

# TAXATION

## CHAPTER 552

### SENATE BILL NO. 2038

(Legislative Management)  
(Taxation Committee)

AN ACT to amend and reenact subsection 17 of section 57-01-02 of the North Dakota Century Code, relating to the ability of the tax commissioner to make disclosures regarding taxpayers receiving tax incentives; and to provide for retroactive application.

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

**SECTION 1. AMENDMENT.** Subsection 17 of section 57-01-02 of the North Dakota Century Code is amended and reenacted as follows:

17. Upon receipt of a written request from the chairman of the legislative management or the chairman of a standing committee of the legislative assembly, the tax commissioner shall disclose the amount of any tax ~~deduction or credit incentive~~ that was claimed or earned by a taxpayer. For purposes of this subsection, a "tax incentive" includes a tax deduction, credit, or exemption. This subsection does not authorize disclosure of the taxpayer's name or any other information prohibited from disclosure under title 57. The tax commissioner shall provide notice to taxpayers of possible disclosure under this subsection, in a manner as prescribed by the tax commissioner.

**SECTION 2. RETROACTIVE APPLICATION.** This Act applies retroactively to tax incentives claimed or granted after December 31, 2024.

Approved March 24, 2025

Filed March 25, 2025

## CHAPTER 553

### SENATE BILL NO. 2039

(Legislative Management)  
(Taxation Committee)

AN ACT to amend and reenact subsection 1 of section 57-02-01 and subdivision a of subsection 15 of section 57-02-08 of the North Dakota Century Code, relating to the definition of agricultural property and the farm structure and improvements property tax exemption; and to provide an effective date.

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

<sup>245</sup> **SECTION 1. AMENDMENT.** Subsection 1 of section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:

1. a. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, ~~except as provided in this subsection. For platted lands:~~
  - (1) Lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals. ~~Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse. The time limitations contained in this section may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.~~
  - a. (2) Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:
    - (1)(a) The land is platted by the owner.
    - (2)(b) Public improvements, including sewer, water, or streets, are in place.
    - (3)(c) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise grow crops or graze farm animals.
    - (4)(d) Property is zoned other than agricultural.
    - (5)(e) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.
    - (6)(f) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.

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<sup>245</sup> Section 57-02-01 was also amended by section 7 of House Bill No. 1176, chapter 555.

~~(7)(g)~~ The property sells for more than four times the county average true and full agricultural value.

b. For purposes of this subsection:

- (1) "Raising agricultural crops" includes the storage of harvested crops produced by a farmer or a direct relative of the farmer until the crop is delivered to the first end-point user.
- (2) The existence of any of the conditions in paragraph 2 of subdivision a may not be used as a basis to exclude unplatted land used to raise agricultural crops or land platted and assessed as agricultural property prior to March 30, 1981, used to raise agricultural crops from being classified as agricultural property.
- (3) Land that was assessed as agricultural property at the time the land was put to use for extraction of oil, natural gas, or subsurface minerals as defined in section 38-12-01 must continue to be assessed as agricultural property if the remainder of the surface owner's parcel of property on which the subsurface mineral activity is occurring continues to qualify for assessment as agricultural property under this subsection.
- (4) Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse.
- (5) The time limitations contained in this subsection may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.

**SECTION 2. AMENDMENT.** Subdivision a of subsection 15 of section 57-02-08 of the North Dakota Century Code is amended and reenacted as follows:

a. All farm structures and improvements located on agricultural lands.

- (1) This subsection must be construed to exempt farm buildings and improvements only, and may not be construed to exempt from taxation industrial plants, or structures of any kind not used or intended for use as a part of a farm plant, or as a farm residence.
- (2) "Farm buildings and improvements" includes a greenhouse or other building used primarily for the growing of horticultural or nursery products from seed, cuttings, or roots, if not used on more than an occasional basis for a showroom for the retail sale of horticultural or nursery products. A greenhouse or building used primarily for display and sale of grown horticultural or nursery products is not a farm building or improvement.
- (3) (a) The following structures and improvements are not exempt under this subsection:

[1] Any structure or improvement used primarily in connection with a retail or wholesale business other than farming, any:

- [2] Any structure or improvement located on platted land within the corporate limits of a city, ~~any~~except a structure owned by a farmer, used exclusively for storage of harvested crops produced by the farmer or a direct relative of the farmer until the crop is delivered to the first end-point user, and affixed to land platted and assessed as agricultural property prior to March 30, 1981;
- [3] Any structure or improvement used by a manufacturing facility as defined in section 19-24.1-01, ~~or any;~~ and
- [4] Any structure or improvement located on railroad operating property subject to assessment under chapter 57-05 ~~is not exempt under this subsection.~~
- (b) For purposes of this paragraph, "business other than farming" includes processing to produce a value-added physical or chemical change in an agricultural commodity beyond the ordinary handling of that commodity by a farmer prior to sale.
- (4) The following factors may not be considered in application of the exemption under this subsection:
- (a) Whether the farmer grows or purchases feed for animals raised on the farm.
  - (b) Whether animals being raised on the farm are owned by the farmer.
  - (c) Whether the farm's replacement animals are produced on the farm.
  - (d) Whether the farmer is engaged in contract feeding of animals on the farm.

**SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after December 31, 2025.

Approved April 7, 2025

Filed April 8, 2025

## CHAPTER 554

### SENATE BILL NO. 2201

(Senators Weber, Bekkedahl, Hogue)  
(Representatives Headland, Lefor, Vigesaa)

AN ACT to amend and reenact section 57-02-08.9 of the North Dakota Century Code, relating to the primary residence credit; to provide for application; to provide a retroactive effective date; to provide an expiration date; and to declare an emergency.

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

<sup>246</sup> **SECTION 1. AMENDMENT.** Section 57-02-08.9 of the North Dakota Century Code is amended and reenacted as follows:

#### **57-02-08.9. Primary residence credit - Qualification - Application. (Effective for the first two taxable years beginning after December 31, 2023)**

1. ~~An individual~~A taxpayer is entitled to a credit of five hundred dollars against the property tax due on the ~~individual's taxpayer's~~ primary residence as provided in this section. The credit may not exceed the amount of property tax due. The credit must be applied to reduce the property tax owed on the ~~individual's taxpayer's~~ primary residence after other exemptions or credits under this chapter have been applied.
2. For purposes of this section, ~~"primary:~~
  - a. "Owned" means an individual holds a present ownership interest, including ownership in fee simple, holds a present life estate or other terminable present ownership interest, holds a beneficial interest in a qualifying trust, or is a purchaser under a contract for deed. The term does not include a mere right of occupancy or a tenancy under a lease.
  - b. (1) "Primary residence" means a dwelling in this state ~~owned and occupied by an individual as that individual's primary place of residence and includes residences taxed under chapter 57-55, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~
    - (a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;
    - (b) Designed or adapted for human residence;
    - (c) Used as a residence; and

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<sup>246</sup> Section 57-02-08.9 was also amended by section 10 of House Bill No. 1176, chapter 555, and section 11 of House Bill No. 1176, chapter 555.

