

NDAR Completed a Successful Legislative Session

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The 68th Legislative Assembly is winding down, and it certainly has been an interesting one with 39 new legislators. There have been 989 bills introduced in this session which is a lot but not a record. Because there are so many bills to read, legislators typically rely on committee recommendations when they make their votes on the floor. However, this session is much different. We have never seen so many recommendations “flipped” when it comes to a floor vote. There have also been several bills that failed on the floor the first time but were brought back the next day for reconsideration and passed. This may be the new normal when the effect of term limits takes hold, and we get a new crop of legislators every eight years. It also looks like we are headed for a record number of vetoes by Governor Burgum.

The good news is that NDAR had a successful session regarding its advocacy for the real estate industry. NDAR backed legislation primarily focused on consumer protection, and it was well received by the legislative body.

Real Estate related bills include:

- The NDAR member legislators sponsored HB 1188 to protect consumers from predatory 40-year listings. The bill passed unanimously in both the House and Senate and was signed by Governor Burgum on March 24, 2023.
- NDAR member legislators also sponsored HB 1190 which tightened up laws on residential real estate wholesaling. The bill easily passed in both chambers and was signed by the Governor in March.
- Several NDAR member legislators sponsored HB 1310 which set up regulations for the installation of EV charging stations in condos/townhouses.
- HB 1225 originally would have implemented an online tax portal with accessible statewide property and tax information. It would be a useful tool for realtors and appraisers. However, the bill was amended to a study in Senate Appropriations and is now in a conference committee.
- Penalties were added for violating regulations and procedures by new owners of mobile home parks. In addition, more notifications for tenants in the park were added.
- Legislation intending to change the membership of the committee creating statewide guidelines for the installation and inspection of septic systems failed. Legislators decided to let the existing committee continue their work for another two years and then reevaluate.
- HB 1267 passed which streamlined the county foreclosure process for delinquent and abandoned properties. It allows counties to be reimbursed for their expenses in liquidating the properties and should alleviate some of the tax burden.
- SB 2320 updated the century code for abstractors and tied their rate increases to the consumer price index rather than them having to come in and change legislation every time there is inflation. The bill had no opposition and passed easily in both chambers.
- HB 1107 updated the appraisal section of ND Century Code and required several hearings and subcommittee meetings before the language was satisfactory.

Taxes:

- HB 1158, the tax relief bill, is in conference committee as of this writing. This bill contains all the tax proposals from other tax bills, and the conference committee will negotiate from here. Basically, they will take money from homestead tax credit to do a further buy down of property tax (20 mills). There is still discussion about the levels for income tax relief, somewhere between 530 and 600 million.
- Two renaissance zones bills passed. HB 1266 allows cities to reapply for renaissance zone funding if either they were rejected the first time, had never applied, or if the approval had expired but the project was not completed. SB 2391 expands the income and property tax incentives related to renaissance zones.
- HCR 3024 would have eliminated property tax and replaced the revenue lost with an increase in sales tax and the reinstatement of the real estate transfer tax. NDAR testified against the transfer tax portion of the resolution and that portion was removed in the House Finance & Tax committee. However, the entire resolution failed to pass on the House floor.

Property rights:

- HB 1234 would prevent any municipality from prohibiting the connection or reconnection of an electric, natural gas, propane, or other energy utility service based on fuel source. This has been a concern because several large cities around the country have prevented the use of natural gas in new construction.
- The legislature has been working on two foreign ownership of real estate bills. HB 1135 would prevent ownership of agricultural land by a foreign adversary. It passed both chambers and was signed by the Governor. SB 2371 would prevent ownership of real estate by a foreign adversary. This bill was worked on heavily by a coalition that included NDAR and the title companies. Currently, it goes to the House floor for a vote, and if passed, will then go to a conference committee.
- Originally, there were seven bills pertaining to eminent domain, most of them centering around carbon pipelines. All seven of the bills failed to pass.

Infrastructure:

- House Bill 1379, with Senate amendments, significantly changes the funding streams from the Legacy Fund Earnings. Of the \$486.57 million in earnings, the percent of market value remains the same as before, but where that money goes has changed. The first \$102.62 million still goes to the Legacy Sinking and Interest fund to pay for bond payments. After that, the general fund receives \$225 million for tax relief purposes. This tax relief stream is intended to replace a portion of the general fund revenue that will be decreased because of the tax relief passed in the current biennium. The next \$100 million goes to the highway distribution fund. Of the remaining \$58.95 million, half of that will go to the general fund and half will go to the Strategic Investment and Improvements Fund. Any remaining earnings above the \$486.57 million are split evenly between the general fund and the Strategic Investment and Improvements fund.

Education:

- The legislature passed HB 1376I that requires the per pupil payment to follow the student for approved virtual school courses. This applies specifically to ND public schools and ND approved virtual schools.
- HB 1532 is a bill funding a K-12 private school reimbursement program for parents who make less than \$150,000 per year (family of four). The reimbursements cannot exceed \$3,000 per year per student. The program would start in the second year of the biennium and is limited to \$10 million. There is a question of whether it is violation of the ND Constitution, and whether the Governor will sign it.
- Last session, the legislature appropriated \$68 million for the creation or expansion of career and technical education centers. Thirteen centers applied for the funds; however, the inflationary costs have prevented many of the centers from moving forward. The legislature is intending to appropriate an additional \$20 million if they can find the appropriate funding source.

Other areas of interest:

- Two bills that prohibit public K-12 schools and higher education institutions from knowingly allowing a transgender student to participate on a school-sponsored athletic team for the opposite sex passed. Last session, the Governor vetoed the bills, but this session he signed both into law.
- The session began with six vaccine related bills of which three passed and three failed. Passage included 1) the publication of a COVID vaccine website, 2) public funded agencies cannot require proof of vaccination for COVID, and 3) hospitals cannot deny healthcare to patients who are not vaccinated for COVID.
- The legislature struggled with shoring up the Public Employees Retirement System (PERS) this session due to underfunding it in three prior sessions. They are working on HB 1040 which would direct all new employees to a defined contribution retirement plan while phasing out the defined benefit plan.
- The legislature passed HB 1273 which would prohibit rank choice voting for any local, state, or federal election. Governor Burgum vetoed the bill, stating local control is important. However, the House overrode the veto, and it will move on to the Senate which will need 2/3 majority to override.
- The State Auditor has generated a lot of controversy with excessive charges for audits conducted on small political subdivisions and volunteer fire departments. Legislators have placed language in the auditor's budget that will require refunds of audit fees if the audit exceeds 1% of the political subdivision's operating budget. Additional amendments are likely.

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