

**2023 HOUSE FINANCE AND TAXATION**

**HB 1495**

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Room JW327E, State Capitol

HB 1495  
1/30/2023

A bill relating to requirements for cities granting property tax incentives.

**Chairman Headland** opened the hearing at 9:00AM.

**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.

### Discussion Topics:

- County and school districts taxing authority
- Tax Increment Financing (TIF)

**Representative Wagner** introduced the bill in support (#17745).

**Chad Peterson, Chair of the Cass County Commission**, testified in support (#17749) and recommended an amendment to make this retroactive to January 1, 2023.

**Dustin Gawrylow, Managing Director of the North Dakota Watchdog Network**, verbally testified in support.

**McKenzy Braaten, Vice President of Communications with EPIC Companies**, testified opposition by reading Todd Berning, President of EPIC Companies (#17659).

**Chairman Headland** closed the hearing at 9:24AM.

**Chairman Headland** opened the meeting at 9:50AM.

**Representative Dockter** moved an amendment to make this bill retroactive to January 1, 2023.

**Representative Steiner** 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	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	Y

**Motion carried 14-0-0**

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

**Representative Dockter seconded the motion.**

**Roll call vote:**

<b>Representatives</b>	<b>Vote</b>
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	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	Y

**Motion carried 14-0-0**

**Representative Toman is the bill carrier.**

**Additional written testimony:**

**Jim Gilmour, Strategic Planning Director for the City of Fargo,** testimony in opposition #17505.

**Chairman Headland** adjourned at 9:52AM.

*Mary Brucker, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Room JW327E, State Capitol

HB 1495  
1/30/2023

A bill relating to requirements for cities granting property tax incentives.

**Chairman Headland** opened the meeting at 2:41PM.

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

**Discussion Topics:**

- Reconsideration
- Committee vote

**Representative Dockter** moved to reconsider our actions.

**Representative Bosch** seconded the motion.

**Voice vote-motion carried.**

**Representative Bosch** moved to retract the amendment to make the bill retroactive to January 1, 2023.

**Representative Dockter** seconded the motion.

**Voice vote-motion carried.**

**Representative Dockter** moved to adopt an amendment to add an emergency clause.

**Representative Bosch** seconded the motion.

**Roll call vote:**

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	AB
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	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	Y

**Motion carried 13-0-1**

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

**Representative Bosch** seconded the motion.

**Roll call vote:**

<b>Representatives</b>	<b>Vote</b>
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	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	Y

**Motion carried 14-0-0**

**Representative Toman** is the bill carrier.

**Chairman Headland** adjourned at 2:44PM.

*Mary Brucker, Committee Clerk*

January 30, 2023

*Ala  
1-30-23  
(1-1)*

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1495

Page 1, line 2, after "incentives" insert "; and to declare an emergency"

Page 1, after line 12, insert:

**"SECTION 2. EMERGENCY.** This Act is declared to be an emergency  
measure."

Renumber accordingly

**REPORT OF STANDING COMMITTEE**

**HB 1495: Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1495 was placed on the Sixth order on the calendar.

Page 1, line 2, after "incentives" insert "; and to declare an emergency"

Page 1, after line 12, insert:

**"SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

**2023 SENATE FINANCE AND TAXATION**

**HB 1495**



# 2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Fort Totten Room, State Capitol

HB 1495  
3/1/2023

Relating to requirements for cities granting property tax incentives
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**2:14 PM Chairman Kannianen** opens hearing.

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

**Discussion Topics:**

- School budgets

**2:15 PM Representative Wagner** introduced bill. #21623

**2:20 PM Representative Wagner** referenced additional information in favor provided by Chad Peterson. #21441

**Additional written testimony:**

Chad Peterson #21440

**2:31 PM Chairman Kannianen** adjourns hearing.

*Nathan Liesen, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

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

HB 1495  
3/6/2023

Relating to requirements for cities granting property tax incentives
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**4:00 PM** Chairman Kannianen opened the meeting.  
Members present are Chairman Kannianen, Vice Chairman Weber, Senator Magrum, Senator Patten, Senator Piepkorn, and Senator Rummel.

### Discussion Topics:

- Committee action

**4:03 Senator Patten** moved DO PASS.

**4:03 Senator Rummel** seconded.

Roll Call Vote.

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

Passed 5-1-0

**Senator Patten** will carry the bill.

**4:04 PM Chairman Kannianen** adjourned meeting.

*Justin Boone on behalf of Nathan Liesen, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**HB 1495, as engrossed: Finance and Taxation Committee (Sen. Kannianen, Chairman)** recommends **DO PASS** (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). Engrossed HB 1495 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.