- (d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.
    - (2) For purposes of the definition of "primary residence" under this subdivision:
      - (a) An individual may not have more than one primary residence.
      - (b) A primary residence includes a primary residence taxed under chapter 57-55.
  - c. "Qualifying trust" means a trust:
    - (1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:
      - (a) For life;
      - (b) For the lesser of life or a term of years; or
      - (c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and
    - (2) That acquires the property in an instrument of title or under a court order that:
      - (a) Describes the property with sufficient certainty to identify it and the interest acquired; and
      - (b) Is recorded in the real property records of the county in which the property is located.
  - d. "Trustor" means an individual who transfers an interest in real or personal property to a qualifying trust, whether during the individual's lifetime or at death, or the individual's spouse.
- 3. An individual who does not reside in the primary residence ~~in this state~~ is eligible for the credit under this section if the individual's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another ~~individual~~person.
  - 4. Only one credit under this section may be applied against the property taxes levied against any primary residence. A trust may not claim a credit for more than one primary residence under this section.

5. An individual whose primary residence is a farm structure exempt from taxation under subsection 15 of section 57-02-08 is not eligible for a credit under this section.
6. The credit may not reduce the liability for special assessments levied upon any property.
7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner, by April first of each year, an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the claim on a form and in the manner prescribed by the tax commissioner.
8. The tax commissioner, in consultation with the county auditors, shall prescribe, design, and make available all forms necessary to effectuate this section. The tax commissioner shall make these forms available upon request.

**SECTION 2. RETROACTIVE EFFECTIVE DATE - APPLICATION - EXPIRATION DATE.** This Act is retroactively effective and applies for the first two taxable years beginning after December 31, 2023, and after that date is ineffective. A taxpayer who, regardless of the application requirements and deadlines under section 57-02-08.9, qualifies for a credit under this Act against taxes levied on a primary residence owned through a beneficial interest in a qualifying trust in taxable year 2024, may file an abatement claim no later than May 1, 2025, to receive a refund of taxes paid equal to the amount of the credit allowed under this Act. Supplemental certifications by the county auditor and the tax commissioner and supplemental payments by the state treasurer shall be made and distributed according to the procedures provided under section 57-02-08.10 and may be made after the dates prescribed in section 57-02-08.10.

**SECTION 3. EMERGENCY.** This Act is declared to be an emergency measure.

Approved February 18, 2025

Filed February 18, 2025

## CHAPTER 555

### HOUSE BILL NO. 1176

(Representatives Nathe, Hagert, Headland, Lefor, Porter, Stemen, Swiontek,  
Vigesaa)  
(Senators Bekkedahl, Hogue, Weber, Rummel)

AN ACT to create and enact two new sections to chapter 54-27, a new section to chapter 57-02, and a new section to chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.8, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, 57-15-14.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the renters refund, the property tax credit for disabled veterans, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, school district levies, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide for a legislative management study; to provide for a legislative management report; to provide an appropriation; to provide an exemption; to provide an effective date; to provide an expiration date; and to declare an emergency.

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

<sup>247</sup> **SECTION 1. AMENDMENT.** Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

#### **6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.**

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section ~~24-10-135~~ of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs.

<sup>248</sup> **SECTION 2. AMENDMENT.** Subsection 1 of section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows:

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<sup>247</sup> Section 6-09.4-10.1 was also amended by section 8 of Senate Bill No. 2012, chapter 44.

<sup>248</sup> Section 21-10-06 was also amended by section 9 of Senate Bill No. 2012, chapter 44.



1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:
  - a. State bonding fund.
  - b. Teachers' fund for retirement.
  - c. State fire and tornado fund.
  - d. Workforce safety and insurance fund.
  - e. Public employees retirement system.
  - f. Insurance regulatory trust fund.
  - g. State risk management fund.
  - h. Budget stabilization fund.
  - i. Water projects stabilization fund.
  - j. Health care trust fund.
  - k. Cultural endowment fund.
  - l. Petroleum tank release compensation fund.
  - m. Legacy fund.
  - n. ~~Legacy earnings fund.~~
  - ~~o. Opioid settlement fund.~~
  - ~~p-o.~~ A fund under contract with the board pursuant to subsection 3.

**SECTION 3. AMENDMENT.** Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

**40-40-06. Notice of ~~preliminary budget statement~~ Contents How given ~~public budget hearing date.~~**

4. On or before August tenth of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall:
  - a. ~~Provide the county auditor with a copy of the preliminary budget statement.~~
- ~~b-1.~~ Set a public budget hearing date no earlier than September seventh and no later than October seventh for the purpose of adopting the final budget and making the annual tax levy.
- ~~c-2.~~ Provide notice of the public budget hearing date to the county auditor.
2. ~~For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must:~~

- ~~a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures;~~
- ~~b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and~~
- ~~c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.~~

<sup>249</sup> **SECTION 4. AMENDMENT.** Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:

#### **54-27-19.3. Legacy earnings highway distribution fund.**

A legacy earnings highway distribution fund is created as a special fund in the state treasury into which must be deposited any allocations of legacy fund earnings made under section 21-10-13. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:

1. Sixty percent must be transferred to the department of transportation for deposit in the state highway fund;
2. Ten percent must be transferred to the legacy earnings township highway aid fund;
3. One and five-tenths percent must be transferred to the public transportation fund; and
4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.

<sup>250</sup> **SECTION 5.** A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

#### **Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.**

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys distributed by the state treasurer from the legacy fund pursuant to section 26 of article X of the Constitution of North Dakota. The distribution from the legacy fund on July first of each odd-numbered year must be equal to eight percent of the five-year average value of the legacy fund balance as reported by the state investment board. The average value of the legacy fund balance must be calculated using the fund balance at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.

<sup>249</sup> Section 54-27-19.3 was repealed by section 18 of Senate Bill No. 2012, chapter 44.

<sup>250</sup> Section 54-27-32 was also created by section 13 of Senate Bill No. 2012, chapter 44.

2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate the funding in July of each odd-numbered year in the following order:
  - a. The first one hundred two million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.
  - b. The remaining amount as follows:
    - (1) Thirty percent to the highway fund.
    - (2) The remainder to the legacy property tax relief fund.

