1, line 3, replace "a retroactive" with "an"

Page 2, replace lines 11 through 16 with:

**"SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after December 31, 2022."

Renumber accordingly

# 2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Room JW327E, State Capitol

HB 1439  
1/31/2023

A bill relating to a property tax exemption for property of churches.
---

**Chairman Headland** opened the meeting at 3:00PM.

**Members present:** Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Steiner, Representative Toman, Representative Finley-DeVille, and Representative Ista. Members absent: Representative Olson.

**Discussion Topics:**

- Church property
- Committee vote

**Dee Wald, General Counsel with the North Dakota Tax Commissioners Office**, provided neutral testimony (#18239).

**Representative Bosch** moved a **Do Pass as Amended**.

**Representative D. Anderson** seconded the motion.

**Roll call vote:**

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	N
Representative Jay Fisher	N
Representative Jim Grueneich	N
Representative Patrick Hatlestad	N
Representative Zachary Ista	Y
Representative Mike Motschenbacher	N
Representative Jeremy Olson	AB
Representative Vicky Steiner	N
Representative Nathan Toman	Y

**Motion carried 7-6-1**

**Representative Bosch** is the bill carrier.

House Finance and Taxation Committee  
HB 1439  
January 31, 2023  
Page 2

**Chairman Headland** adjourned at 3:14PM.

*Mary Brucker, Committee Clerk*



**REPORT OF STANDING COMMITTEE**

**HB 1439: Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 6 NAYS, 1 ABSENT AND NOT VOTING). HB 1439 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "; to provide for"

Page 1, line 3, remove "application"

Page 1, line 3, replace "a retroactive" with "an"

Page 2, replace lines 11 through 16 with:

**"SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after December 31, 2022."

Re-number accordingly

**2023 SENATE FINANCE AND TAXATION**

**HB 1439**

# 2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Fort Totten Room, State Capitol

HB 1439  
3/1/2023

Relating to a property tax exemption for property of churches

**1:31 PM Chairman Kannianen** opens hearing.

Senator Present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

**Discussion Topics:**

- Church construction phase

**1:31 PM Representative Bellew** introduced bill. #21350

**1:37 PM Shane Goettle, Assistant Attorney,** verbally in favor.

**1:40 PM Bill Wocken, ND League of Cities,** verbally in favor.

**1:42 PM Donald Flaherty Director of Equalization for Dickey County Government,** in opposition. #21435

**Additional written testimony:**

Herald Stewart #21506

Mark Jorritsma #21527

**1:46 PM Chairman Kannianen** adjourns hearing.

*Nathan Liesen, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

**Finance and Taxation Committee**  
Fort Totten Room, State Capitol

HB 1439  
3/1/2023

Relating to a property tax exemption for property of churches
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**2:06 PM Chairman Kannianen** opens hearing.

Senator Present: **Kannianen, Weber, Patten, Rummel, Piepkorn.** Senator Absent: **Magrum.**

**Discussion Topics:**

- Potential amendment
- Project carve out

**2:07 PM Chairman Kannianen** explained the bill.

**2:14 PM Chairman Kannianen** adjourns meeting.

*Nathan Liesen, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1439  
3/14/2023

relating to a property tax exemption for property of churches; and to provide an effective date.

**2:38 PM Chairman Kannianen** opens meeting.

Senator Present: **Kannianen, Patten, Rummel, Piepkorn**. Senator Absent: **Magrum, Weber**

### Discussion Topics:

- Committee action

**2:59 PM Senator Patten** moved Amendment. LC 23.0917.02002 #23562

**3:01 PM Senator Rummel** seconded.

Roll call vote.

Senators	Vote
Senator Jordan Kannianen	Y
Senator Mark F. Weber	AB
Senator Jeffery J. Magrum	AB
Senator Dale Patten	Y
Senator Merrill Piepkorn	N
Senator Dean Rummel	Y

Passed 3-1-2

**3:02 PM Senator Patten** moved Do Pass as Amended.

**3:02 PM Senator Rummel** seconded.

Roll call vote.