**TESTIMONY**

**HB 1495**



**City Administration**  
225 4th Street North  
Fargo, ND 58102

Testimony Presented on HB 1495 to the

House Finance and Taxation Committee

Representative Craig Headland, Chairman

James Gilmour, Strategic Planning Director  
City of Fargo

January 27, 2023

Mr. Chairman and Members of the Committee,

House Bill 1495 adds to the unfairness of an existing law that allows counties to opt out of TIF projects, creating a windfall for the county and shifting the county's share of the burden onto the city, leaving the city and school district to bear their own TIF project burden along with that of the county.<sup>1</sup> This is not fair or appropriate. The county should not be allowed to avoid sharing its fair share of the load. The county should not be allowed to harvest a windfall. HB 1495 only makes an unfair situation even worse and, therefore, I oppose HB 1495 unless it is fixed by an amendment. The city's proposed amendment would continue to empower counties to opt out of TIF projects (school districts as well) but, if they do "opt out" then cities should be given additional time in which to recoup the public investment. The existing 15-year and 25-year caps should be extended by an additional ten (10) years during which the TIFs can remain in place. A simple amendment could resolve the unfairness.

If the county is going to shift the burdens associated with providing economic incentives onto its cities, then the cities should be given more time to shoulder the added weight. The solution is simple—give cities a longer period of time to capture the city's (and possibly the school district's) share of the tax increment.

Fargo has had a thoughtful and elaborate "economic development policy" since the 1970s—a policy that has been thoughtfully groomed, massaged and amended many times in the decades since that time, with the benefit of insight from Cass County representatives, school district representatives, stakeholders and civic leaders. The recent inroads on the use of tax increment threaten our city's economic development policy. I seek a "do not pass" recommendation from your committee.

Exhibit enclosed.

Sixty-eighth Legislature

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<sup>1</sup> Under the existing law, N.D.C.C. §40-05-24, school districts also have the opportunity to opt out, in whole or in part, of the TIF financing; but in the experience of the City of Fargo school districts have not done so.

**N.D.C.C. §40-05-24, as it would look with the amendment supplied by House Bill 1495:**

**N.D.C.C. §40-05-24. Duties of cities granting property tax incentives.**

1. Notwithstanding any other provision of law, before granting a property tax incentive on any parcel of property that is anticipated to receive a property tax incentive for more than five years, the governing body of a city shall send the chairman of each county commission and the president of each school district affected by the property tax incentive a letter, by certified mail, which provides notice of the terms of the proposed property tax incentive.
2. Within thirty days from receipt of the letter, each affected county and school district shall notify the city, in writing, whether the county or school district elects to participate in granting the tax incentive on the county or school district portion of tax levied on the property. The notification from a county or school district electing not to participate must include a letter explaining any reason for which the entity elected not to participate and whether the county or school district is willing to negotiate the terms of the property tax incentive with the city.
3. If the city does not receive a response from an affected county or school district within thirty days of delivery of the letter, the county and school district must be treated as participating in the property tax incentive.
4. The term "negotiation" as used in this sectionAs used in this section:
  - a. "Negotiation" means the governing body of an affected county or school district may negotiate the terms of participating in the tax incentive, including the duration of the tax incentive and the taxable value selected for the base year for purposes of computing tax increments.
  - b. "Property tax incentive" includes a tax increment finance district used to offset public or private costs for urban renewal.
5. If an agreement is reached through negotiation under this section, the property tax incentive must be applied in accordance with the agreement.
6. Property subject to a development agreement entered pursuant to section 40-58-20.1 before August 1, 2017, and all amendments to the development agreement, is not subject to the requirements under this section.

[Remainder left blank—see next page]

N.D.C.C. §40-58-20. Tax increment financing.

At any time after the governing body of a municipality has approved a development or renewal plan for any development or renewal area and has filed that plan with the department of commerce division of community services, it may request the county auditor and treasurer to compute, certify, and remit tax increments resulting from the development or renewal of the area in accordance with the plan and any modifications thereof, and the county auditor and treasurer shall do so in accordance with this section.

1. At any time after the governing body of a municipality has approved a development or renewal plan for any development or renewal area and has filed that plan with the department of commerce division of community services, it may request the county auditor and treasurer to compute, certify, and remit tax increments resulting from the development or renewal of the area in accordance with the plan and any modifications thereof, and the county auditor and treasurer shall do so in accordance with this section.

a. For a tax increment district established before July 1, 2011, the base year for tax increments computed for a development or renewal area under this section or section 40-58-20.1 may not be used for more than twenty-five taxable years without the governing body of the municipality establishing a new base year using taxable values, established as of February first of the following year, which are not more than fifteen years old. Regardless of length of the initial district, the new base year may be used to compute tax increments for up to an additional fifteen years after which time the tax increment district must be closed, except that the original base year for tax increments pledged for an indebtedness incurred before July 1, 2011, may continue until the indebtedness is paid.

b. For a tax increment district established after July 1, 2011, the base year for tax increments computed for a development or renewal area under this section or section 40-58-20.1 may not be used for more than twenty-five taxable years without the governing body of the municipality establishing a new base year using taxable values, established as of February first of the following year, which are not more than fifteen years old. The new base year may be used to compute tax increments for up to an additional five years after which time the tax increment district must be closed.

c. For a tax increment district established after July 1, 2023, the base year for tax increments computed for a development or renewal area under this section or section 40-58-20.1 may not be used for more than twenty-five taxable years without the governing body of the municipality establishing a new base year using taxable values, established as of February first of the following year, which are not more than fifteen years old; provided, however, that if a county or school district, or if both a county and school district, opt out of the full participation of the grant of a tax exemption, as contemplated by section 40-05-24, then said annual tax exemption may extend for a period not to exceed thirty-five years. The new base year may be used to compute tax increments for up to an additional five years after which time the tax increment district must be closed.