**SECTION 6.** A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

**Legacy property tax relief fund.**

There is created in the state treasury the legacy property tax relief fund. The fund consists of all moneys allocated to the fund under section 5 of this Act and all moneys transferred to the fund by the legislative assembly.

<sup>251</sup> **SECTION 7. AMENDMENT.** Section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-01. Definitions.**

As used in this title, unless the context or subject matter otherwise requires:

1. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, except lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals. Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse. The time limitations contained in this section may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.
  - a. Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:
    - (1) The land is platted by the owner.
    - (2) Public improvements, including sewer, water, or streets, are in place.
    - (3) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise crops or graze farm animals.
    - (4) Property is zoned other than agricultural.

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<sup>251</sup> Section 57-02-01 was also amended by section 1 of Senate Bill No. 2039, chapter 553.

- (5) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.
  - (6) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.
  - (7) The property sells for more than four times the county average true and full agricultural value.
  - b. Land that was assessed as agricultural property at the time the land was put to use for extraction of oil, natural gas, or subsurface minerals as defined in section 38-12-01 must continue to be assessed as agricultural property if the remainder of the surface owner's parcel of property on which the subsurface mineral activity is occurring continues to qualify for assessment as agricultural property under this subsection.
- 2. "Air carrier transportation property" means the operative property of each airline whose property is assessed for taxation purposes pursuant to chapters 57-06 and 57-32.
  - 3. "Assessed valuation" means fifty percent of the true and full value of property.
  - 4. "Centrally assessed property" means all property which is assessed by the state board of equalization under chapters 57-05, 57-06, and 57-32.
  - 5. "Commercial property" means all property, or portions of property, not included in the classes of property defined in subsections 1, 4, ~~44~~, 10, 12, 13, and ~~42~~14.
  - 6. "Credits" means and includes every claim and demand for money or other valuable thing, and every annuity or sum of money receivable at stated periods, due or to become due, and all claims and demands secured by deeds or mortgages, due or to become due.
  - 7. "Governing body" means a board of county commissioners, city council, board of city commissioners, school board, or board of education, or the similarly constituted and acting board of any other municipality.
  - 8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and every deposit which any person owning the same or holding in trust and residing in this state is entitled to withdraw as money or on demand.
  - 9. "Municipality" or "taxing district" means a county, city, township, school district, water conservation and flood control district, Garrison Diversion Conservancy District, county park district, joint county park district, irrigation district, park district, rural fire protection district, or any other subdivision of the state empowered to levy taxes.
  - 10. "Nonprimary residential property" means residential property, or portions of residential property, not included in the class of property defined in subsection 12.
  - 11. "Person" includes a firm, corporation, or limited liability company.
  - ~~44-12.~~ "Primary residential property" means residential property certified as a primary residence under section 14 of this Act.

13. "Railroad property" means the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway.
- 42-14. "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located. The term includes nonprimary residential property and primary residential property.
- 43-15. "Taxable valuation" signifies the valuation remaining after deducting exemptions and making other reductions from the original assessed valuation, and is the valuation upon which the rate of levy finally is computed and against which the taxes finally are extended.
- 44-16. "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any contiguous quantity of land in the possession of, owned by or recorded as the property of, the same claimant, person, or company.
- 45-17. "True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.
- 46-18. "Unencumbered cash" means the total cash on hand in any fund, less the amount belonging to the fund in closed banks and less the amount of outstanding warrants, bills, accounts, and contracts which are chargeable against the fund.
- 47-19. There shall be a presumption that a unit of land is not a farm unless such unit contains a minimum of ten acres [4.05 hectares], and the taxing authority, in determining whether such presumption shall apply, shall consider such things as the present use, the adaptability to use, and how similar type properties in the immediate area are classified for tax purposes.

**SECTION 8. AMENDMENT.** Subdivision b of subsection 2 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

- b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of any federal rent subsidy and of charges for any utilities, services, furniture, furnishings, or personal property appliances furnished by the landlord as part of the rental agreement, whether expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of four hundred six hundred dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

<sup>252</sup> **SECTION 9. AMENDMENT.** Section 57-02-08.8 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-08.8. Property tax credit for disabled veterans - Certification - Distribution.**

1. A disabled veteran of the United States armed forces with an armed forces service-connected disability of fifty percent or greater or a disabled veteran who has an extra-schedular rating to include individual unemployability that brings the veteran's total disability rating to one hundred percent as determined by the department of veterans' affairs, who was discharged under honorable conditions or who has been retired from the armed forces of the United States, or the surviving spouse if the disabled veteran is deceased, is eligible for a credit applied against the first ~~eight thousand one hundred nine thousand~~ thousand dollars of taxable valuation of the homestead owned and occupied by the disabled veteran or surviving spouse equal to the percentage of the disabled veteran's disability compensation rating for service-connected disabilities as certified by the department of veterans' affairs for the purpose of applying for a property tax credit. A surviving spouse who is receiving United States department of veterans affairs dependency and indemnity compensation receives a one hundred percent credit as described in this subsection. If the determination of disability or service-connected death occurs subsequent to the qualifying veteran's death through application of a law that renders a surviving spouse of a qualifying veteran eligible for United States department of veterans affairs disability and indemnity compensation, the determination for purposes of the credit under this subsection is presumed to precede the veteran's death. Sufficient proof of receipt of United States department of veterans affairs dependency and indemnity compensation includes correspondence directed to a surviving spouse of a qualifying veteran by the United States department of veterans affairs which indicates the surviving spouse is a survivor of the qualifying veteran and is in receipt of United States department of veterans affairs dependency and indemnity compensation.
2. If two disabled veterans are married to each other and living together, their combined credits may not exceed one hundred percent of ~~eight thousand one hundred nine thousand~~ thousand dollars of taxable valuation of the homestead. If a disabled veteran co-owns the homestead property with someone other than the disabled veteran's spouse, ~~parent, or child,~~ the credit is limited to that disabled veteran's interest in the homestead, ~~to a maximum amount calculated by multiplying eight thousand one hundred dollars of the taxable valuation by of the disabled veteran's percentage of interest in the homestead property and multiplying the result by the applicant's certified disability percentage, not to exceed the maximum credit amount in subsection 1.~~
3. A disabled veteran or ~~unmarried~~ surviving spouse claiming a credit under this section for the first time shall file with the county auditor an affidavit showing the facts required under this section, a description of the property, and a certificate from the United States department of veterans' affairs, or its successor, certifying to the amount of the disability. The affidavit and certificate must be open for public inspection. A person shall thereafter furnish to the assessor or other assessment officials, when requested to do so, any information which supports the claim for credit for any subsequent year.

