Sixty-fourth Legislative Assembly of North Dakota

SENATE BILL NO. 2373

Introduced by

Senator O'Connell

- 1 A BILL for an Act to provide for payment of a share of property taxes on land by the owners of
- 2 severed mineral interests if a producing oil or gas well is generating royalty payments to those
- 3 owners; and to provide an effective date.

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

- 5 **SECTION 1.**
- 6 Property tax payments by owners of severed mineral interests receiving oil or gas
- 7 royalty payments.
- 8 An owner of severed mineral interests who is receiving royalty payments for production of
- 9 oil or gas, or both, from that mineral interest during a taxable year shall pay to the county
- auditor an amount equal to fifty percent of the property taxes paid or payable on the land, not
- 11 <u>including any improvements overlying the mineral interests for that taxable year. The owners of</u>
- 12 <u>severed minerals are jointly and severably liable for the payment required by this section. All</u>
- provisions of law governing property taxes apply to the payments required by this section
- 14 including the discount for early payment of property taxes, deadlines for payment, penalties,
- 15 <u>interest, liens, and tax foreclosure. If the mineral interest is subject to tax foreclosure for failure</u>
- 16 to make the payments required by this section, the owner of the surface estate overlying the
- mineral interests must be given the right of first refusal to acquire the mineral interest through
- 18 tax foreclosure. Any amounts collected by the county auditor under this section shall be paid to
- 19 the surface owner of the lands overlying the mineral interests as a refund of property taxes paid.
- 20 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
- 21 December 31, 2014.