

**FIRST ENGROSSMENT  
with House Amendments**

Fifty-eighth  
Legislative Assembly  
of North Dakota

**ENGROSSED SENATE BILL NO. 2350**

Introduced by

Senators Holmberg, Christenson, Espegard

Representatives Delmore, Svedjan, Warnke

1 A BILL for an Act to amend and reenact section 57-02-26 of the North Dakota Century Code,  
2 relating to assessment of property taxes on certain state property held under a lease; and to  
3 provide an effective date.

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

5 **SECTION 1. AMENDMENT.** Section 57-02-26 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **57-02-26. Certain property taxable to lessee or equitable owner - Exception.**

8 1. Property held under a lease for a term of years, or under a contract for the  
9 purchase thereof, belonging to the United States or to the state or a political  
10 subdivision thereof, except such lands as have been leased for pasture or grazing  
11 purposes or upon which the state makes payments in lieu of property taxes, or to  
12 any religious, scientific, or benevolent society or institution, whether incorporated  
13 or unincorporated, or to any railroad corporation whose property is not taxed in the  
14 same manner as other property, must be considered, for all purposes of taxation,  
15 as the property of the person so holding the same.

16 2. Property held under an easement or a lease for a term of years and any  
17 improvements upon that property which are used for any purpose relating to  
18 discovery, exploration, processing, or transportation of oil or gas must be  
19 considered the property of the lease or easement holder. For the purposes of this  
20 subsection, "improvements" does not include property subject to the provisions of  
21 chapter 57-06 or property subject to the in lieu of ad valorem tax provisions of  
22 chapter 57-51.

23 3. Property owned by the state and held under a lease and any structure, fixture, or  
24 improvement located on that property is not taxable to the leaseholder if the

1                   structure, fixture, or improvement is used primarily for athletic and educational  
2                   purposes at any state institution of higher education.

3                   **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after  
4                   December 31, 2002.