<sup>252</sup> Section 57-02-08.8 was also amended by section 11 of House Bill No. 1031, chapter 64, and section 4 of House Bill No. 1180, chapter 344.

4. For purposes of this section, and except as otherwise provided in this section, "homestead":
  - a. "Child" means a child by birth, adoption, or marriage.
  - b. "Homestead" has the meaning provided in section 47-18-01 except that it also applies to a person who otherwise qualifies under the provisions of this section whether the person is the head of the family.
  - c. "Parent" means a birth parent, adoptive parent, or stepparent.
5. This section does not reduce the liability of a person for special assessments levied upon property.
6. A credit under this section terminates at the end of the taxable year of the death of the applicant.
7. The board of county commissioners may cancel the portion of unpaid taxes that represents the credit calculated in accordance with this section for any year in which the qualifying owner has held title to the homestead property. Cancellation of taxes for any year before enactment of this section must be based on the law that was in effect for that tax year.
8. Before the first of March of each year, the county auditor of each county shall certify to the tax commissioner on forms prescribed by the tax commissioner the name and address of each person for whom the property tax credit for homesteads of disabled veterans was allowed for the preceding year, the amount of credit allowed, the total of the tax mill rates of all taxing districts, exclusive of any state mill rates, that was applied to other real estate in the taxing districts for the preceding year, and such other information as may be prescribed by the tax commissioner.
9. On or before the first of June of each year, the tax commissioner shall audit the certifications, make the required corrections, and certify to the state treasurer for payment to each county the sum of the amounts computed by multiplying the credit allowed for each homestead of a disabled veteran in the county by the total of the tax mill rates, exclusive of any state mill rates that were applied to other real estate in the taxing districts for the preceding year.
10. The county treasurer upon receipt of the payment from the state treasurer shall apportion and distribute the payment without delay to the county and to the local taxing districts of the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.
11. On or before the first day of June of each year, the tax commissioner shall certify to the state treasurer the amount computed by multiplying the property tax credit allowed under this section for homesteads of disabled veterans in the state for the preceding year by one mill for deposit in the state medical center fund.
12. Supplemental certifications by the county auditor and by the tax commissioner and supplemental payments by the state treasurer may be made after the dates prescribed in this section to make such corrections as may be necessary because of errors or because of approval of an application for abatement filed by a person because the credit provided for the homestead of a disabled veteran was not allowed in whole or in part.

<sup>253</sup> **SECTION 10. AMENDMENT.** Section 57-02-08.9 of the North Dakota Century Code as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, is amended and reenacted as follows:

**57-02-08.9. Primary residence credit - Qualification - Application. (Effective for the first ~~two~~ taxable ~~years~~year beginning after December 31, ~~2023~~2024)**

1. A taxpayer is entitled to a credit of ~~five hundred dollars~~ against the property tax due on the taxpayer's primary residence as provided in this section. The credit ~~may~~:
  - a. Is limited to one thousand six hundred dollars.
  - b. May not reduce the liability for special assessments levied upon any property.
  - c. May not exceed the amount of property tax due against the primary residence. The credit must
  - d. Must be applied to reduce the property tax owed on the taxpayer's primary residence after other exemptions or credits under this chapter have been applied.
2. For purposes of this section:
  - a. "Owned" means an individual holds a present ownership interest, including ownership in fee simple, holds a present life estate or other terminable present ownership interest, holds a beneficial interest in a qualifying trust, or is a purchaser under a contract for deed. The term does not include a mere right of occupancy or a tenancy under a lease.
  - b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:
    - (a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;
    - (b) Designed or adapted for human residence;
    - (c) Used as a residence; and
    - (d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.
  - (2) For purposes of the definition of "primary residence" under this subdivision:
    - (a) An individual may not have more than one primary residence.

<sup>253</sup> Section 57-02-08.9 was also amended by section 11 of House Bill No. 1176, chapter 555, and section 1 of Senate Bill No. 2201, chapter 554.



- (b) A primary residence includes a primary residence taxed under chapter 57-55.
- c. "Qualifying trust" means a trust:
- (1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:
    - (a) For life;
    - (b) For the lesser of life or a term of years; or
    - (c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and
  - (2) That acquires the property in an instrument of title or under a court order that:
    - (a) Describes the property with sufficient certainty to identify it and the interest acquired; and
    - (b) Is recorded in the real property records of the county in which the property is located.
- d. "Trustor" means an individual who transfers an interest in real or personal property to a qualifying trust, whether during the individual's lifetime or at death, or the individual's spouse.
3. An individual who does not reside in the primary residence is eligible for the credit under this section if the individual's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.
  4. Only one credit under this section may be applied against the property taxes levied against any primary residence. A trust may not claim a credit for more than one primary residence under this section. If a credit under this section is applied against the property tax due on a primary residence subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.
  5. An individual whose primary residence is a farm structure exempt from taxation under subsection 15 of section 57-02-08 is not eligible for a credit under this section.
  6. The credit may not reduce the liability for special assessments levied upon any property.

7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner, ~~by April first of each year,~~ an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the ~~claim~~application on a form and in the manner prescribed by the tax commissioner. The application must be filed:
  - a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.
  - b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.
8. The tax commissioner, in consultation with the county auditors, shall prescribe, design, and make available all forms necessary to effectuate this section. The tax commissioner shall make these forms available upon request.

<sup>254</sup> **SECTION 11. AMENDMENT.** Section 57-02-08.9 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-08.9. Primary residence credit - Qualification —~~Application.~~ (Effective for the first taxable year~~years~~ beginning after December 31, ~~2024~~2025)**

1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary residence~~residential property~~ as provided in this section. The credit:
  - a. Is limited to one thousand six hundred dollars.
  - b. May not reduce the liability for special assessments levied upon any property.
  - c. May not exceed the amount of property tax due against the parcel of primary residence~~residential property~~.
  - d. Must be applied to reduce the property tax owed on the ~~taxpayer's~~parcel of primary residence~~residential property~~ after other exemptions or credits under this chapter have been applied.
2. ~~For purposes of this section:~~
  - a. ~~"Owned" means an individual holds a present ownership interest, including ownership in fee simple, holds a present life estate or other terminable present ownership interest, holds a beneficial interest in a qualifying trust, or is a purchaser under a contract for deed. The term does not include a mere right of occupancy or a tenancy under a lease.~~
  - b. (1) ~~"Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~
    - (a) ~~Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

<sup>254</sup> Section 57-02-08.9 was also amended by section 10 of House Bill No. 1176, chapter 555, and section 1 of Senate Bill No. 2201, chapter 554.