Senators	Vote
Senator Jordan Kannianen	Y
Senator Mark F. Weber	AB
Senator Jeffery J. Magrum	AB
Senator Dale Patten	Y
Senator Merrill Piepkorn	N
Senator Dean Rummel	Y

Passed 3-1-2

**Senator Kannianen** will carry the bill.

**3:03 PM Chairman Kannianen** closed the meeting.

*Nathan Liesen, Committee Clerk*

44  
3-14-23

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1439

Page 1, line 2, after "churches" insert "; to provide for application"

Page 1, line 2, replace "an" with "a retroactive"

Page 2, replace lines 11 and 12 with:

**"SECTION 2. RETROACTIVE EFFECTIVE DATE - APPLICATION.** This Act is retroactively effective and applies for taxable years beginning after December 31, 2020. The limitation on time for filing an abatement claim under section 57-23-04 does not apply to refunds of taxes paid or cancellation of taxes levied for taxable year 2021 or 2022 on property exempt from taxation under this Act. The board of county commissioners shall direct refund of taxes paid or cancellation of taxes levied on property exempt from taxation under this Act."

Renumber accordingly

**REPORT OF STANDING COMMITTEE**

**HB 1439, as engrossed: Finance and Taxation Committee (Sen. Kannianen, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (3 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). Engrossed HB 1439 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, line 2, after "churches" insert "; to provide for application"

Page 1, line 2, replace "an" with "a retroactive"

Page 2, replace lines 11 and 12 with:

**"SECTION 2. RETROACTIVE EFFECTIVE DATE - APPLICATION.** This Act is retroactively effective and applies for taxable years beginning after December 31, 2020. The limitation on time for filing an abatement claim under section 57-23-04 does not apply to refunds of taxes paid or cancellation of taxes levied for taxable year 2021 or 2022 on property exempt from taxation under this Act. The board of county commissioners shall direct refund of taxes paid or cancellation of taxes levied on property exempt from taxation under this Act."

Renumber accordingly

**2023 CONFERENCE COMMITTEE**

**HB 1439**



# 2023 HOUSE STANDING COMMITTEE MINUTES

**Finance and Taxation Committee**  
Room JW327E, State Capitol

HB 1439  
4/7/2023  
Conference Committee

A bill relating to a property tax exemption for property of churches.
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**Chairman Dockter** opened the conference committee meeting at 11:30 AM.

**Members present:** Chairman Dockter, Representative Grueneich, Representative D. Anderson, Chairman Kannianen, Senator Weber, and Senator Piepkorn.

**Discussion Topics:**

- Church property acreage
- Raw land and construction
- Retroactive effective date

**Senator Kannianen** explained the Senate amendments.

Committee discussion.

**Adam Tescher, Director of School Finance with the North Dakota Department of Public Instruction**, answered questions from the committee.

**Chairman Dockter** adjourned at 11:47 AM.

*Mary Brucker, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

**Finance and Taxation Committee**  
Room JW327E, State Capitol

HB 1439  
4/10/2023  
Conference Committee

A bill relating to a property tax exemption for property of churches.
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**Chairman Dockter** opened the meeting at 10:00 AM.

**Members present:** Chairman Dockter, Representative Grueneich, Representative D. Anderson, Chairman Kannianen, Senator Weber, and Senator Piepkorn.

**Discussion Topics:**

- Committee vote

**Senator Weber** moved the Senate recede from Senate amendments.

**Senator Piepkorn** seconded the motion.

**Roll call vote:** Motion carried 5-1-0

**Chairman Dockter** is the House carrier and **Senator Weber** is the Senate carrier.

**Chairman Dockter** adjourned at 10:04 AM.

*Mary Brucker, Committee Clerk*

Date: 4/10/2023  
 Roll Call Vote #:1

## 2023 HOUSE CONFERENCE COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1439 as engrossed

### House Finance and Taxation Committee

- Action Taken**
- HOUSE accede to Senate Amendments
  - HOUSE accede to Senate Amendments and further amend
  - SENATE recede from Senate amendments
  - SENATE recede from Senate amendments and amend as follows
- Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Weber                      Seconded by: Senator Piepkorn

