

Staff Report for 2026 State Board of Equalization

Prepared By: Property Tax Division

File No.: 2026 – REPORT – TRAILL – DUFNER

County or City: TRAILL COUNTY

Appellant: JOSEPH & REBECCA DUFNER

Type of Appeal: PROPERTY CLASSIFICATION

Appeal Issue: Ward Johnson, III Law Firm, on behalf of Joseph & Rebecca Dufner, is appealing the commercial classification of a building on parcel number 06-0000-00889-045, located at 13th St NE, Buxton, ND.

Analysis: The Traill County Board of Equalization approved a 2026 true and full value of \$860,300, of which \$808,600 is attributable to the improvements and \$51,700 is attributable to the land.

Property Tax Division staff completed an onsite inspection of the property on Wednesday, September 2, 2026, with appellants Joseph & Rebecca Dufner present. The inspection included an interior and exterior inspection of the property and a discussion with the appellants.

Staff reviewed the evidence and information submitted by the appellants and Traill County. The appellants' materials included the Township and County Board of Equalization minutes; a letter from their legal representative; a detailed letter regarding the normal processing of their crops; their organic certification; and letters from Cummings Ag Inc, a certification specialist with Where Food Comes From, INC, and Deputy Agricultural Commissioner, Thomas Bodine.

Information submitted by Traill County included a detailed narrative citing North Dakota Century Code (N.D.C.C.), several North Dakota Supreme Court rulings, the property's Warranty Deed, Business Limited Liability Company Annual report (years 2020 through 2025), several images, the Property Record card, and the Property Tax Division guideline for Property Tax Exemption of Farm Buildings and Other Improvements.

The scope of the investigation included: [1] the classification of the land in accordance with N.D.C.C § 57-02-01(1)(a); [2] if there was value added to the crop prior to its storage in the building; and [3] if the building is considered a farm building in accordance with N.D.C.C. § 57-02-08(15)(a).

N.D.C.C. § 57-02-01(1)(a) defines "Agricultural property" as platted or unplatted lands used for raising agricultural crops or grazing farm animals as provided in this subsection." N.D.C.C. § 57-02-01(1)(b)(1) states that, ""Raising agricultural crops" includes the storage of harvested crops produced by a farmer or a direct relative of the farmer until the crop is delivered to the first end-point user." In the case of the subject property, the stored crop has not been delivered to the first end-point user, therefore the land is considered to be raising agricultural crops and considered agricultural property.

N.D.C.C. § 57-02-08(15)(a)(3) clarifies that buildings used for "business other than farming" are not eligible to be exempt from taxation as farm buildings. Further clarity is provided in N.D.C.C. § 57-02-08(15)(a)(3)(b) which states, "For purposes of this paragraph, "business other than farming" includes processing to produce a value-added physical or chemical change in an agricultural commodity beyond the ordinary handling of that commodity by a farmer prior to sale."

Both the appellant and the County acknowledged that the appellant has dockage removed from the dry edible beans at Cummings Ag, Inc. Dockage is defined as "anything foreign that is removed from the beans through a screening process" according to Dry Bean Agronomy. Examples of dockage include weeds, green plant material, dirt, sand, stones, straw, etc. There is no notable change to dry edible beans through the removal of dockage.

Staff researched the process and regulation of the organic crops in the United States. It was determined that, in accordance with the Organic Food Productions Act of 1990, the USDA organic regulations, published on December 21, 2000, is the governing authority. The USDA published "Commodity Specification for Dry Edible Beans, Peas, and Lentils" in July 2023. Throughout the document we find clear details showing the amount of dockage, or foreign material, allowed in beans prior to their processing. With these regulations in place, the handling that occurs before storage by the appellant is considered ordinary handling of the commodity. Considering the evidence collected, there is no value added or chemical change that occurs to the crops stored in the building on parcel 06-0000-00889-045 and no other exclusion prevents the building from being considered a farm building.

Based on all research completed by Property Tax Division staff, it was determined that the land the structure is located on should be considered agricultural, the crops do not go through a value adding process prior to storage, and the building is a farm building and subject to the farm building tax exemption delineated in N.D.C.C. § 57-02-08(15)(a)(3).

North Dakota State University has determined that the 2026 average value per acre of agricultural land in Traill County is \$1,350.77. This indicates that the estimated value for parcel 06-0000-00889-045 is \$4,970.83.

Summary of Findings: Mr. Joseph and Mrs. Rebecca Duffner are organic farmers in Traill County. Their storage building is located just outside the city limits of Buxton, North Dakota. The research completed by Property Tax Division staff supports a finding that the land the structure is located on is agricultural, the crops do not go through a value adding process prior to storage, and the building is a farm building and eligible to receive the farm building tax exemption from N.D.C.C. § 57-02-08(15)(a)(3). The estimated agricultural value for parcel 06-0000-00889-045 is \$4,970.83.

Proposal for Board Review: It is recommended that the State Board of Equalization direct Traill County to classify parcel 06-0000-00889-045 as agricultural and assess a 2026 value of \$5,000.



