

**FIRST ENGROSSMENT  
with House Amendments**Fifty-ninth  
Legislative Assembly  
of North Dakota**ENGROSSED 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~~ eight and  
11 nine-tenths percent for taxable year 2005 and eight and three-tenths percent for  
12 taxable years after 2005. The ten-year average must be computed from the twelve  
13 years ending with the most recent year used under subdivision a of subsection 3,  
14 discarding the highest and lowest years, and the gross agribank mortgage rate of  
15 interest for each year must be determined in the manner provided in section  
16 20.2032A-4(e)(1) of the United States treasury department regulations for valuing  
17 farm real property for federal estate tax purposes, except that the interest rate may  
18 not be adjusted as provided in paragraph (e)(2) of section 20.2032A-4.

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