\* \* \*

11. As an alternative to the sale of bonds to be amortized with tax increments as provided in this section, the governing body of a municipality may, in its discretion, grant a total or partial tax exemption for the project in order to provide assistance to a project developer in a development or renewal area, pursuant

to agreement with the municipality. However, if a developer of a development or renewal project receives a tax exemption for that project pursuant to this subsection, that project developer may not receive a tax exemption for that project under section 40-57.1-03, 40-57.1-04, 40-57.1-04.1, or 40-57.1-04.3. The amount of annual tax exemption under this subsection is limited to the tax increment as defined in this section as it applies to the development or renewal project and may extend for a period not to exceed fifteen years; provided, however, that if a county or school district opts out of the full participation of the grant of a tax exemption, as contemplated by section 40-05-24, then said annual tax exemption may extend for a period not to exceed twenty-five years and if the county and school district so opt out, then said exemption may extend for a period not to exceed thirty-five years. In determining the total amount of the tax exemption to be authorized, the municipality shall give due consideration to the same elements as are involved in the sale of bonds to be amortized by tax increments. The amount to be reimbursed, by tax exemption, to the project developer must be all or a portion of eligible public costs which have been paid by the project developer, plus interest on those costs at a rate not to exceed ten percent per annum. The amount of tax exemption must be an amount sufficient to reimburse the project operator for those eligible costs, amortized pursuant to the agreement between the project developer and the municipality.





## EPIC Companies

EPICCompaniesND.com

745 31st Ave E Ste 105

West Fargo, ND 58078

701.866.1006

1.29.23

*Chairman Headland and members of the Finance and Taxation Committee:*

For the record, my name is Todd Berning, and I am the President of EPIC Companies. EPIC Companies is an investment, development, and management firm based out of West Fargo, Bismarck and Minot, ND. We take underutilized spaces and construct mixed-use buildings that enhance communities through innovative development. Over the years our team has developed in many communities throughout North Dakota while working with multiple municipalities. We have over 30+ mixed-use buildings that contain commercial space, apartments, and condos along with plaza spaces that we have developed. Today, on behalf of our 85 employees, I offer opposition to House Bill 1495.

Under this House Bill 1495, it provides counties the option to opt out of TIF projects....This in turn creates a large burden for cities and school districts to carry the weight of a project they feel is beneficial for their community. TIF's allows local governments to invest in public infrastructure and other improvements up-front. Local governments can then pay later for those investments. They can do so by capturing the future anticipated increase in tax revenues generated by the project. Despite the counties being able to opt out of the TIF they would still be able to receive some of the benefits from the TIF entities.

We have used TIF's to create new public spaces such as The Lights in West Fargo and The Beacon in Grand Forks, revitalize old buildings such as the M Building in downtown Minot, and redo public streets next to our affordable housing development Blu on Broadway in Minot. A TIF was also used for our project in conjunction with the University of Jamestown to help create additional student housing and commercial space. Without TIF's, these developments would not be possible or restricted to the way they are built. In order to create these public amenity spaces, TIF's alleviate the stress on a private developer, along with ensure that these developments are built with the community in mind.

This bill as written could have negative impacts on economic development and make it more difficult to provide public amenities, destination locations, support local art, etc. We support strategic efforts to energize our communities like TIF's. On behalf of our members, I would like to encourage the committee not to pass House Bill 1495.

Sincerely,

Todd Berning,  
President of EPIC Companies



Good morning, Chairman Headland and members of the House Finance and Taxation Committee.

My name is Scott Wagner and I represent district 45 in our legislative assembly.

I'm also the prime sponsor on HB1495.

HB1495 seeks to amend and reenact subsection 4 of section 40-05-24 of the North Dakota Century Code. Relating to requirements for cities granting tax incentives.

For background, the existing section of code referenced in this bill was passed during the 2017 legislative session. It states in line 7, **"...the governing body of an affected county or school district may negotiate the terms of participating in the tax incentive, including the duration of the tax incentive and the taxable value selected for the base year for the purpose of computing tax increments"**.

This requires cities to allow counties and school districts to have a say on their portion of property taxes used for a city's tax incentive project. Prior to this law, a city could capture the increase in property taxes, resulting from new development, and diverts that revenue to subsidize a development, including the county and school district's portion of property taxes without their consent.

In effect HB1495 is a clean-up bill. It adds line 11 in subsection 4(b). It states, **"Property tax incentive" includes a tax increment finance district used to offset public or private costs for urban renewal**.

