

Fifty-ninth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2188

Introduced by

Senators Cook, Fischer, Kringstad

Representatives N. Johnson, Svedjan, Timm

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 used for valuation and assessment of
3 agricultural lands for property 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
9 agribank mortgage rate of interest for North Dakota, but the rate used for
10 capitalization under this section may not be less than ~~nine and one-half~~ eight and
11 six-tenths percent for taxable year 2005. The ten-year average must be computed
12 from the twelve years ending with the most recent year used under subdivision a of
13 subsection 3, discarding the highest and lowest years, and the gross agribank
14 mortgage rate of interest for each year must be determined in the manner provided
15 in section 20.2032A-4(e)(1) of the United States treasury department regulations
16 for valuing farm real property for federal estate tax purposes, except that the
17 interest rate may not be adjusted as provided in paragraph (e)(2) of section
18 20.2032A-4.

19 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
20 December 31, 2004.