

Sixty-first
Legislative Assembly
of North Dakota

HOUSE BILL NO.

Introduced by

Representative Kasper

1 A BILL for an Act to create and enact section 57-15-01.2, a new subdivision to subsection 1 of
2 section 57-38-01.2, and a new subdivision to subsection 2 of section 57-38-30.3 of the North
3 Dakota Century Code, relating to property tax levy increase limitations and an income tax
4 deduction for special assessments; to amend and reenact sections 11-09.1-04 and 40-05.1-05,
5 subsection 15 of section 57-02-01, and sections 57-02-11, 57-02-27, 57-09-04, 57-11-04,
6 57-12-05, 57-12-06, 57-12-09, and 57-20-07.1 of the North Dakota Century Code, relating to
7 home rule authority, property tax increase limitations, determination of true and full value, notice
8 of assessment increases, appeals of property tax assessments, and contents of property tax
9 statements; and to provide an effective date.

10 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

11 **SECTION 1. AMENDMENT.** Section 11-09.1-04 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **11-09.1-04. Ratification by majority vote - Supersession of existing charter and**
14 **conflicting state laws - Filing of copies of new charter.** If a majority of the qualified electors
15 voting on the charter at the election vote in favor of the home rule charter, it is ratified and
16 becomes the organic law of the county on the first day of January or July next following the
17 election, and extends to all its county matters. The charter and the ordinances made pursuant
18 to the charter in county matters must be liberally construed to supersede within the territorial
19 limits and jurisdiction of the county any conflicting state law except for any state law as it
20 applies to cities or any power of a city to govern its own affairs, without the consent of the
21 governing body of the city. The charter may not authorize the enactment of ordinances to
22 diminish the authority of a board of supervisors of a township or to change the structure of
23 township government in any organized civil township, without the consent of the board of
24 supervisors of the township. ~~No A charter or ordinance of a home rule county shall~~ may not

1 supersede section 49-22-16 nor any provision of state law relating to property tax assessments,
2 levy limitations, exemptions, credits, definitions, administration, or enforcement. One copy of
3 the charter as ratified and approved must be filed with the secretary of state; one with the
4 recorder for the county, unless the board of county commissioners designates a different
5 official; and one with the auditor of the county to remain as a part of its permanent records.
6 Courts shall take judicial notice of the charter.

7 **SECTION 2. AMENDMENT.** Section 40-05.1-05 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **40-05.1-05. Ratification by majority vote - Supersession of existing charter and**
10 **state laws in conflict therewith - Filing of copies of new charter.** If a majority of the
11 qualified voters voting on the charter at the election vote in favor of the home rule charter, the
12 charter is ratified and is the organic law of the city, and extends to all its local and city matters.
13 The charter and the ordinances made pursuant to the charter in such matters supersede within
14 the territorial limits and other jurisdiction of the city any law of the state in conflict with the
15 charter and ordinances and must be liberally construed for such purposes. A charter or
16 ordinance of a home rule city may not supersede any provision of state law relating to property
17 tax assessments, levy limitations, exemptions, credits, definitions, administration, or
18 enforcement. One copy of the charter ratified and approved must be filed with the secretary of
19 state and one with the auditor of the city to remain as a part of its permanent records.
20 Thereupon the courts shall take judicial notice of the new charter.

21 **SECTION 3. AMENDMENT.** Subsection 15 of section 57-02-01 of the North Dakota
22 Century Code is amended and reenacted as follows:

- 23 15. "True and full value" means the value determined by considering the earning or
24 productive capacity, if any, the market value, if any, and all other matters that affect
25 the actual value of the property to be assessed. ~~This shall include, for~~ The relative
26 age and location of residential property must be considered in determination of
27 market value. For purposes of arriving at the true and full value of property used
28 for agricultural purposes, factors to consider include the schedule of modifiers of
29 the county, farm rentals, soil capability, soil productivity, and soils analysis. "True
30 and full value" does not include any portion of the value or cost of improvements by
31 special assessment unless the assessor has supporting evidence of an equivalent

1 market value increase as shown by sales of property subject to those special
2 assessments.