Representatives	4/7	4/10		Yes	No		Senators	4/7	4/10		Yes	No
Chairman Dockter	X	X		X			Chairman Kannianen	X	X			X
Rep. Grueneich	X	X		X			Senator Weber	X	X		X	
Rep D. Anderson	X	X		X			Senator Piepkorn	X	X		X	
Total Rep. Vote				3			Total Senate Vote				2	1

Vote Count            Yes: 5                      No: 1                      Absent: 0

House Carrier    Chairman Dockter            Senate Carrier    Senator Weber

LC Number \_\_\_\_\_ . \_\_\_\_\_ of amendment

LC Number \_\_\_\_\_ . \_\_\_\_\_ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

**REPORT OF CONFERENCE COMMITTEE**

**HB 1439, as engrossed:** Your conference committee (Sens. Kannianen, Weber, Piepkorn and Reps. Dockter, Grueneich, D. Anderson) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ page 1327 and place HB 1439 on the Seventh order.

Engrossed HB 1439 was placed on the Seventh order of business on the calendar.

**TESTIMONY**

**HB 1439**

## HB 1439 Testimony

Mr. Chairman, members of the House Finance and Tax Committee, my name is Rep. Larry Bellew, District 38 Republican from Minot. I am here to introduce and support passage of HB 1439.

Last session, this Legislative Assembly passed HB 1471. This bill, as passed, was intended to exempt religious organizations (Churches) from property taxes if they have commenced with construction improvements. However, according to the Tax Department and I quote “but construction improvements to accommodate a church building or buildings do begin, the land is *no longer* undeveloped. Yet, there is no church building or buildings in place until built. Commencement of construction improvements changes the taxable status of the *formally* undeveloped land from exempt to non-exempt until such time as the church building or buildings are built and suitable for use. If the Legislative Assembly intends for there to be an exemption while construction improvements are underway, then additional language should be added to specifically provide for that exemption. This is what HB 1439 does. Even, though I feel that HB 1471 did the same thing.

During public testimony last session, only gov’t entities were against the bill. Their testimony stated that if the property tax was reduced for churches,

then the other taxpayers in the taxing area would have to make up the difference.

Not once was there a mention to reduce gov't spending. My question to the political subs is who makes up the difference when they open and become exempt?

I urge this committee to pass this bill and correct what the tax department is saying.



# NORTH DAKOTA

## *Family Alliance* LEGISLATIVE ACTION

### Testimony in Support of House Bill 1439

Mark Jorritsma, Executive Director  
North Dakota Family Alliance Legislative Action  
January 24, 2023

Dear Chairman Headland and honorable members of the House Finance and Taxation Committee. My name is Mark Jorritsma and I am the Executive Director of North Dakota Family Alliance Legislative Action. I am testifying in support of House Bill 1439 and respectfully request that you render a “DO PASS” on this bill for a number of reasons.

Although the exemption of religious organizations from taxation started in the early years of our country, the *Walz v. Tax Commission of the City of New York* case in 1970 solidified that real property owned by religious organizations should be tax exempt. As such, Walz was a cornerstone case regarding tax-exempt status for religious institutions. The US Constitution and the North Dakota Constitution acknowledge this legal principle as well.

So, why are we here today discussing the taxation of real property owned by religious organizations? Essentially, to change the Century Code to clarify and reflect the intent of last session’s bill HB 1471 which sought to exempt all undeveloped church-owned property, but did not specifically mention parsonages.

Our organization wholeheartedly supports the inclusion of parsonage land in this tax exemption. Speaking personally now, as a preacher’s kid (PK), I can attest to the religious purposes a parsonage is used for. From my father having an office in our house, to meeting with members of our congregation late in the evening when they were desperate and needed spiritual guidance, to hosting church families for dinners and coffee throughout the week. I can guarantee you that being a pastor is not a solitary job – your whole family is part of your ministry in an active manner and, as such, the parsonage is very much a place where ministry takes place around the clock.

