

Sixty-eighth  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO. 1248**

Introduced by

Representatives Motschenbacher, Fisher, Headland, Heinert, Jonas, Klemin, Longmuir,  
Louser, Meier

Senator Dwyer

1 A BILL for an Act to amend and reenact section 57-20-04 of the North Dakota Century Code.  
2 relating to the determination of property tax per taxable square foot; to provide for a legislative  
3 management study of restructuring the taxation of residential and commercial property; and to  
4 provide for a legislative management report.

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

6 **SECTION 1. AMENDMENT.** Section 57-20-04 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **57-20-04. Abstract of tax list to be sent to tax commissioner - Determination of tax per**  
9 **taxable square foot - Reports.**

- 10 1. The county auditor, on or before December thirty-first following the levy of the taxes,  
11 shall prepare and transmit to the tax commissioner a complete abstract of the tax list  
12 of the auditor's county.
- 13 2. In addition to the tax list required in subsection 1, the county auditor, on or before  
14 December thirty-first following the levy of the taxes, shall prepare and transmit to the  
15 tax commissioner a report providing each taxing district's property valuation and  
16 property tax levy and any other information the tax commissioner deems necessary to  
17 prepare the report required in subsection 3. For taxing districts with property in more  
18 than one county, information must be collected and transmitted by the county auditor  
19 of the county in which the main office of that taxing district is located.
- 20 3. The tax commissioner shall compile information received from the county auditors in  
21 subsection 2 and prepare a statewide report of property tax increase. The report must  
22 include the annual increase in property taxes levied by each taxing district of the state  
23 after adjusting for property that was not taxable in the preceding year and property that



- 1 is no longer taxable which was taxable in the preceding year. The report must be  
2 provided to the legislative management by April first of each year.
- 3 4. a. The county auditor, on or before December thirty-first, shall prepare and transmit  
4 to the tax commissioner a report providing:
- 5 (1) The total taxable square footage of taxable property in the county for the  
6 current taxable year. The county auditor shall calculate the taxable square  
7 footage of each parcel of taxable property by multiplying the square footage  
8 of the taxable property, excluding any structures situated on the property, by  
9 the applicable modifier. For purposes of this paragraph, the county auditor  
10 shall apply the following modifiers to each corresponding category of  
11 taxable property:
- 12 (a) For commercial property except property included in subparagraph e,  
13 one hundred percent.
- 14 (b) For centrally assessed property, one hundred percent.
- 15 (c) For residential property, fifty percent.
- 16 (d) For agricultural property, twenty-five percent.
- 17 (e) For commercial property considered to be a vacant lot, twenty-five  
18 percent.
- 19 (2) The amount of tax per taxable square foot of property in the county,  
20 calculated by dividing the tax levied in the current taxable year by the total  
21 taxable square footage of taxable property in the county calculated in  
22 paragraph 1.
- 23 (3) For each parcel of taxable property in the county for the current taxable  
24 year, data comparing:
- 25 (a) The property tax levied against the parcel in dollars; and
- 26 (b) The amount calculated by multiplying the taxable square footage of  
27 the parcel as provided in paragraph 1 by the amount of tax per  
28 taxable square foot calculated in paragraph 2.
- 29 b. The tax commissioner shall compile the information from reports received under  
30 this subsection. On or before January fifteenth, the tax commissioner shall  
31 provide a summary of the compiled information to the legislative management.



1     5. The tax commissioner shall prescribe the form and manner of providing the reports  
2         and certifications required under this section.

3     ~~5. On or before December 31, 2017, the county auditor shall provide a report to the tax~~  
4         ~~commissioner providing the information identified in subsection 2 for the 2015 and~~  
5         ~~2016 tax years.~~

6             **SECTION 2. LEGISLATIVE MANAGEMENT STUDY - RESIDENTIAL AND COMMERCIAL**  
7     **PROPERTY TAX RESTRUCTURING.**

8     1. During the 2023-24 interim, the legislative management shall consider studying the  
9         ~~feasibility and desirability of development of a proposed transition plan for~~ replacing the  
10         ~~current property tax structure applicable to residential and commercial property with a~~  
11         ~~price per square foot taxation method based on the amount levied in the previous~~  
12         ~~taxable year, adjusted annually to allow for an increase in the price per square foot.~~  
13         ~~The study~~

14     2. If a property tax by square foot working group is established, upon request of the  
15         legislative management the working group shall report its progress and findings. The  
16         membership of the working group may include:

17         a. At least one representative of the counties as selected by the North Dakota  
18             association of counties;

19         b. At least one representative of the cities as selected by the North Dakota league  
20             of cities;

21         c. At least one representative of the school boards as selected by the North Dakota  
22             school boards association;

23         d. At least one representative of the park districts as selected by the North Dakota  
24             recreation and park association;

25         e. At least one representative of the townships as selected by the North Dakota  
26             township officers association executive board;

27         f. At least one representative of the rural fire protection districts as selected by the  
28             North Dakota firefighter's association;

29         g. At least one representative of the rural ambulance service districts as selected by  
30             the North Dakota emergency medical services association;

31         h. The tax commissioner, or the tax commissioner's designee; and

- 1        i. One member of the house of representatives and one member of the senate  
2        appointed by the legislative management.
- 3        3. The proposed transition plan must include a review of the current property tax-  
4        system timeline for transitioning to the new taxation method and a plan for  
5        implementation and administration of the new taxation method, including consideration  
6        of the appropriate annual limitation on the increase of tax per square foot of taxable  
7        property, the function of the equalization and abatement process under the proposed  
8        new taxation method, and the process for determining taxing district budgets,  
9        implementation and administration of the new taxation method and the impact on  
10       taxpayers, and a review of other states that calculate property tax on a price per  
11       square foot basis. The study also must include consideration of the data reported  
12       under section 57-20-04 and the feasibility and desirability of implementing the  
13       proposed transition plan.
- 14       4. The legislative management shall report its findings and recommendations, together  
15       with any legislation required to implement the recommendations, to the sixty-ninth  
16       legislative assembly.