- (b) ~~Designed or adapted for human residence;~~
- (c) ~~Used as a residence; and~~
- (d) ~~Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~
- (2) ~~For purposes of the definition of "primary residence" under this subdivision:~~
  - (a) ~~An individual may not have more than one primary residence.~~
  - (b) ~~A primary residence includes a primary residence taxed under chapter 57-55.~~
- e. "Qualifying trust" means a trust:
  - (1) ~~In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~
    - (a) ~~For life;~~
    - (b) ~~For the lesser of life or a term of years; or~~
    - (c) ~~Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~
  - (2) ~~That acquires the property in an instrument of title or under a court order that:~~
    - (a) ~~Describes the property with sufficient certainty to identify it and the interest acquired; and~~
    - (b) ~~Is recorded in the real property records of the county in which the property is located.~~
- d. "Trustor" means an individual who transfers an interest in real or personal property to a qualifying trust, whether during the individual's lifetime or at death, or the individual's spouse.
- 3. ~~An individual who does not reside in the primary residence is eligible for the credit under this section if the individual's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.~~
- 4. Only one credit under this section may be applied against the property taxes levied against any parcel of primary residence~~residential property~~. A trust may not claim a credit for more than one parcel of primary residence~~residential~~

property under this section. If a credit under this section is applied against the property tax due on a parcel of primary residence ~~residential property~~ subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

- ~~5. An individual whose primary residence is a farm structure exempt from taxation under subsection 15 of section 57-02-08 is not eligible for a credit under this section.~~
- ~~6. The credit may not reduce the liability for special assessments levied upon any property.~~
- ~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner, an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:
 
  - ~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~
  - ~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~~~
- ~~8-3. The tax commissioner, in consultation with the county auditors, shall prescribe, design, and make available all forms necessary to effectuate this section. The tax commissioner shall make these forms available upon request.~~

<sup>255</sup> **SECTION 12. AMENDMENT.** Section 57-02-08.10 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-08.10. Primary residence credit - Certification - Distribution. (Effective through ~~June 30, 2026~~ May 31, 2026)**

1. By ~~June first of each year~~ June 1, 2025, the tax commissioner shall:
  - a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024;
  - b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and
  - ~~b-c.~~ Provide to each county auditor:

<sup>255</sup> Section 57-02-08.10 was also amended by section 13 of House Bill No. 1176, chapter 555.

- (1) A copy of each approved application under subdivision ~~a~~b which identifies a primary residence located in the county; and
  - (2) The sum of the credits allowed under section 57-02-08.9 in the county for ~~the current~~ taxable year 2025.
2. By November 1, 2025, the tax commissioner shall:
  - a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and
  - b. Provide to each county auditor:
    - (1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and
    - (2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.
3. a. For taxable year 2025:
  - (1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.
  - (2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.
- b. For taxable year 2026, the county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence on the corresponding mobile home tax statement.
- ~~3.4.~~ By January first of each year January 15, 2026, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under ~~subsection 4~~ subdivisions b and c of subsection 1 and under subsection 2 which were applied ~~toward~~ against property taxes owed on primary residences in the county for the ~~preceding year~~ as provided in subsection 3.

- ~~4-5.~~ By ~~June first of each year after 2024~~ May 31, 2026, the tax commissioner shall review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~allowed under section 57-02-08.9 in each county for the preceding year~~ applied against property taxes owed on primary residences in the county as provided in subsection 3.
- ~~5-6.~~ Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year ~~after 2024~~, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes ~~for the preceding year~~ and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.
- ~~6-7.~~ Supplemental certifications by the county auditor and the tax commissioner and supplemental payments by the state treasurer may be made after the dates prescribed in this section to make corrections necessary because of errors.
- ~~7-8.~~ The county auditors shall provide information requested by the tax commissioner to effectuate this section.
- ~~8-9.~~ The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

<sup>256</sup> **SECTION 13. AMENDMENT.** Section 57-02-08.10 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-08.10. Primary residence credit - Certification - Distribution. (Effective throughafter May 31, 2026)**

1. ~~By June 1, 2025, the tax commissioner shall:~~
  - a. ~~Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.~~
  - b. ~~Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and~~
  - c. ~~Provide to each county auditor:~~
    - (1) ~~A copy of each approved application under subdivision b which identifies a primary residence located in the county; and~~
    - (2) ~~The sum of the credits allowed under section 57-02-08.9 in the county for taxable year 2025.~~

<sup>256</sup> Section 57-02-08.10 was also amended by section 12 of House Bill No. 1176, chapter 555.

2. ~~By November 1, 2025, the tax commissioner shall:~~
- a. ~~Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and~~
  - b. ~~Provide to each county auditor:~~
    - (1) ~~A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and~~
    - (2) ~~The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.~~
3. a. ~~For taxable year 2025:~~
- (1) ~~The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.~~
  - (2) ~~The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.~~
- b. ~~For taxable year 2026, the~~The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence~~parcel of primary residential property on the corresponding property tax statement or mobile home tax statement.~~
4. ~~2.~~ By January 15, 2026~~fifteenth of each year, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under subdivisions b and c of subsection 1 and subsection 2 which that were applied against property taxes owed on primary residences in the county as provided in subsection 3 for:~~
- a. The preceding taxable year for primary residential property taxed as real estate under this title.
  - b. The current taxable year for primary residential property taxed as a mobile home under chapter 57-55.

- ~~5-3. By May 31, 2026~~thirty-first of each year, the tax commissioner shall ~~review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and~~ certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~applied against property taxes owed on primary residences in the county as provided~~certified by the counties in subsection ~~32~~.
- ~~6-4. Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year,~~ the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.
- ~~7-5. Supplemental certifications by the county auditor and the tax commissioner and supplemental payments by the state treasurer may be made after the dates prescribed in this section to make corrections necessary because of errors.~~
- ~~8-6. The county auditors shall provide information requested by the tax commissioner to effectuate this section.~~
- ~~9-7. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.~~

**SECTION 14.** A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

**Primary residence certification - Eligibility for primary residential property classification - Application.**

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.
2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.
3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.
  - a. An application for primary residence certification must be filed by April first of each year to request a primary residence certification for:
    - (1) The taxable year during which the application is filed for a primary residence taxed as real estate under this title.
    - (2) The taxable year succeeding the taxable year during which the application is filed for a primary residence taxed as a mobile home under chapter 57-55.