While Family Policy Alliance of North Dakota can fully appreciate the need for property tax revenues for state and local jurisdictions, we believe that for the aforementioned reasons, it is in the best interest of our state to make these changes to our Century Code. We ask you to please render a “DO PASS” out of this committee on House Bill 1439.

Thank you for your time. I would now be happy to stand for any questions.

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1515 Burnt Boat Dr., Suite C-148, Bismarck, ND 58503  
[mark@Ndfamilyalliance.org](mailto:mark@Ndfamilyalliance.org)  
701-355-6425  
[www.ndfamilyalliance.org](http://www.ndfamilyalliance.org)




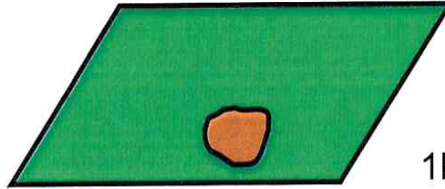
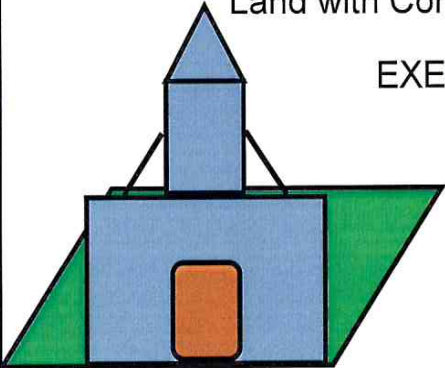

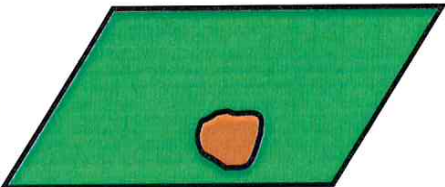
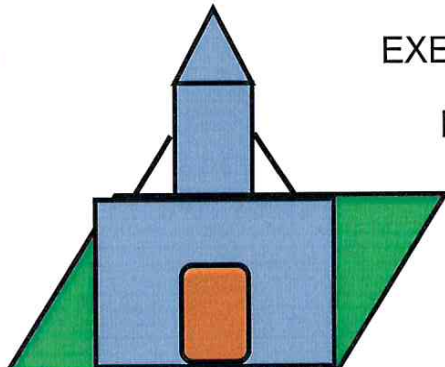

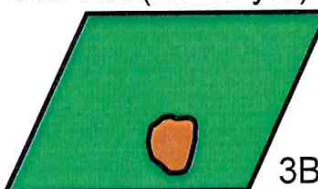
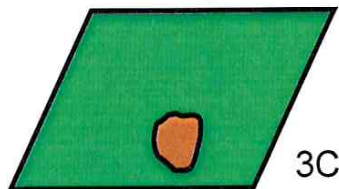
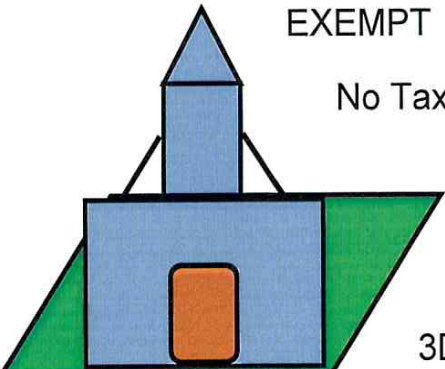
Testimony in Support of House Bill 1439  
January 24, 2023  
House Finance and Taxation Committee  
Bill Wocken on behalf of the North Dakota League of Cities

Good morning, Mr. Chairman and members of the House Finance and Taxation Committee. For the record, my name is Bill Wocken, appearing on behalf of the North Dakota League of Cities in support of House Bill 1439.

This bill proposes to add a definition for “undeveloped land” as it is used in this exemption. The term was understood one way by one group and another way by another group. This definition is needed to resolve the issue.

With the understanding that “undeveloped land” includes land upon which a building is being constructed, the League of Cities believes the bill will function as it was intended. We were a part of the negotiations on this bill last session and were happy with the results. We are thankful to the sponsor for introducing HB 1439 to clarify the land matter.

