

Sixty-first  
Legislative Assembly  
of North Dakota

**ENGROSSED 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~~ seven and six-tenths percent for  
12 taxable years ~~after 2005~~ 2009 and 2010. The ten-year average must be computed  
13 from the twelve years ending with the most recent year used under subdivision a of  
14 subsection 3, discarding the highest and lowest years, and the gross agribank  
15 mortgage rate of interest for each year must be determined in the manner provided  
16 in section 20.2032A-4(e)(1) of the United States treasury department regulations  
17 for valuing farm real property for federal estate tax purposes, except that the  
18 interest rate may not be adjusted as 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.