

Fifty-eighth  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2390**

Introduced by

Senators O'Connell, Nichols

Representatives Herbel, D. Johnson, Solberg

1 A BILL for an Act to amend and reenact subsection 4 of section 57-02-27.2 of the North Dakota  
2 Century Code, relating to the capitalization rate for valuation of agricultural property for property  
3 tax purposes; and to provide an effective date.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Subsection 4 of section 57-02-27.2 of the North Dakota  
6 Century Code is amended and reenacted as follows:

7 4. To find the "capitalized average annual gross return", the average annual gross  
8 return must be capitalized by a rate that is a ten-year average of the gross ~~federal~~  
9 ~~land bank~~ agribank mortgage rate of interest for North Dakota, but the rate used  
10 for capitalization under this section may not be less than nine and one-half percent.  
11 The ten-year average must be computed from the twelve years ending with the  
12 most recent year used under subdivision a of subsection 3, discarding the highest  
13 and lowest years, and the gross ~~federal land bank~~ agribank mortgage rate of  
14 interest for each year must be determined in the manner provided in section  
15 20.2032A-4(e)(1) of the United States treasury department regulations for valuing  
16 farm real property for federal estate tax purposes, except that the interest rate may  
17 not be adjusted as provided in paragraph (e)(2) of section 20.2032A-4.

18 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after  
19 December 31, 2002.