The League of Cities asks for a Do Pass recommendation on HB 1439. I will be happy to answer any questions you may have of me.

NDCC 57-02-08(9) Prior to 2021 Session	<p>Land for Future Church NOT EXEMPT Tax on \$10K (land)</p>  <p>1A</p>	<p>Improved Land for Future Church NOT EXEMPT Tax on \$10K plus improvements</p>  <p>1B</p>	<p>Land with Completed Church EXEMPT No Tax</p>  <p>1C</p>	
HB 1471 (2021) *Impact was to Box 2A	<p>Up to 20 Acres for Future Church EXEMPT for up to 10 years No Tax</p>  <p>2A</p>	<p>Up to 20 Acres for Future Church After Development Begins NOT EXEMPT Tax on \$10K plus improvements</p>  <p>2B</p>	<p>Land with Completed Church EXEMPT No Tax</p>  <p>2C</p>	
HB 1439 (2023) *Impact is to Box 3B	<p>Up to 20 Acres for Future Church EXEMPT for up to 10 years No Tax</p>  <p>3A</p>	<p>Up to 20 Acres for Future Church After Development Begins EXEMPT for up to 10 years No Tax (for 10 yrs)</p>  <p>3B</p>	<p>Up to 20 Acres for Future Church After Development Begins NOT EXEMPT for years 11 through Completion Tax on \$10K plus imp.</p>  <p>3C</p>	<p>Land with Completed Church EXEMPT No Tax</p>  <p>3D</p>

23.0917.01001  
Title.02000

Adopted by the House Finance and Taxation  
Committee

January 31, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1439

Page 1, line 2, remove "; to provide for"

Page 1, line 3, remove "application"

Page 1, line 3, replace "a retroactive" with "an"

Page 2, replace lines 11 through 16 with:

**"SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years  
beginning after December 31, 2022."

Re-number accordingly

## HB 1439 Testimony

Mr. Chairman, members of the Senate Finance and Tax Committee, my name is Rep. Larry Bellew, District 38 Republican from Minot. I am here to introduce and support passage of HB 1439.

Last session, our Legislative Assembly passed HB 1471. This bill, as passed, was intended to exempt religious organizations (Churches) from property taxes if they have commenced with construction improvements. However, according to the Tax Department and I quote, "It is our interpretation that under NDCC 57-02-08.9c, to be exempt, undeveloped land must be owned by a religious corporation or organization for the purpose of a future church building. That exemption expires 10 years after the taxable year in which the property was acquired by the religious corporation or organization if construction improvements to accommodate a church building have not commenced.

However, if the exemption has not expired, but construction improvements to accommodate a church building or buildings do begin, the land is *no longer* undeveloped. Yet, there is no church building or buildings in place until built. Commencement of construction improvements changes the taxable status of the *formally* undeveloped land from exempt to non-exempt until such time as the church building or buildings are built and suitable for use. If the Legislative

Assembly intends for there to be an exemption while construction improvements are underway, then additional language should be added to specifically provide for that exemption.” This is what I thought HB 1439 did. Even, though I feel that HB 1471 did the same thing.

Now, we have HB 1439, which defines undeveloped land. The tax department agrees with this definition, however, the tax department now concludes that the new building must be built within the 10 year time frame in the bill. If it is not, then the land and the church under construction will become taxed, which is totally wrong.

Mr. Chairman, members of the committee, I do not believe property owned by a religious corporation or organization should not be taxed at all. This was upheld in the 1970 Supreme Court Case *Walz v. Tax Commission of the City of New York*. This solidified that real property owned by religious organizations should be tax exempt. This also would line up with our constitution in Article X, Section 5. Also, ND Attorney’s General opinion no. 81-81 from 1981 states, “Thus, the real property located in a city would be exempt from ad valorem property taxation pursuant to the provisions of Section 57-02-08(9), N.D.C.C., if the

exemption applicant made a proper factual showing that proved that the primary use of the subject property is for religious purposes.”

Finally, Mr. Chairman, if the bill could be amended in section 2, to allow the retroactive effective date – application to be part of this bill as was originally drafted, I would appreciate it. I spoke with the City Manager of Minot and he did not have a problem with the retroactive date.