Tax Increment Financing (TIF), is a geographically targeted economic development tool commonly referred to as a "TIF district". It captures the increase in property taxes, resulting from new or re/development, and diverts that revenue to subsidize that development. This means local political subdivisions, including cities, counties and school districts, do not get the new property tax revenue they would normally receive with new or re/development. A TIF diverts and mortgages future tax revenues. This diverted tax revenue can be used to fund public infrastructure, compensate private developers for their investments, or provide collateral for bonds

HB1495 seeks to clarify existing law. If a city makes the decision to use Tax Increment Financing it requires the city to get the consent of the county and school district on their portion of the property taxes that would be used for the proposed new or re/development project. Just like they are required to with any other property tax incentive involving a county and school district's taxing authority.

One political sub-division should not have the right to use the taxing authority of another political sub-division without their consent. I would urge this committee to give HB1495 a **do pass recommendation**.

Thank you, Chairman Headland and House Finance and Taxation members. I would be glad to answer any questions.

Respectfully,

Rep. Scott Wagner, District 45

Testimony to the  
**House Finance and Taxation Committee**  
**Representative Craig Headland, Chair**

January 30, 2023

Chad Peterson, Cass County Commission Chair

**Regarding: House Bill 1495**

Chairman Headland and members of the House Finance and Taxation Committee, I am Chad Peterson, Chair of the Cass County Commission, and I am writing to request a **DO PASS** for House Bill 1495. I am grateful and share the desire to protect the ability for local political subdivision to vote on their portion of property tax authorized in 2017. As public servants, protecting tax dollars and ensuring their proper allocation is one of our core responsibilities.

First, I don't see this as a restructure of existing law as some may allude to, but a clarification of what already exists. Both my state attorney and I believe the prior law enacted in 2017 was meant to include the ability for us to vote on all property tax exemptions which should include the approval of tax Increment financing (TIF) districts. That said, this bill eliminates the debate and formalizes what I believe North Dakota legislative leadership intended from the onset; a law that allows each political subdivision the ability to vote on all property tax exemptions that may impact them.

Second, please don't take this request for the clarification as not supporting incentives like the Renaissance Zones, PILOTs, TIFs, etc. In fact, the exact opposite is the case. I and the Cass County commission historically have supported numerous exemption requests individually and when used as a combination. I simply want the ability to offer more than symbolic input and be better informed as an elected official as to what is transpiring in my county.

Third, to give a sense of scale I have attached a sheet (page 2) that shows what just a few of these TIFs impact is to county and school district income. As noted above, please note I have vocally supported some of these projects as their benefit outweighs 'green field' development (i.e. converting empty farm fields into new developments) or long term reinvestment that is both prudent and beneficial to tax payers long term. However, there are also projects on this list that we had no say on at all.

Finally, the one amendment I would suggest would be to make this retroactive to January first, 2023 so other local political subdivisions are not put into a place where they are pushing districts thru at the last minute before the law is enacted.

Again, I urge a **DO PASS** for House Bill 1495 because individual control by each political subdivision allows leaders to make decisions in the best interest of the constituents directly impacted.

I am always available for any questions.

\* TIF Value is total value added since TIF Project was created

\*\* Base Value is value Prior to TIF Project

2022 TIF Projects	Total Value	TIF Value*	Base Value**	School District
Bdwy St & Bristol	\$7,755,800	\$7,347,700	\$408,100	1
FM Development I	\$2,633,000	\$2,424,920	\$208,080	1
Feder	\$2,385,600	\$2,068,620	\$316,980	1
FM Development II	\$4,254,000	\$3,919,860	\$334,140	1
710 Lofts	\$2,019,400	\$1,856,000	\$163,400	1
Mercantile	\$6,112,000	\$1,037,300	\$236,000	1
Roberts St. Ramp	\$20,575,000	\$5,876,000	\$4,367,089	1
Block 9	\$2,900,500	\$16,207,911	\$1,011,000	1
Barrett St. Apartments	\$2,613,600	\$1,889,500	\$1,576,300	1
Roers/Newman A	\$10,787,000	\$10,338,000	\$449,000	1
Roers/Newman B	\$0	(\$533,000)	\$533,000	1
Riverfront	\$67,764,500	\$4,564,500	\$63,200,000	1
BrewHalla	\$2,084,000	\$1,775,000	\$309,000	1
<b>GRAND TOTAL</b>	<b>\$131,884,400</b>	<b>\$58,772,311</b>	<b>\$73,112,089</b>	

2021 TIF Projects	Total Value	TIF Value*	Base Value**	School District
Great Northern	\$1,424,200	\$1,139,500	\$284,700	1
Bdwy St & Bristol	\$7,217,200	\$6,809,100	\$408,100	1
FM Development I	\$2,633,000	\$2,424,920	\$208,080	1
Feder	\$2,385,600	\$2,068,620	\$316,980	1
FM Development II	\$4,254,000	\$3,919,860	\$334,140	1
710 Lofts	\$1,835,800	\$1,672,400	\$163,400	1
Roberts St. Ramp	\$1,312,000	\$1,076,000	\$236,000	1
Block 9	\$30,897,100	\$26,530,011	\$4,367,089	1
Junction 9 Apartments	\$2,636,800	\$1,625,800	\$1,011,000	1
Mercantile	\$12,371,900	\$10,795,600	\$1,576,300	1
Roers/Newman A	\$2,563,000	\$2,114,000	\$449,000	1
Roers/Newman B	\$4,932,000	\$4,399,000	\$533,000	1
RiverFront	\$60,807,100	(\$2,392,800)	\$63,200,000	1
<b>GRAND TOTAL</b>	<b>\$135,269,700</b>	<b>\$62,181,911</b>	<b>\$73,087,789</b>	