3 **SECTION 4. AMENDMENT.** Section 57-02-11 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **57-02-11. Listing of property - Assessment thereof - Limitations.** Property must be
6 listed and assessed as follows:

- 7 1. All real property subject to taxation must be listed and assessed every year with
8 reference to its value, on February first of that year.
- 9 2. Notwithstanding any other provision of law, the taxable valuation of real property
10 may not be increased by more than two percent from its taxable valuation from the
11 previous taxable year unless:
 - 12 a. Improvements have been made on the property which were not subject to
13 assessment in the previous taxable year, in which case the taxable valuation
14 of the property, without the improvements, from the previous taxable year may
15 not be increased by more than two percent and the taxable valuation of the
16 improvements may be added. For purposes of this subdivision, "taxable
17 valuation of the improvements" means the value determined by comparison
18 with taxable valuation of comparable property; or
 - 19 b. The classification of the property has changed from the previous taxable year.
- 20 3. Notwithstanding any other provision of law, the true and full value for residential
21 and commercial property must be based on a five-year rolling average of market
22 value of those properties as determined by the sales, market, and productivity
23 study for the locality where the property is located.
- 24 4. The true and full value of land underlying residential or commercial property may
25 not be uniformly increased within an assessment district. The true and full value of
26 land underlying residential or commercial property must be determined separately
27 for each parcel of residential or commercial property and must recognize the
28 valuation factors that uniquely apply, and the degree to which they apply, to each
29 individual parcel.
- 30 5. Whenever after the first day of February and before the first day of April in any
31 year, it is made to appear to the assessor by the oath of the owner that any

building, structure, or other improvement, or tangible personal property, which is listed for taxation for the current year has been destroyed or injured by fire, flood, or tornado, the assessor shall investigate the matter and deduct from the valuation of the property of the owner of such destroyed property an amount which in the assessor's judgment fairly represents such deduction as should be made.

SECTION 5. 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. However, taxable valuation of property may not be increased by more than two percent from the taxable valuation of the property from the previous taxable year, except under the conditions in subsection 2 of section 57-02-11. 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 6. AMENDMENT. Section 57-09-04 of the North Dakota Century Code is amended and reenacted as follows:

57-09-04. Duties of board - Notice of right to appeal. The township board of equalization shall ascertain whether all taxable property in its township has been properly placed upon the assessment list and duly valued by the assessor. In case any real property has been omitted by inadvertence or otherwise, the board shall place the same upon the list with the true value thereof. The board shall proceed to correct the assessment so that each tract or lot of real property is entered on the assessment list at the true value thereof. The assessment of the property of any person may not be raised until such person has been notified of the intent of the board to raise the same. All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. The board shall advise any person who has expressed a complaint or grievance to the board regarding a property assessment of the person's right to appeal the board's decision to the county board of equalization and of the time and place the county board of equalization will meet for that purpose as required by section 57-12-01.

SECTION 7. AMENDMENT. Section 57-11-04 of the North Dakota Century Code is amended and reenacted as follows:

57-11-04. Application for correction of assessment. During the session of the board, any person, or the attorney or agent of any person feeling aggrieved by anything in the

1 assessment roll, may apply to the board for the correction of alleged errors in the listing or
2 valuation of real property, and the board may correct the errors as it may deem just. The board
3 shall advise any person who has expressed a complaint or grievance to the board regarding a
4 property assessment of the person's right to appeal the board's decision to the county board of
5 equalization and of the time and place the county board of equalization will meet for that
6 purpose as required by section 57-12-01.

7 **SECTION 8. AMENDMENT.** Section 57-12-05 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **~~57-12-05. Requirements to be followed in equalization~~ Equalization of individual**
10 **assessments.** The county board of equalization, when equalizing individual assessments,
11 shall observe the following rules:

- 12 1. The valuation of each tract or lot of real property which is returned below its true
13 and full value must be raised to the sum believed by such board to be the true and
14 full value thereof.
- 15 2. The valuation of each tract or lot of real property which, in the opinion of the board,
16 is returned above its true and full value must be reduced to such sum as is
17 believed to be the true and full value thereof.
- 18 3. The board may not make any adjustment in taxable valuation of property which
19 would exceed the limitations of subsection 2 of section 57-02-11 or section
20 57-02-27.

21 **SECTION 9. AMENDMENT.** Section 57-12-06 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **~~57-12-06. Requirements to be followed in equalizing~~ Equalization of assessments**
24 **between assessment districts and in equalizing between property owners among**
25 **properties.**

- 26 1. The rules prescribed in section 57-12-05 apply when the board of county
27 commissioners is equalizing assessments between the several assessment and
28 taxing districts in the county provided that in such case, except as otherwise
29 provided in subsection 2, the board may raise or lower the valuation of classes of
30 property only so as to equalize the assessments as between districts.
- 31 2. Notwithstanding any other provision of this section:

1 a. The county board of equalization after notice to the local board of equalization
2 may reduce the assessment on any separate piece or parcel of real estate
3 even though such property was assessed in a city or township having a local
4 board of equalization; provided, that the county board of equalization does not
5 have authority to reduce any such assessment unless the owner of the
6 property or the person to whom it was assessed first appeals to the county
7 board of equalization, either by appearing personally or by a representative
8 before the board or by mail or other communication to the board, in which the
9 owner's reasons for asking for the reduction are made known to the board.
10 The proceedings of the board shall show the manner in which the appeal was
11 made known to the board and the reasons for granting any reduction in any
12 such assessment.