- b. As soon as practicable after receiving the applications, no later than May thirty-first of each year, the tax commissioner shall:
  - (1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and
  - (2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.
- c. Within fifteen days of receipt of the applications from the tax commissioner under paragraph 2 of subdivision b, the county director of tax equalization shall notify the applicant of the approval or denial of the application and reflect the appropriate classification of the property on the assessment list.
- d. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.
- e. Determinations of eligibility under this subsection may be appealed through the informal equalization process and formal abatement process.
- 4. A primary residence certification under this section is valid for the entire taxable year for which the application for certification was approved, without regard to any change of ownership of the property which occurs after the application for certification was approved.
- 5. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section. Application forms must include the full name and address of the applicant and any other information prescribed by the tax commissioner. The county director of tax equalization shall make these forms available to applicants upon request.
- 6. For purposes of this section:
  - a. "Owned" means the individual holds a present ownership interest, including ownership in fee simple, holds a present life estate or other terminable present ownership interest, holds a beneficial interest in a qualifying trust, or is a purchaser under a contract for deed. The term does not include a mere right of occupancy or a tenancy under a lease.
  - b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, which is not exempt from property taxes as a farm residence and, subject to subsection 2 and paragraph 2, as of the assessment date of the taxable year, is:
    - (a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;
    - (b) Designed or adapted for human residence;
    - (c) Used as a residence; and
    - (d) Occupied as a primary place of residence by an owner, an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the certification.

- (2) For purposes of the term:
- (a) An individual may not have more than one primary residence.
  - (b) A primary residence includes a primary residence taxed under chapter 57-55.
- c. "Qualifying trust" means a trust:
- (1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:
    - (a) For life;
    - (b) For the lesser of life or a term of years; or
    - (c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and
  - (2) That acquires the property in an instrument of title or under a court order that:
    - (a) Describes the property with sufficient certainty to identify it and the interest acquired; and
    - (b) Is recorded in the real property records of the county in which the property is located.
- d. "Trustor" means an individual who transfers an interest in real or personal property to a qualifying trust, whether during the individual's lifetime or at death, or the individual's spouse.

**SECTION 15. AMENDMENT.** Section 57-02-27 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-27. Property to be valued at a percentage of assessed value - Classification of property - Limitation on valuation of annexed agricultural lands.**

1. All property subject to taxation based on the value thereof must be valued as follows:
- 4- a. All primary residential property and nonprimary residential property to be valued at nine percent of assessed value. If any property is used for both residential and nonresidential purposes, the valuation must be prorated accordingly.
- 2- b. All agricultural property to be valued at ten percent of assessed value as determined pursuant to section 57-02-27.2.
- 3- c. All commercial property to be valued at ten percent of assessed value.

4. d. All centrally assessed property to be valued at ten percent of assessed value except as provided in section 57-06-14.1.
2. The resulting amounts must be known as resulting from the calculation under subsection 1 are the taxable valuation.
3. In determining the assessed value of real and personal property, except agricultural property, the assessor may not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but the assessor shall value each article or description by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, there must be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the value of crops growing upon cultivated lands. In valuing any real property upon which there is a coal or other mine, or stone or other quarry, the same must be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted constitute agricultural property and must be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Agricultural lands, whether within the corporate limits of a city or not, which were platted and assessed as agricultural property prior to March 30, 1981, must be assessed as agricultural property for ad valorem property tax purposes until put to another use. Such valuation must be uniform with the valuation of adjoining unannexed agricultural land.

**SECTION 16. AMENDMENT.** Section 57-02-27.1 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-27.1. Property to be valued at true and full value.**

1. All assessors and boards of equalization shall place the values of all items of taxable property at the true and full value of the property except as otherwise specifically provided by law, and the amount of taxes that may be levied on such property must be limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as provided in ~~subsection 15 of section 57-02-01~~, except that "true and full value" of agricultural lands must be as determined pursuant to section 57-02-27.2.
2. The governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.

**SECTION 17. AMENDMENT.** Section 57-02-53 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-53. Assessment increase notice to property owner.**

1. a. ~~When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the~~ an assessor shall deliver written notice of the

~~amount of increase and the amount of the previous true and full value of each parcel of taxable property for the current year's assessment to the property owner at the expense of the assessment district for which the assessor is employed and previous year, including improvements, which have been assessed by the assessor.~~

2. Delivery of written notice to a property owner under this ~~subdivision~~section must be completed at least fifteen days before the meeting of the local board of equalization.
  - ~~b. If written notice by the assessor was not required under subdivision a and action by the township, city, or county board of equalization or order of the state board of equalization has increased the true and full valuation of any lot or tract of land and improvements to an amount that results in a cumulative increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, written notice of the amount of increase and the amount of the previous year's assessment must be delivered to the property owner. The written notice under this subdivision must be mailed or delivered at the expense of the township, city, or county that made the assessment increase or at the expense of the township, city, or county that was ordered to make the increase by the state board of equalization. Delivery of written notice to a property owner under this subdivision must be completed within fifteen days after the meeting of the township, city, or county board of equalization that made or ordered the assessment increase and within thirty days after the meeting of the state board of equalization, if the state board of equalization ordered the assessment increase.~~
- ~~e.3.~~ The tax commissioner shall prescribe suitable forms for written notices under this ~~subsection~~section. The written notice under ~~subdivision a~~this section must show the~~contain~~:
  - ~~a. The true and full value of the parcel of taxable property, including improvements, that the assessor determined for the current year and for the previous year and must also show the.~~
  - ~~b. The date prescribed by law, time, and location for the meeting of the local board of equalization of the assessment district in which the parcel of taxable property is located and the meeting date, time, and location of the county board of equalization hearing of each taxing district.~~
- ~~d.4.~~ Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice.
2. The form of notice prescribed by the tax commissioner must require a statement to inform the taxpayer that an assessment increase may mean property taxes on the parcel will increase. The notice may contain an estimate of a tax increase resulting from the assessment increase.