2020 TIF Projects	Total Value	TIF Value*	Base Value**	School District
Dakota Bank	\$22,806,600	\$19,960,400	\$2,846,200	1
Great Northern	\$1,331,000	\$1,046,300	\$284,700	1
Bdwy St & Bristol	\$6,923,000	\$6,514,900	\$408,100	1
FM Development I	\$2,633,000	\$2,424,920	\$208,080	1
Feder	\$2,385,600	\$2,068,620	\$316,980	1
FM Development II	\$4,254,000	\$3,919,860	\$334,140	1
Shotwell Commons	\$6,664,000	\$6,201,556	\$462,444	1
710 Lofts	\$1,668,900	\$1,505,500	\$163,400	1
Roberts St. Ramp	\$710,000	\$474,000	\$236,000	1
Block 9	\$46,192,100	\$41,825,011	\$4,367,089	1
Junction 9 Apartments	\$2,397,100	\$1,386,100	\$1,011,000	1
<b>GRAND TOTAL</b>	<b>\$97,965,300</b>	<b>\$87,327,167</b>	<b>\$10,638,133</b>	

2019 TIF Projects	Total Value	TIF Value*	Base Value**	School District
Dakota Bank	\$22,806,600	\$19,960,400	\$2,846,200	1
Great Northern	\$1,384,000	\$1,085,300	\$298,700	1
Bdwy St & Bristol	\$7,097,500	\$6,689,400	\$408,100	1
Roers 19 Ave N	\$15,375,400	\$13,967,000	\$1,408,400	1
FM Development I	\$2,633,000	\$2,424,920	\$208,080	1
Feder	\$2,385,600	\$2,068,620	\$316,980	1
FM Development II	\$4,254,000	\$3,919,860	\$334,140	1
Shotwell Commons	\$6,664,000	\$6,201,556	\$462,444	1
710 Lofts	\$1,703,000	\$1,539,600	\$163,400	1
Roberts St. Ramp	\$3,619,000	\$3,383,000	\$236,000	1
Block 9	\$4,575,100	\$215,000	\$4,360,100	1
Junction 9 Apartments	\$2,446,000	\$1,435,000	\$1,011,000	1
<b>GRAND TOTAL</b>	<b>\$74,943,200</b>	<b>\$62,889,656</b>	<b>\$12,053,544</b>	

2018 TIF Projects	Total Value	TIF Value*	Base Value**	School District
Dakota Bank	\$22,484,200	\$19,638,000	\$2,846,200	1
Great Northern	\$1,384,000	\$1,085,300	\$298,700	1
Bdwy St & Bristol	\$7,097,500	\$6,689,400	\$408,100	1
Roers 19 Ave N	\$15,375,400	\$13,967,000	\$1,408,400	1
FM Development I	\$2,633,000	\$2,424,920	\$208,080	1
Feder	\$2,385,600	\$2,068,620	\$316,980	1
FM Development II	\$4,254,000	\$3,919,860	\$334,140	1
Shotwell Commons	\$6,664,000	\$6,201,556	\$462,444	1
710 Lofts	\$1,703,000	\$1,539,600	\$163,400	1
Roberts St. Ramp	\$719,000	\$483,000	\$236,000	1
Barrett St. Apartments	\$2,446,000	\$1,435,000	\$1,011,000	1
<b>GRAND TOTAL</b>	<b>\$67,145,700</b>	<b>\$59,452,256</b>	<b>\$7,693,444</b>	

Taxing Authority	2022 Mill Levy	2022 Total Taxes	TIF Value Taxes	Base Value Taxes
County	48.85	\$322,127.65	\$ 143,551.37	\$ 178,576.28
State Medical	1.00	\$6,594.22	\$ 2,938.62	\$ 3,655.60
County Soil Conservation	0.49	\$3,231.17	\$ 1,439.92	\$ 1,791.25
City of Fargo	55.00	\$362,682.10	\$ 161,623.86	\$ 201,058.24
Fargo Park District	38.09	\$251,173.84	\$ 111,931.87	\$ 139,241.97
Fargo Public School District	154.38	\$1,018,015.68	\$ 453,663.47	\$ 564,352.21
SE Water Resource District	3.69	\$24,332.67	\$ 10,843.49	\$ 13,489.18
<b>Total Mills</b>	<b>301.50</b>	<b>\$1,988,157.33</b>	<b>\$ 885,992.59</b>	<b>\$ 1,102,164.74</b>