I urge this committee to pass this bill and correct what the tax department is saying and amend the bill.

## OFFICE OF TAX EQUALIZATION

P. O. Box 393

Ellendale ND 58436

Phone: (701) 349-8319

E-mail: [dflaherty@nd.gov](mailto:dflaherty@nd.gov)

February 28, 2023

2023 Senate Finance and Taxation Committee  
 Honorable Senator Jordan Kannianen, Chairman  
 North Dakota State Capitol

Dear Senator Kannianen and Members of the Senate Finance and Taxation Committee:

My name is Don Flaherty and I am the Director of Tax Equalization for Dickey County. I am testifying today in opposition to HB 1439 and to offer an amendment. The changes being proposed to subsection 9 of section 57-02-08 in HB 1439 are very similar to the changes proposed to subsection 8 of the same section in the HB 1438. While I believe it is important for a church to be able to plan for the future so as to be of better service to their community, I believe the language used in the proposed change is contrary to the intent the bill sponsor and legislature wish to convey. The language used to provide an exemption for future use (page 1, lines 20-24 and page 2, lines 1 & 2) was adopted by the legislature during the 2021 session. This language has been interpreted to mean that land purchased for future development is exempt for up to 10 years so long as it is undeveloped. It is the addition of the definition of "undeveloped land" (page 2, lines 2-6) that changes this interpretation and as a result can extend this exemption to the entire time that this property is owned by the church.

According to the bill, "undeveloped land" includes land undergoing construction or containing improvements . . . before the building is completed and suitable for use. The exemption on the undeveloped land will expire ten years after the taxable year in which the property was acquired only if construction improvements have not commenced. If improvements have commenced during the ten-year period, then because of the wording used in current statute along with the adoption of the new definition for "undeveloped land" will lead to the expiration clause being made moot and no longer in effect. As such, the property would remain exempt regardless of whether the construction is completed or not so long as it is owned by the church.

Legal Counsel Dee Wald submitted a diagram (see attached) in her testimony to the House Finance and Taxation Committee on HB 1439. In the diagram, we see the perceived effect of the bill based on the new definition of undeveloped land, but this diagram does not consider the termination of the ten-year expiration due to the commencement of construction. If it is the intent of the legislature to adopt conditions that would fit this diagram, then I would like to offer the following amendment:

On page 2, line 2 strike out the word "commenced" and replace it with the words "been completed".

I believe this change will correct this bill so that it will only provide the exemption for the ten-year period as intended and therefore, I would encourage you to make this adjustment to HB 1439.

Respectfully Submitted,

Donald W. Flaherty

Dickey County Director of Tax Equalization

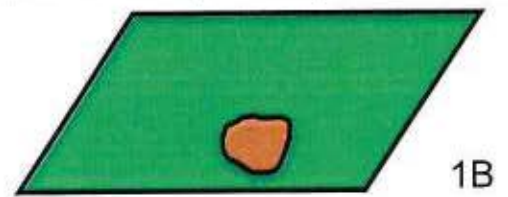
NDCC 57-02-08(9)

Prior to 2021 Session

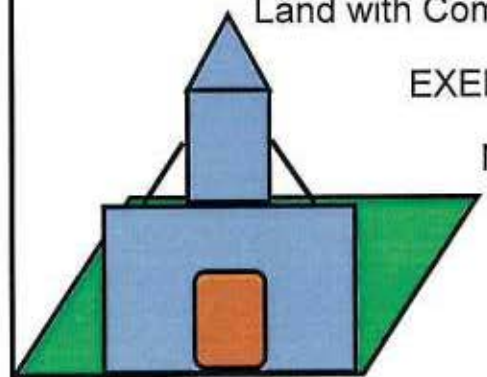
Land for Future Church  
NOT EXEMPT  
Tax on \$10K (land)



