

**SENATE BILL NO. 2188**

Introduced by

Senators Cook, Fischer, Kringstad

Representatives N. Johnson, Svedjan, Timm

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 valuation and assessment of  
3 agricultural lands 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 nine and one-half percent.~~  
11 The ten-year average must be computed from the twelve years ending with the  
12 most recent year used under subdivision a of subsection 3, discarding the highest  
13 and lowest years, and the gross agribank mortgage rate of interest for each year  
14 must be determined in the manner provided in section 20.2032A-4(e)(1) of the  
15 United States treasury department regulations for valuing farm real property for  
16 federal estate tax purposes, except that the interest rate may not be adjusted as  
17 provided in paragraph (e)(2) of section 20.2032A-4.

18 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after  
19 December 31, 2004.