Taxing Authority	2021 Mill Levy	2021 Total Taxes	TIF Value Taxes	Base Value Taxes
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Fargo Public School District	154.38	\$1,044,146.81	\$ 479,982.17	\$ 564,164.64
SE Water Resource District	3.69	\$24,957.26	\$ 11,472.56	\$ 13,484.70
<b>Total Mills</b>	<b>296.01</b>	<b>\$2,002,059.19</b>	<b>\$ 920,323.37</b>	<b>\$ 1,081,735.82</b>

Taxing Authority	2020 Mill Levy	2020 Total Taxes	TIF Value Taxes	Base Value Taxes
County	49.77	\$243,786.65	\$ 217,313.66	\$ 26,472.99
State Medical	1.00	\$4,898.27	\$ 4,366.36	\$ 531.91
County Soil Conservation	0.44	\$2,155.24	\$ 1,921.20	\$ 234.04
City of Fargo	53.00	\$259,608.05	\$ 231,416.99	\$ 28,191.05
Fargo Park District	29.60	\$144,988.64	\$ 129,244.21	\$ 15,744.44
Fargo Public School District	154.38	\$756,194.15	\$ 674,078.40	\$ 82,115.75
SE Water Resource District	3.93	\$19,250.18	\$ 17,159.79	\$ 2,090.39
<b>Total Mills</b>	<b>292.12</b>	<b>\$1,430,881.17</b>	<b>\$ 1,275,500.60</b>	<b>\$ 155,380.57</b>

Taxing Authority	2019 Mill Levy	2019 Total Taxes	TIF Value Taxes	Base Value Taxes
County	50.90	\$190,730.44	\$ 160,054.17	\$ 30,676.27
State Medical	1.00	\$3,747.16	\$ 3,144.48	\$ 602.68
County Soil Conservation	0.38	\$1,423.92	\$ 1,194.90	\$ 229.02
City of Fargo	53.00	\$198,599.48	\$ 166,657.59	\$ 31,941.89
Fargo Park District	28.67	\$107,431.08	\$ 90,152.32	\$ 17,278.76
Fargo Public School District	154.38	\$578,486.56	\$ 485,445.25	\$ 93,041.31
SE Water Resource District	4.11	\$15,400.83	\$ 12,923.82	\$ 2,477.00
<b>Total Mills</b>	<b>292.44</b>	<b>\$1,095,819.47</b>	<b>\$ 919,572.55</b>	<b>\$ 176,246.92</b>

Taxing Authority	2018 Mill Levy	2018 Total Taxes	TIF Value Taxes	Base Value Taxes
County	49.90	\$167,528.52	\$ 148,333.38	\$ 19,195.14
State Medical	1.00	\$3,357.29	\$ 2,972.61	\$ 384.67
County Soil Conservation	0.48	\$1,611.50	\$ 1,426.85	\$ 184.64
City of Fargo	51.00	\$171,221.54	\$ 151,603.25	\$ 19,618.28
Fargo Park District	27.83	\$93,433.24	\$ 82,727.81	\$ 10,705.43
Fargo Public School District	154.13	\$517,458.34	\$ 458,168.81	\$ 59,289.53
SE Water Resource District	4.26	\$14,302.03	\$ 12,663.33	\$ 1,638.70
<b>Total Mills</b>	<b>288.60</b>	<b>\$968,912.45</b>	<b>\$ 857,896.05</b>	<b>\$ 111,016.40</b>

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Title.03000

Adopted by the House Finance and Taxation  
Committee

January 30, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1495

Page 1, line 2, after "incentives" insert "; and to declare an emergency"

Page 1, after line 12, insert:

**"SECTION 2. EMERGENCY.** This Act is declared to be an emergency  
measure."

Renumber accordingly

Testimony to the  
**Senate Finance and Taxation Committee**  
**Senator Jordan L. Kannianen, Chair**

February 28, 2023

Chad Peterson, Cass County Commission Chair

**Regarding: House Bill 1495**

Chairman Kannianen and members of the Senate Finance and Taxation Committee, I am Chad Peterson, Chair of the Cass County Commission, and I am writing to request a **DO PASS** for House Bill 1495. I am grateful and share the desire to protect the ability for local political subdivision to vote on their portion of property tax authorized in 2017. As public servants, protecting tax dollars and ensuring their proper allocation is one of our core responsibilities.

First, I don't see this as a restructure of existing law as some may allude to, but a clarification of what already exists. Both my states attorney and I believe the prior law enacted in 2017 was meant to include the ability for us to vote on all property tax exemptions which should include the approval of tax Increment financing (TIF) districts. That said, this bill eliminates the debate and formalizes what I believe North Dakota legislative leadership intended from the onset; a law that allows each political subdivision the ability to vote on all property tax exemptions that may impact them.

Second, please don't take this request for the clarification as not supporting incentives like the Renaissance Zones, PILOTs, TIFs, etc. In fact, the exact opposite is the case. I and the Cass County commission historically have supported numerous exemption requests individually and when used as a combination. I simply want the ability to offer more than symbolic input and be better informed as an elected official as to what is transpiring in my county.