13 b. The county board of equalization after notice to the local board of equalization
14 may increase the assessment on any separate piece or parcel of real property
15 even though such property was assessed in a city or township having a local
16 board of equalization; provided, that the county board of equalization does not
17 have authority to increase any such assessment unless it first gives notice by
18 mail to the owner of the property that such person may appear before the
19 board on the date designated in the notice, which date must be at least five
20 days after the mailing of the notice. The county auditor as clerk of the board
21 shall send such notice to the person or persons concerned.

22 c. If the county board of equalization during the course of its equalization
23 sessions determines that any property of any person has been listed and
24 assessed in the wrong classification, it shall direct the county auditor to
25 correct the listing so as to include such assessment in the correct
26 classification.

27 3. The owner of any separate piece or parcel of real estate that has been assessed
28 may appeal the assessment thereon to the state board of equalization as provided
29 in subdivision a of subsection 3 of section 57-13-04; provided, however, that such
30 owner has first appealed the assessment to the local equalization board of the

taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed.

4. The county board of equalization shall advise any person who has appealed an assessment to the board of county board of equalization of the person's right to appeal the board's decision to the state board of equalization and the time and place the state board of equalization will meet for that purpose as required by section 57-13-03.

SECTION 10. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. Notice of increased assessment to real estate owner. When any assessor has increased the true and full valuation of any lot or tract of land or any improvements thereon to more than ~~ten~~ five percent more than the amount of the last assessment, notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner, mailed in writing to the property owner at the property owner's last-known address, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than ~~fifteen~~ twenty days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered at the expense of the assessment district for which the assessor is employed.

SECTION 11. Section 57-15-01.2 of the North Dakota Century Code is created and enacted as follows:

57-15-01.2. Limitation on levies by taxing districts.

1. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section limits that authority. This section may

1 not be interpreted as authority to increase any levy limitation otherwise provided by
2 law and may be applied only to limit any unused or excess levy authority that a
3 taxing district may otherwise be entitled to use. Property taxes levied in dollars by
4 a taxing district may not exceed the amount levied in dollars by that taxing district
5 against taxable property in that taxing district in the preceding taxable year by more
6 than four percent or the percentage change in the midwest region consumer price
7 index, United States department of labor bureau of labor statistics, during the most
8 recently completed calendar year, whichever is greater, and property taxes levied
9 in dollars by a taxing district against a parcel of property may not exceed the
10 amount the taxing district levied in dollars against that parcel of property in the
11 preceding taxable year by more than one and one-half percent, except:

12 a. When improvements to property have been made which were not taxable in
13 the previous taxable year, the additional taxable valuation attributable to the
14 improvements is taxable without regard to the limitation under this subsection
15 but the limitation on the taxable valuation of the improvements under
16 subdivision a of subsection 2 of section 57-02-11 applies to those
17 improvements.

18 b. When a property tax exemption existed in the previous taxable year which
19 has been reduced or does not exist, the portion of the taxable valuation of the
20 property which is no longer exempt is not subject to the limitation in this
21 subsection.

22 c. When temporary mill levy increases authorized by the electors of the taxing
23 district or mill levies authorized by state law existed in the previous taxable
24 year but are no longer applicable or have been reduced, the amount levied in
25 dollars in the previous taxable year by the taxing district must be adjusted to
26 reflect the expired temporary mill levy increases and the reduced or
27 eliminated mill levies authorized by state law before the percentage increase
28 allowable under this subsection is applied.

29 2. The limitation under subsection 1 does not apply to:

30 a. New or increased mill levies authorized by state law or the electors of the
31 taxing district which did not exist in the previous taxable year.

b. Any irrevocable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

3. The mill rate applied to property that was not taxed in the previous taxable year may not exceed the mill rate determined by law for the current taxable year for property that was taxed in the previous taxable year.
4. Application of this section may be suspended and additional levy authority approved for a taxing district upon approval by sixty percent or more of the qualified electors of the taxing district voting on the question at a regular election of the taxing district.

SECTION 12. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. ~~County treasurer to mail real~~ Real estate tax statement mailing and contents. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with ~~three~~ four columns showing, for the taxable year to which the tax statement applies and the ~~two~~ three immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 13. A new subdivision to subsection 1 of section 57-38-01.2 of the North Dakota Century Code is created and enacted as follows:

Reduced by special assessments against property in this state which were paid by the taxpayer during the taxable year.

- 1 **SECTION 14.** A new subdivision to subsection 2 of section 57-38-30.3 of the North
2 Dakota Century Code is created and enacted as follows:
3 Reduced by special assessments against property in this state which were
4 paid by the taxpayer during the taxable year.
5 **SECTION 15. EFFECTIVE DATE.** This Act is effective for taxable years beginning
6 after December 31, 2008.