**SECTION 18. AMENDMENT.** Section 57-09-04 of the North Dakota Century Code is amended and reenacted as follows:

**57-09-04. Duties of board ~~—Limitation on increase—Notice.~~**

The township board of equalization shall ascertain whether all taxable property in its township has been properly placed upon the assessment list and duly valued by the assessor. In case any real property has been omitted by inadvertence or otherwise, the board shall place the same upon the list with the true value thereof. The board shall proceed to correct the assessment so that each tract or lot of real property is entered on the assessment list at the true value thereof. ~~The board may not increase the valuation returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. ~~The board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

**SECTION 19. AMENDMENT.** Section 57-11-03 of the North Dakota Century Code is amended and reenacted as follows:

**57-11-03. Duties of board ~~—Limitation on increase—Notice.~~**

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the true and full valuation thereof as is reasonable and just to render taxation uniform, ~~except that the board may not increase the valuation of any property returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without first giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the city must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the city board of equalization must be heard and determined by the county board of equalization. ~~The board shall comply with any requirement for notice of an assessment increase under section 57-02-53.~~

**SECTION 20. AMENDMENT.** Section 57-12-06 of the North Dakota Century Code is amended and reenacted as follows:

**57-12-06. County board of equalization - Equalizing between assessment districts and between properties ~~—Limitation on increase—Notice.~~**

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in subsection 2, the board may raise or lower the valuation of classes of property only so as to equalize the assessments as between districts. ~~If the board orders an increase under this subsection, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

2. Notwithstanding any other provision of this section:
  - a. The county board of equalization after notice to the local board of equalization may reduce the assessment on any separate piece or parcel of real estate even though such property was assessed in a city or township having a local board of equalization. The county board of equalization may not reduce any such assessment unless the owner of the property or the person to whom it was assessed first appeals to the county board of equalization, either by appearing personally or by a representative before the board or by mail or other communication to the board, in which the owner's reasons for asking for the reduction are made known to the board. The proceedings of the board shall show the manner in which the appeal was made known to the board and the reasons for granting any reduction in any such assessment.
  - b. The county board of equalization after notice to the local board of equalization may increase the assessment on any separate piece or parcel of real property even though such property was assessed in a city or township having a local board of equalization. ~~The county board of equalization may not increase the valuation returned by the assessor or the local board of equalization to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent notice by mail to the owner of the property that such person may appear before the board on the date designated in the notice, which date must be at least five days after the mailing of the notice. The county auditor as clerk of the board shall send such notice to the person or persons concerned. If the board orders an increase under this subdivision, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~
  - c. If the county board of equalization during the course of its equalization sessions determines that any property of any person has been listed and assessed in the wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.
3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

**SECTION 21. AMENDMENT.** Section 57-15-02.2 of the North Dakota Century Code is amended and reenacted as follows:

**57-15-02.2. ~~Estimated property tax and budget~~Budget hearing notice.**

1. On or before August tenth of each year, the governing body of a taxing district shall provide to the county auditor in each county in which the taxing district has taxable property a ~~preliminary budget statement and~~ the date, time, and

location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.

2. By August thirty-first of each year, the county treasurer shall provide a written notice to the owner of each parcel of taxable property ~~with a total estimated property tax of at least one hundred dollars~~. The text of the notice must contain:
  - a. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel is located, ~~which anticipate levying in excess of one hundred thousand dollars in the current year,~~ and the location at which the taxing district's budget is available for review; and
  - b. ~~The true and full value of the property based on the best information available;~~
  - c. ~~A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions;~~
  - d. ~~A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;~~
  - e. ~~Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available;~~
  - f. A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy; ~~and~~
  - g. ~~The actual amount of the special assessment installment payable against the parcel in the immediately preceding taxable year.~~
3. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax.
4. The tax commissioner shall prescribe suitable forms for written notices under this section.

5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district ~~that intends to levy in excess of one hundred thousand dollars in property taxes in the current year.~~

**SECTION 22.** A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

**Limitation on levies by taxing districts without voter approval.**

1. a. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the greater of the base year levy increased by the allowable percentage limit or the adjusted year levy increased by the allowable percentage limit.
- b. Excluding any negative excess percentage increase, a taxing district may carry forward an excess percentage increase to be used in any of the five succeeding taxable years. An excess percentage increase may be used only once to increase the limitation under subdivision a and may not be carried forward beyond five taxable years. The oldest unused excess percentage increase must be applied first.
2. The limitation under subsection 1 does not apply to:
  - a. New or increased property tax levy authority that becomes available to the taxing district in the current taxable year resulting from:
    - (1) A change in state law.
    - (2) Approval by the electors of the taxing district.
  - b. Property tax levy authority increased above zero mills in the current taxable year by the governing board of the taxing district, provided the levy authority was not previously used.
  - c. Any irrevocable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.
  - d. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.
  - e. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.
  - f. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in special assessment and improvement district funds and revenue bond and reserve funds.
  - g. Taxes levied to pay bonds, evidences of indebtedness, or obligations of any political subdivision, including taxes levied to pay evidences of indebtedness under chapter 57-47 issued by the Bank of North Dakota from the infrastructure revolving loan fund.



- h. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.
  - i. Taxes levied under sections 40-24-10, 40-43-01, 57-15-28, 57-15-41, and 57-15-48 and chapter 61-16.1.
  - j. Taxes levied by a school district under subsection 5 of section 57-15-14.2.
- a. Except as provided in subdivision b, a majority of the qualified electors in a taxing district voting on the question at a statewide general election may approve a ballot measure to authorize the taxing district to impose a property tax levy exceeding the limitation under subsection 1 for four taxable years at a time, beginning with the taxable year after the general election during which the ballot measure was approved. The ballot measure must state the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1. The procedure under this subsection applies only to authorization of a property tax levy exceeding the limitation under subsection 1.
  - b. A majority of the qualified electors in a township voting on the question at an annual township meeting may approve a property tax levy exceeding the limitation under subsection 1 for four taxable years at a time, beginning with the taxable year during which the annual township meeting vote under this subdivision is held. The notice and voting procedures applicable to the approval of a township tax levy under section 57-15-19 and approval of increased township general fund levy authority under section 57-15-20 apply to the vote under this subsection. The electors of the township voting on the question must be notified of the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1 before the vote.
4. For taxable year 2025, a city may levy an amount equal to the amount levied in dollars in the preceding taxable year under sections 40-05-19 and 57-15-42 as part of the levy under section 57-15-08 without including the dollars levied for this purpose as part of the limitation under subsection 1.
5. A city or county may not supersede or modify the application of this section under home rule authority.
6. For purposes of this section:
  - a. "Adjusted year levy" means amount of property tax levied in dollars by the taxing district in the preceding taxable year adjusted as follows:
    - (1) When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:
      - (a) Any irrevocable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

- (b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.
- (2) When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:
- (a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.
- (b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.
- (3) When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be reduced by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.
- (4) When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the preceding taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the preceding taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.
- b. "Allowable percentage limit" means three percent.
- c. "Base year levy" means the highest amount of property tax levied in dollars by a taxing district in the three taxable years immediately preceding the current taxable year.
- d. "Excess percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:
- (1) The allowable percentage limit; and
- (2) The difference between the actual amount of property tax levied in dollars and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy.
- e. "Proposed percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The difference between the amount of property tax in dollars proposed to be levied by the governing board of the taxing district and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy; and

(2) The allowable percentage limit.

f. "Taxing district" means any political subdivision empowered to levy taxes.