Third, to give a sense of scale I have attached a sheet (page 2) that shows what just a few of these TIFs impact is to county and school district income. As noted above, please note I have vocally supported some of these projects as their benefit outweighs 'green field' development (i.e. converting empty farm fields into new developments) or long term reinvestment that is both prudent and beneficial to tax payers long term. However, there are also projects on this list that we had no say on at all.

Finally, the one amendment I would suggest would be to make this retroactive to January first, 2023 so other local political subdivisions are not put into a place where they are pushing districts thru at the last minute before the law is enacted.

Again, I urge a **DO PASS** for House Bill 1495 because individual control by each political subdivision allows leaders to make decisions in the best interest of the constituents directly impacted.

I am always available for any questions should you wish to discuss further.

Sincerely,

Chad Peterson, Cass County Commission Chair

[petersonc@casscountynd.gov](mailto:petersonc@casscountynd.gov)

\* TIF Value is total value added since TIF Project was created

\*\* Base Value is value Prior to TIF Project

2022 TIF Projects	Total Value	TIF Value*	Base Value**	School District
Bdwy St & Bristol	\$7,755,800	\$7,347,700	\$408,100	1
FM Development I	\$2,633,000	\$2,424,920	\$208,080	1
Feder	\$2,385,600	\$2,068,620	\$316,980	1
FM Development II	\$4,254,000	\$3,919,860	\$334,140	1
710 Lofts	\$2,019,400	\$1,856,000	\$163,400	1
Mercantile	\$6,112,000	\$1,037,300	\$236,000	1
Roberts St. Ramp	\$20,575,000	\$5,876,000	\$4,367,089	1
Block 9	\$2,900,500	\$16,207,911	\$1,011,000	1
Barrett St. Apartments	\$2,613,600	\$1,889,500	\$1,576,300	1
Roers/Newman A	\$10,787,000	\$10,338,000	\$449,000	1
Roers/Newman B	\$0	(\$533,000)	\$533,000	1
Riverfront	\$67,764,500	\$4,564,500	\$63,200,000	1
BrewHalla	\$2,084,000	\$1,775,000	\$309,000	1
<b>GRAND TOTAL</b>	<b>\$131,884,400</b>	<b>\$58,772,311</b>	<b>\$73,112,089</b>	

Taxing Authority	2022 Mill Levy	2022 Total Taxes	TIF Value Taxes	Base Value Taxes
County	48.85	\$322,127.65	\$ 143,551.37	\$ 178,576.28
State Medical	1.00	\$6,594.22	\$ 2,938.62	\$ 3,655.60
County Soil Conservation	0.49	\$3,231.17	\$ 1,439.92	\$ 1,791.25
City of Fargo	55.00	\$362,682.10	\$ 161,623.86	\$ 201,058.24
Fargo Park District	38.09	\$251,173.84	\$ 111,931.87	\$ 139,241.97
Fargo Public School District	154.38	\$1,018,015.68	\$ 453,663.47	\$ 564,352.21
SE Water Resource District	3.69	\$24,332.67	\$ 10,843.49	\$ 13,489.18
<b>Total Mills</b>	<b>301.50</b>	<b>\$1,988,157.33</b>	<b>\$ 885,992.59</b>	<b>\$ 1,102,164.74</b>

2021 TIF Projects	Total Value	TIF Value*	Base Value**	School District
Great Northern	\$1,424,200	\$1,139,500	\$284,700	1
Bdwy St & Bristol	\$7,217,200	\$6,809,100	\$408,100	1
FM Development I	\$2,633,000	\$2,424,920	\$208,080	1
Feder	\$2,385,600	\$2,068,620	\$316,980	1
FM Development II	\$4,254,000	\$3,919,860	\$334,140	1
710 Lofts	\$1,835,800	\$1,672,400	\$163,400	1
Roberts St. Ramp	\$1,312,000	\$1,076,000	\$236,000	1
Block 9	\$30,897,100	\$26,530,011	\$4,367,089	1
Junction 9 Apartments	\$2,636,800	\$1,625,800	\$1,011,000	1
Mercantile	\$12,371,900	\$10,795,600	\$1,576,300	1
Roers/Newman A	\$2,563,000	\$2,114,000	\$449,000	1
Roers/Newman B	\$4,932,000	\$4,399,000	\$533,000	1
RiverFront	\$60,807,100	(\$2,392,900)	\$63,200,000	1
<b>GRAND TOTAL</b>	<b>\$135,269,700</b>	<b>\$62,181,911</b>	<b>\$73,087,789</b>	

Taxing Authority	2021 Mill Levy	2021 Total Taxes	TIF Value Taxes	Base Value Taxes
County	49.60	\$335,468.86	\$ 154,211.14	\$ 181,257.72
State Medical	1.00	\$6,763.49	\$ 3,109.10	\$ 3,654.39
County Soil Conservation	0.49	\$3,314.11	\$ 1,523.46	\$ 1,790.65
City of Fargo	53.00	\$358,464.71	\$ 164,782.06	\$ 193,682.64
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<b>Total Mills</b>	<b>296.01</b>	<b>\$2,002,059.19</b>	<b>\$ 920,323.37</b>	<b>\$ 1,081,735.82</b>