Improved Land for Future Church  
NOT EXEMPT  
Tax on \$10K plus improvements



Land with Completed Church  
EXEMPT  
No Tax



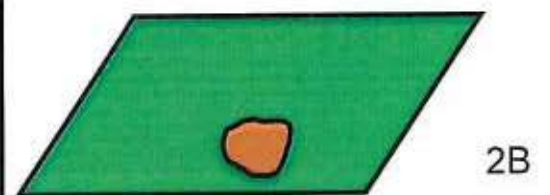
HB 1471 (2021)

\*Impact was to Box 2A

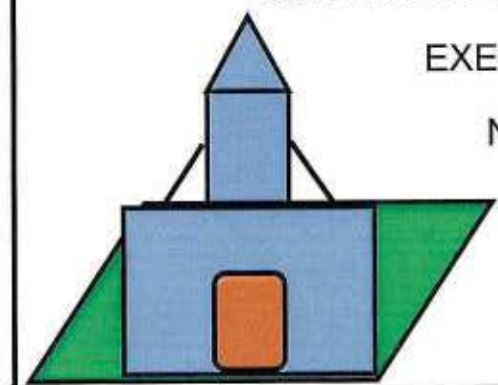
Up to 20 Acres for Future Church  
EXEMPT for up to 10 years  
No Tax



Up to 20 Acres for Future Church After Development Begins  
NOT EXEMPT  
Tax on \$10K plus improvements



Land with Completed Church  
EXEMPT  
No Tax



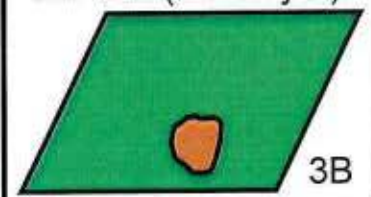
HB 1439 (2023)

\*Impact is to Box 3B

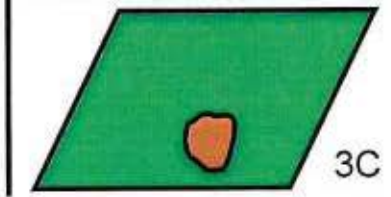
Up to 20 Acres for Future Church  
EXEMPT for up to 10 years  
No Tax



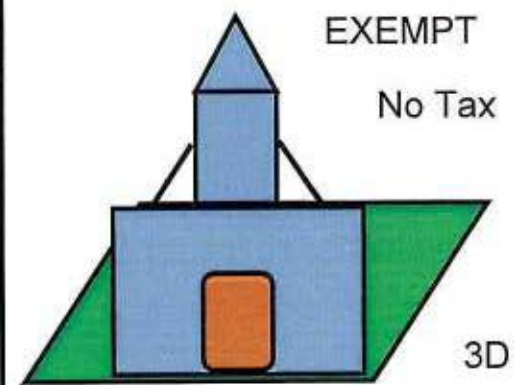
Up to 20 Acres for Future Church After Development Begins  
EXEMPT for up to 10 years  
No Tax (for 10 yrs)



Up to 20 Acres for Future Church After Development Begins  
NOT EXEMPT for years 11 through Completion  
Tax on \$10K plus imp.



Land with Completed Church  
EXEMPT  
No Tax







February 27, 2023

Sixty-eighth Legislative Assembly of North Dakota  
Bismarck, ND

RE: City of Minot Support for House Bill 1439

Dear Members of the Committee:

The City of Minot would like to express its support for House Bill 1439 introduced by Representatives Bellew, Fisher, Karls, Koppelman, Toman, and Senators Clemens and Kannianen.

In the last legislative session House Bill 1471 was passed and put into law which amended NDCC 57-02-08 (9)(c) allowing for religious entities to purchase up to 20 acres of land and have up to 10 years of property tax exemption. From discussion with the sponsors of HB 1471 the legislative intent was for churches to be exempt from property tax when purchasing property for the construction of a new building until it is operational. The City of Minot has a local church that purchased property and began construction. When they applied for the tax exemption now available under HB 1471 the State Tax Commissioner informed the City of Minot since the property is under development it no longer qualifies as "undeveloped property" and subject to taxation until the building has completed construction and is occupied for religious use.

