

Sixty-first  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2348**

Introduced by

Senators Cook, Hogue, Wardner

Representatives Grande, Svedjan, Weiler

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

19 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after  
20 December 31, 2008.