

Sixty-first  
Legislative Assembly  
of North Dakota

## HOUSE BILL NO.

Introduced by

Representative Berg

1 A BILL for an Act to amend and reenact sections 57-02-01, 57-02-27, and 57-02-27.1 of the  
2 North Dakota Century Code, relating to revision of statutory references to assessed valuation;  
3 to provide for legislative council revision of statutory references to taxable, assessed, and true  
4 and full value and to replace references to mills with references to percentages of assessed  
5 valuation; and to provide an effective date.

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

7 **SECTION 1. AMENDMENT.** Section 57-02-01 of the North Dakota Century Code is  
8 amended and reenacted as follows:

9 **57-02-01. Definitions.** As used in this title, unless the context or subject matter  
10 otherwise requires:

11 1. "Agricultural property" means platted or unplatted lands used for raising agricultural  
12 crops or grazing farm animals, except lands platted and assessed as agricultural  
13 property prior to March 30, 1981, shall continue to be assessed as agricultural  
14 property until put to a use other than raising agricultural crops or grazing farm  
15 animals. Agricultural property includes land on which a greenhouse or other  
16 building is located if the land is used for a nursery or other purpose associated with  
17 the operation of the greenhouse. The time limitations contained in this section may  
18 not be construed to prevent property that was assessed as other than agricultural  
19 property from being assessed as agricultural property if the property otherwise  
20 qualifies under this subsection. Property platted on or after March 30, 1981, is not  
21 agricultural property when any four of the following conditions exist:

- 22 a. The land is platted by the owner.  
23 b. Public improvements, including sewer, water, or streets, are in place.

- 1 c. Topsoil is removed or topography is disturbed to the extent that the property
- 2 cannot be used to raise crops or graze farm animals.
- 3 d. Property is zoned other than agricultural.
- 4 e. Property has assumed an urban atmosphere because of adjacent residential
- 5 or commercial development on three or more sides.
- 6 f. The parcel is less than ten acres [4.05 hectares] and not contiguous to
- 7 agricultural property.
- 8 g. The property sells for more than four times the county average true and full
- 9 agricultural value.
- 10 2. "Air carrier transportation property" means the operative property of each airline
- 11 whose property is assessed for taxation purposes pursuant to chapters 57-06 and
- 12 57-32.
- 13 3. "Assessed valuation" means ~~fifty percent of the true and full value of property~~ the
- 14 value determined by considering the earning or productive capacity, if any, the
- 15 market value, if any, and all other matters that affect the actual value of the
- 16 property to be assessed. This shall include, for purposes of arriving at the true and
- 17 full value of property used for agricultural purposes, farm rentals, soil capability,
- 18 soil productivity, and soils analysis.
- 19 4. "Centrally assessed property" means all property which is assessed by the state
- 20 board of equalization under chapters 57-05, 57-06, and 57-32.
- 21 5. "Commercial property" means all property, or portions of property, not included in
- 22 the classes of property defined in subsections 1, 4, 11, and 12.
- 23 6. "Credits" means and includes every claim and demand for money or other valuable
- 24 thing, and every annuity or sum of money receivable at stated periods, due or to
- 25 become due, and all claims and demands secured by deeds or mortgages, due or
- 26 to become due.
- 27 7. "Governing body" means a board of county commissioners, city council, board of
- 28 city commissioners, school board, or board of education, or the similarly
- 29 constituted and acting board of any other municipality.

8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and every deposit which any person owning the same or holding in trust and residing in this state is entitled to withdraw as money or on demand.

9. "Municipality" or "taxing district" means a county, city, township, school district, water conservation and flood control district, Garrison Diversion Conservancy District, county park district, joint county park district, irrigation district, park district, rural fire protection district, or any other subdivision of the state empowered to levy taxes.

10. "Person" includes a firm, corporation, or limited liability company.

11. "Railroad property" means the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway.

12. "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located.

~~13. "Taxable valuation" signifies the valuation remaining after deducting exemptions and making other reductions from the original assessed valuation, and is the valuation upon which the rate of levy finally is computed and against which the taxes finally are extended.~~

~~14.~~ "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any contiguous quantity of land in the possession of, owned by or recorded as the property of, the same claimant, person, or company.

~~14.~~ 14. "True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.

~~46.~~ 15. "Unencumbered cash" means the total cash on hand in any fund, less the amount belonging to the fund in closed banks and less the amount of outstanding warrants, bills, accounts, and contracts which are chargeable against the fund.

~~47.~~ 16. There shall be a presumption that a unit of land is not a farm unless such unit contains a minimum of ten acres [4.05 hectares], and the taxing authority, in determining whether such presumption shall apply, shall consider such things as the present use, the adaptability to use, and how similar type properties in the immediate area are classified for tax purposes.

**SECTION 2. AMENDMENT.** Section 57-02-27 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-27. Property to be valued at a percentage of assessed value - Classification of property - Limitation on valuation of annexed agricultural lands.** All property subject to taxation based on the value thereof must be valued as follows:

1. All residential property to be valued at nine percent of assessed value. If any property is used for both residential and nonresidential purposes, the valuation must be prorated accordingly.
2. All agricultural property to be valued at ten percent of assessed value as determined pursuant to section 57-02-27.2.
3. All commercial property to be valued at ten percent of assessed value.
4. All centrally assessed property to be valued at ten percent of assessed value except as provided in section 57-06-14.1.

The resulting amounts must be known as the taxable valuation. In determining the assessed value of real and personal property, except agricultural property, the assessor may not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but the assessor shall value each article or description by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, there must be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the value of crops

growing upon cultivated lands. In valuing any real property upon which there is a coal or other mine, or stone or other quarry, the same must be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted constitute agricultural property and must be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Agricultural lands, whether within the corporate limits of a city or not, which were platted and assessed as agricultural property prior to March 30, 1981, must be assessed as agricultural property for ad valorem property tax purposes until put to another use. Such valuation must be uniform with the valuation of adjoining unannexed agricultural land.

**SECTION 3. AMENDMENT.** Section 57-02-27.1 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-27.1. Property to be valued at true and full value.** Beginning with the year 1981, all assessors and boards of equalization shall place the values of all items of taxable property at the true and full value of the property except as otherwise specifically provided by law, and the amount of taxes that may be levied on such property for the year 1981 and each year thereafter must be limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as provided in subsection 15 of section 57-02-01, except that "true and full value" of agricultural lands must be as determined pursuant to section 57-02-27.2.

The governing body of the city may establish valuations that recognize the supply of vacant lots available for sale.

**SECTION 4. LEGISLATIVE COUNCIL STATUTORY REVISIONS FOR CONFORMITY.** The Legislative Council shall replace statutory references to "to and full" value or valuation with references to "assessed" value or valuation, as appropriate, in conformity with the changes in this act. The Legislative Council shall replace references to mills, in relation to property tax levies, with equivalent references to percentages of assessed value and shall express percentages in numerical form, rather than in words.

**SECTION 5. EFFECTIVE DATE.** This Act is effective for taxable years beginning after December 31, 2008.