Action on House Bill 1439 this legislative session will provide clarity to this matter. Failure to pass this bill will affirm the legislature deems it appropriate for religious organizations to pay property tax on property under construction as was passed last session, while a Do Pass vote will clarify the legislature's previous intent to exempt religious entities from paying property tax on any property owned at any phase of undeveloped, under construction, and/or developed and in use.

Given it is understood the legislative intent last session was to exempt religious owned property from taxation, the City of Minot respectfully requests a **Do Pass** vote on HB 1439.

Sincerely,

A handwritten signature in blue ink, appearing to read "Harold Stewart". The signature is fluid and cursive, with a prominent initial "H" and a long, sweeping underline.

Harold Stewart, City Manager  
City of Minot



# NORTH DAKOTA

## *Family Alliance* LEGISLATIVE ACTION

### Testimony in Support of House Bill 1439

Mark Jorritsma, Executive Director  
North Dakota Family Alliance Legislative Action  
March 1, 2023

Dear Chairman Kannianen and honorable members of the Senate Finance and Taxation Committee,

My name is Mark Jorritsma and I am the Executive Director of North Dakota Family Alliance Legislative Action. I wish to provide this testimony in support of House Bill 1439 and respectfully request that you render a "DO PASS" on this bill.

Although the exemption of religious organizations from taxation started in the early years of our country, the *Walz v. Tax Commission of the City of New York* case in 1970 solidified that real property owned by religious organizations should be tax exempt. As such, Walz was a cornerstone case regarding tax-exempt status for religious institutions. The US Constitution and the North Dakota Constitution acknowledge this legal principle as well.

So, what is the issue being addressed by this bill regarding the taxation of real property owned by religious organizations? Essentially, to change the Century Code to clarify and reflect the intent of last session's bill HB 1471 which sought to exempt all undeveloped church-owned property as well as property under development, as well as add language regarding parsonages.

In discussions last session with the sponsor of HB 1471, it was clear that the intention was to exempt both undeveloped and partially undeveloped property, as proposed in HB 1439. Further, on simply a reasonability basis, it would not make sense to exempt, then tax, and then once again exempt this property from taxation. Through the definition in this bill, the Century Code will allow for a consistent and practical implementation of tax exempt tax status for church property.

Our organization wholeheartedly also supports the explicit inclusion of parsonage land in this tax exemption. Speaking personally as the son of a pastor, I can attest to the religious purposes a parsonage is used for. Being a pastor is not a solitary job – your whole family is part of your ministry. As such, the parsonage is very much a place where ministry takes place around the clock and this clarification is helpful.

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1515 Burnt Boat Dr., Suite C-148, Bismarck, ND 58503  
[mark@Ndfamilyalliance.org](mailto:mark@Ndfamilyalliance.org)  
701-355-6425  
[www.ndfamilyalliance.org](http://www.ndfamilyalliance.org)



# NORTH DAKOTA

## *Family Alliance* LEGISLATIVE ACTION

While North Dakota Family Alliance Legislative Action can fully appreciate the need for property tax revenues for state and local jurisdictions, we believe that for the aforementioned reasons, it is in the best interest of our state to make these changes to our Century Code. We ask you to please render a “DO PASS” out of this committee on House Bill 1439.

Thank you for allowing us to testify on this bill and feel free to contact us with any questions.

Sincerely,

Mark Jorritsma

23.0917.02002  
Title.

Prepared by the Legislative Council staff for  
the Senate Finance and Taxation Committee  
March 2, 2023

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1439

Page 1, line 2, after "churches" insert "; to provide for application"

Page 1, line 2, replace "an" with "a retroactive"

Page 2, replace lines 11 and 12 with:

**"SECTION 2. RETROACTIVE EFFECTIVE DATE - APPLICATION.** This Act is retroactively effective and applies for taxable years beginning after December 31, 2020. The limitation on time for filing an abatement claim under section 57-23-04 does not apply to refunds of taxes paid or cancellation of taxes levied for taxable year 2021 or 2022 on property exempt from taxation under this Act. The board of county commissioners shall direct refund of taxes paid or cancellation of taxes levied on property exempt from taxation under this Act."

Renumber accordingly