2020 TIF Projects	Total Value	TIF Value*	Base Value**	School District
Dakota Bank	\$22,806,600	\$19,960,400	\$2,846,200	1
Great Northern	\$1,331,000	\$1,046,300	\$284,700	1
Bdwy St & Bristol	\$6,923,000	\$6,514,900	\$408,100	1
FM Development I	\$2,633,000	\$2,424,920	\$208,080	1
Feder	\$2,385,600	\$2,068,620	\$316,980	1
FM Development II	\$4,254,000	\$3,919,860	\$334,140	1
Shotwell Commons	\$6,664,000	\$6,201,556	\$462,444	1
710 Lofts	\$1,668,900	\$1,505,500	\$163,400	1
Roberts St. Ramp	\$710,000	\$474,000	\$236,000	1
Block 9	\$46,192,100	\$41,825,011	\$4,367,089	1
Junction 9 Apartments	\$2,397,100	\$1,386,100	\$1,011,000	1
<b>GRAND TOTAL</b>	<b>\$97,965,300</b>	<b>\$87,327,167</b>	<b>\$10,638,133</b>	

Taxing Authority	2020 Mill Levy	2020 Total Taxes	TIF Value Taxes	Base Value Taxes
County	49.77	\$243,786.65	\$ 217,313.66	\$ 26,472.99
State Medical	1.00	\$4,898.27	\$ 4,366.36	\$ 531.91
County Soil Conservation	0.44	\$2,155.24	\$ 1,921.20	\$ 234.04
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Great Northern	\$1,384,000	\$1,085,300	\$298,700	1
Bdwy St & Bristol	\$7,097,500	\$6,689,400	\$408,100	1
Roers 19 Ave N	\$15,375,400	\$13,967,000	\$1,408,400	1
FM Development I	\$2,633,000	\$2,424,920	\$208,080	1
Feder	\$2,385,600	\$2,068,620	\$316,980	1
FM Development II	\$4,254,000	\$3,919,860	\$334,140	1
Shotwell Commons	\$6,664,000	\$6,201,556	\$462,444	1
710 Lofts	\$1,703,000	\$1,539,600	\$163,400	1
Roberts St. Ramp	\$3,619,000	\$3,383,000	\$236,000	1
Block 9	\$4,575,100	\$215,000	\$4,360,100	1
Junction 9 Apartments	\$2,446,000	\$1,435,000	\$1,011,000	1
<b>GRAND TOTAL</b>	<b>\$74,943,200</b>	<b>\$62,889,656</b>	<b>\$12,053,544</b>	

Taxing Authority	2019 Mill Levy	2019 Total Taxes	TIF Value Taxes	Base Value Taxes
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**Senate Finance and Taxation Committee**  
**Senator Jordan L. Kannianen, Chair**

March 1, 2023

Rep. Scott Wagner, District 45

**Testimony on HB1495**

Good afternoon, Chairman Kannianen and members of the Senate Finance and Taxation Committee.

My name is Scott Wagner and I represent district 45 in our North Dakota House of Representatives.

I'm also the prime sponsor on HB1495.

HB1495 seeks to amend and reenact subsection 4 of section 40-05-24 of the North Dakota Century Code. Relating to requirements for cities granting tax incentives.

For background, the existing section of code referenced in this bill was passed during the 2017 legislative session. It states in line 7, **"...the governing body of an affected county or school district may negotiate the terms of participating in the tax incentive, including the duration of the tax incentive and the taxable value selected for the base year for the purpose of computing tax increments"**.

This requires cities to allow counties and school districts to have a say on their portion of property taxes used for a city's tax incentive project. Prior to this law, a city could capture the increase in property taxes, resulting from new development, and diverts that revenue to subsidize a development, including the county and school district's portion of property taxes without their consent.

In effect HB1495 is a clean-up bill. It adds line 11 in subsection 4(b). It states, **"Property tax incentive" includes a tax increment finance district used to offset public or private costs for urban renewal"**.

Tax Increment Financing (TIF), is a geographically targeted economic development tool commonly referred to as a "TIF district". It captures the increase in property taxes, resulting from new or re/development, and diverts

that revenue to subsidize that development. This means local political sub-divisions, including cities, counties and school districts, do not get the new property tax revenue they would normally receive with new or re/development. A TIF diverts and mortgages future tax revenues. This diverted tax revenue can be used to fund public infrastructure, compensate private developers for their investments, or provide collateral for bonds

HB1495 seeks to clarify existing law. If a city makes the decision to use Tax Increment Financing it requires the city to get the consent of the county and school district on their portion of the property taxes that would be used for the proposed new or re/development project. Just like they are required to with any other property tax incentive involving a county and school district's taxing authority.

One political sub-division should not have the right to use the taxing authority of another political sub-division without their consent. I would urge this committee to give HB1495 a **do pass recommendation**.

Thank you, Chairman Kannianen and Senate Finance and Taxation members. I would be glad to answer any questions.

Respectfully,

Rep. Scott Wagner, District 45