



## Empowering North Dakota Communities

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### Crossover Report

The North Dakota Legislature is now on crossover break. The Senate completed their work on Senate bills on Tuesday, February 22<sup>nd</sup> and the House completed their work on House bills on Wednesday, February 23<sup>rd</sup>. The Legislators will return to Bismarck on Wednesday, March 1<sup>st</sup> to begin committee work on the other chamber's bills. We are being told that only committee work will be completed on March 1<sup>st</sup> and 2<sup>nd</sup> to allow committees extra time to work on bills. When the House and Senate gavel in for floor session on Friday, March 3, the Legislature will be on Legislative Day 36. As a reminder, the North Dakota Constitution limits the legislature to 80 Legislative Days.



### Next Week

The bill hearing schedule has been posted on the League's website at [www.ndlc.org/legislature](http://www.ndlc.org/legislature). There is one bill that the League needs you to weigh in on next week.

### HB 1438 – Property tax Exemption for Undeveloped Land Owned by Public Charities

[HB 1438](#) will be heard at 1:00 pm on Wednesday, March 1 in the Senate Finance and Taxation Committee. This bill would provide a property tax exemption for undeveloped land owned by public charities. Currently, there is a property tax exemption for buildings owned by public charities. This bill has the potential to expand the amount of property in a city that is exempt from property tax. Additionally,

there is no reliable data showing how much property in the state this would impact. This would also allow public charities to speculate on buying land in prime locations, not pay property tax on that land, and sell it for a substantial profit. Please reach out to the members of the [Senate Finance and Taxation Committee](#) and let them know that this bill could substantially limit the property tax base in your city.

## Crossover Update

Overall, cities have had a successful legislative session so far. This section will look at high priority bills from the League's tracking list.

### Bills to Continue to Support

The following is a list of high priority bills that have passed their chamber of origin and that the League will continue to support in the second chamber.

<b>Bill #</b>	<b>Category</b>	<b>Description</b>
<a href="#">HB 1262</a>	Open Meetings/Open Records	Provides body camera footage in private place is exempt record.
<a href="#">HB 1266</a>	Finance and Tax	Allows a city to reapply to start a renaissance zone.
<a href="#">HB 1293</a>	Elections	Moves day that city or park governing board member takes office back a week and allows organization meeting to be at the first meeting in July.
<a href="#">SB 2113</a>	Infrastructure	Creates flexible transportation fund.
<a href="#">SB 2180</a>	Finance and Tax	Changes threshold for political subdivisions in filing yearly financial report, increases auditor's billable rate for reviewing financial reports and makes governor's right to request an audit of a political subdivision discretionary.
<a href="#">SB 2183</a>	Finance and Tax	Provides \$30 million appropriation for snow removal grant fund.
<a href="#">SB 2211</a>	Fire	Provides for moving the state fire marshal to the insurance commissioner's office.
<a href="#">SB 2391</a>	Finance and Tax	Provides enhancements to the renaissance zone program.

In addition to the bills listed above, the League is working to support programs in various state agency budgets when those programs empower North Dakota

communities.

#### Bills that Need Work or to be Defeated

The following is a list of high priority bills that have passed their chamber of origin that need some work to address the League's concerns or that the League will need to work to defeat in the second chamber.

<b>Bill #</b>	<b>Category</b>	<b>Description</b>
<a href="#"><u>HB 1177</u></a>	Finance and Tax	Provides sales tax exemption for child diapers.
<a href="#"><u>HB 1273</u></a>	Elections	Preempts a city or county from having a rank-choice or approval voting system.
<a href="#"><u>HB 1296</u></a>	Charitable Gaming	Changes city authority with regard to charitable gaming site authorizations.
<a href="#"><u>HB 1325</u></a>	Public Safety	Increases all right of way offenses to \$40 and removes city authority to double traffic fines.
<a href="#"><u>HB 1402</u></a>	Finance and Tax	Provides sales tax exemption for sales of used clothing by thrift stores owned by non-profits.
<a href="#"><u>HB 1422</u></a>	Planning & Zoning	Preempts city, county, and township zoning codes relating to non-conforming residential uses.
<a href="#"><u>HB 1438</u></a>	Finance and Tax	Provides property tax exemption for undeveloped land owned by public charities.
<a href="#"><u>SB 2279</u></a>	Finance and Tax	Provides property tax exemption for personal use agricultural storage.
<a href="#"><u>SB 2367</u></a>	Finance and Tax	Increases oil and gas production tax contributions to buckets for general fund, tax relief fund, and strategic investment and improvement fund (SIIF).
<a href="#"><u>SB 2371</u></a>	Finance and Tax	Provides regulations regarding cities and counties entering agreements with foreign adversaries and provisions related to foreign governments owning property.

#### Bills that have Failed

The following is a list of the League's high priority bills that have failed this session.

<b>Bill #</b>	<b>Position</b>	<b>Description</b>	<b>Result</b>
<a href="#"><u>HB 1282</u></a>	Oppose	Provided sales tax exemptions for feminine hygiene products.	Failed 33-56

<a href="#">HB 1328</a>	Oppose	Restricted city methods for mobile home parks and special assessments.	Failed 41-50
<a href="#">HB 1330</a>	Oppose	Related to restricting special assessments methods.	Failed 39-52
<a href="#">HB 1384</a>	Oppose	Provided that judge must increase damages award in eminent domain proceedings.	Failed 26-68
<a href="#">HB 1461</a>	Oppose	Created 5% property tax cap on political subdivisions.	Failed 41-52
<a href="#">SB 2123</a>	Oppose	Related to regulating books and other mediums with pictures or written descriptions of nude or partially nude humans in a manner to exploit sex, lust, or perversion.	Failed 1-46
<a href="#">SB 2177</a>	Oppose	Provided for optional property tax freeze for individuals over 65 years of age.	Failed 12-35
<a href="#">SB 2275</a>	Support	Removed the state investment and improvement fund (SIIF) bucket that is in front of the municipal infrastructure funds buckets.	Failed 10-37
<a href="#">SB 2361</a>	Oppose	Provided for resident being allowed to file an irrevocable assessment freeze on primary residence.	Failed 2-45
<a href="#">SB 2385</a>	Oppose	Created theft offense for political subdivision seizing personal property without due process.	Failed 4-42

### Infrastructure Funding

Disappointingly, [SB 2275](#) failed which would have moved the prairie dog buckets higher in the oil and gas production funding stream. The League will continue to work to seek avenues to try to make prairie dog funding available earlier in the biennium for non-oil producing cites.

Additionally, [SB 2330](#) passed the Senate, which removed Legacy Fund dollars from the Legacy Fund Revolving Loan fund which funds both the Water Infrastructure and Infrastructure Revolving loan funds. As a reminder, under the Water Infrastructure and Infrastructure Revolving Loan Funds, the Bank of North Dakota provides loans to cities at a 2% interest rate. The League is working with the Bank of North Dakota and legislators to identify a different funding source for these revolving loan programs.

### Opioid Settlement

[HB 1447](#) creates the opioid settlement fund and designates a committee to advise the North Dakota Department of Health and Human Services on how to spend the money the state of North Dakota is receiving from the opioid settlements. The

League supports this effort because it is one way North Dakota can further address the opioid epidemic. However, in a last-minute amendment last week, the House Human Services Committee added an amendment to HB 1447 that takes the opioid settlement funds that the large cities are receiving as part of the states opioid settlement fund. Most cities already have plans for these funds to directly address opioid addiction in their city. The League will seek to remove this language from HB 1447 in the Senate.

### **Library Bills**

A few cities have asked the League to look at the following two bills related to materials in public libraries:

#### **Bill # Description**

[HB](#) Provides restrictions related to sexually explicit books in libraries.

[1205](#)

[SB](#) Provides criminal penalty and regulations related to obscene materials in [2360](#) libraries and for technology measures required to protect children from those materials in libraries.

The League is reviewing the bills and trying to understand more about the issues and how they relate to cities.

### **House and Senate Disagreement**

The two biggest issues the North Dakota House and Senate are not seeing eye to eye on are how to handle the deficit in the NDPERS defined benefit retirement system and what type of tax relief should be provided to North Dakotans.

#### **NDPERS**

On February 22<sup>nd</sup>, the Senate passed [SB 2239](#), by a vote of 34 to 13, which provides a system for keeping the NDPERS defined benefit retirement system open to new employees. SB 2239 funds the unfunded liability by increasing employer contributions to an actuarially determined amount, by increasing employee contributions by 1%, and by investing \$250 million from the state general fund into the NDPERS defined benefit retirement system.

On February 23<sup>rd</sup>, the House passed [HB 1040](#), by a vote of 77-16, which provides for closing the NDPERS defined benefit retirement system to new employees, effective January 1, 2025, and creating a new defined contribution retirement plan. HB 1040

funds the unfunded liability by increasing political subdivision employer contributions by 1%, requiring state employers to pay contributions based on an actuarially determined amount, by investing \$240 million from the state general fund into the NDPERS defined benefit retirement system, and by devoting \$70 million from the Legacy Fund earnings each biennium to pay the unfunded liability. HB 1040 also includes language requiring a study during the interim to determine the appropriate amount that political subdivisions should pay towards the unfunded liability. Under the newly created defined contribution retirement system, an employee would be required to contribute 4% of his or her monthly salary and would have the option to contribute up to an additional 3% of his or her monthly salary to retirement. The employer would be required to contribute 4.12% of the employee's monthly wage and match up to 3% of the employee's monthly wage, based on the employee optional contribution.

Also on February 23<sup>rd</sup>, the House defeated [HB 1039](#), by a vote of 0-91, and [HB 1486](#), by a vote of 15-78, which provided different options for ways to close the NDPERS defined benefit system.

### Tax Relief

The Senate passed [SB 2066](#) which provides for a property tax buydown for an additional 20 mills from the school property tax levy.

The House passed [HB 1118](#), [HB 1158](#), and [HB 1425](#), which all substantially reduce individual North Dakota income tax liabilities.