<sup>257</sup> **SECTION 23. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

**57-15-14.2. School district levies.**

1. The board of a school district may levy a tax ~~not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent, up to an amount in dollars that would be generated by a levy of seventy-sixty mills on the taxable valuation of the district, for any purpose related to the provision of educational services~~ the school district's local contribution to the costs of education. The proceeds of this levy must be deposited into the school district's general fund and ~~may be used in accordance with this subsection for any purpose related to the provision of educational services~~. The proceeds may not be transferred into any other fund.
2. The board of a school district may levy no more than ten mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund. The levy authority under this subsection may not be considered new or increased property tax levy authority for purposes of the levy limitation under section 22 of this Act.
3. The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
- ~~3-4.~~ The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.
- ~~4-5.~~ The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
- ~~5-6.~~ The board of a school district may levy no more than five mills on the taxable valuation of the district, pursuant to section 57-15-15.1, for purposes of developing a school safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be deposited into a special fund known as the school safety plan fund and used in accordance with this subsection.

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<sup>257</sup> Section 57-15-14.2 was also amended by section 7 of House Bill No. 1369, chapter 195.

~~6-7.~~ Nothing in this section limits the board of a school district from levying:

- a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
- b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

**SECTION 24. AMENDMENT.** Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

**57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.**

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. The tax statement must:
  - a. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable.
  - b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, ~~the~~:
    - (1) The property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.
    - (2) The amount of property tax levied as a result of mills levied by a school district under section 21-03-15 and subdivision b of subsection 7 of section 57-15-14.2.
  - c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.
    - (1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by ~~the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located the lesser of one hundred twenty-five mills or the sum of:~~

- (a) ~~Fifty mills. The number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year; or and~~
- (b) ~~The 2012 taxable year mill rate of the school district minus excluding sixty mills.~~
- (2) Legislative tax relief under chapter 50-35 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of relief determined by dividing the amount calculated in subsection 1 of section 50-35-03 for a human service zone by the taxable value of taxable property in the zone for the taxable year.
- d. Provide information identifying the primary residence credit, including information regarding the portion of the credit derived from funding distributed from the legacy fund.
- (1) The statement must include a separate line item identifying the primary residence credit realized by the taxpayer for each taxable year shown.
- (2) The statements must include a separate line item or conspicuous description identifying the portion of the credit derived from funding distributed from the legacy fund.
- (a) The dollar amount of the primary residence credit derived from funding distributed from the legacy fund is calculated as the product of the total amount of the primary residence credit realized by the taxpayer in a taxable year multiplied by the applicable percent.
- (b) By November first of each year, the tax commissioner shall notify each county auditor of the applicable percent to be used for the calculation in paragraph a for the current and prior two taxable years.
- (c) For purposes of this paragraph, "applicable percent" means the percent, rounded to the nearest hundredth of a percent, calculated as the quotient of the amount allocated to the legacy property tax relief fund from the legacy earnings fund for the primary residence credit pursuant to section 5 of this Act divided by the total amount appropriated from the legacy property tax relief fund for the primary residence credit, using the allocations and appropriations for the relevant tax years.
2. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

<sup>258</sup> **SECTION 25. REPEAL.** Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

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<sup>258</sup> Section 21-10-12 was also repealed by section 18 of Senate Bill No. 2012, chapter 44; section 21-10-13 was also repealed by section 18 of Senate Bill No. 2012, chapter 44.

**SECTION 26. LEGISLATIVE INTENT - CONSIDERATION OF FUTURE PROPERTY TAX RELIEF.** It is the intent of the sixty-ninth legislative assembly that the seventieth legislative assembly consider using any funding available from the legacy property tax relief fund exceeding the amount needed for the primary residence credit to provide property tax relief to other property classifications, including agricultural, commercial, centrally assessed, and nonprimary residential property.

**SECTION 27. LEGISLATIVE TAX REFORM AND RELIEF ADVISORY COMMITTEE - PROPERTY TAX REFORM AND RELIEF STUDY - TAX COMMISSIONER REPORT - REPORT TO LEGISLATIVE MANAGEMENT.**

1. During the 2025-26 interim, the legislative management shall appoint a legislative tax reform and relief advisory committee.
2. The committee must consist of three members of the finance and taxation standing committee of the house of representatives, three members of the finance and taxation standing committee of the senate, one member of the appropriations committee of the house of representatives, and one member of the appropriations committee of the senate, appointed by the respective majority leaders of the house of representatives and senate. The legislative management shall designate the chairman of the committee. The committee shall operate according to the statutes and procedures governing the operation of other legislative management interim committees.
3. The committee shall study property tax reform and relief. Based on information provided by the tax department and input from local taxing districts, the study must include consideration of:
  - a. Historical property tax relief provided by the legislative assembly.
  - b. The estimated and actual fiscal impact of the property tax relief provided by the sixty-ninth legislative assembly.
  - c. Information from the tax commissioner and local taxing district representatives regarding the progress of implementing the primary residence credit and primary residence certification process.
  - d. Information and analysis from the tax commissioner regarding the impact of the property tax levy limitation under section 22 of this Act on taxing districts.
    - (1) By April 1, 2026, the tax commissioner shall gather and analyze information from local taxing districts necessary to conduct an analysis of the impact of the levy limitation, including:
      - (a) Action taken by the taxing districts to implement the levy limitation;
      - (b) Taxing district property value increases, separated by increases on existing property and new property;
      - (c) The number of taxing districts required to reduce the taxing district's total levy in dollars to comply with the levy limitation, including the method used by the taxing district to reduce the total levy in dollars and which levies were impacted by the total levy reduction; and

(d) Suggestions for improvement of the levy limitation.

- (2) The tax commissioner shall provide a summary of the tax commissioner's findings to the committee no later than June 1, 2026.
- e. The feasibility and desirability of revising the content of the real estate tax statement to improve transparency in property taxation, which may include a review of the statutory requirements related to the contents and delivery of the real estate tax statement, available historical real estate tax statements, and information regarding any administrative costs associated with updates to the real estate tax statement.
  - f. Information and analysis from the tax commissioner, state supervisor of assessments, and local taxing district representatives related to tax exempt property. Upon request, the tax commissioner and state supervisor of assessments shall gather and compile information from the county directors of tax equalization and city, county, and township assessors related to tax exempt property. If valuation information is requested, and the actual true and full value of a parcel of tax exempt property is not available, the tax commissioner and state supervisor of assessments shall develop a uniform method to be used by the county directors of tax equalization and city, county, and township assessors to estimate true and full value. Upon request, the county directors of tax equalization and city, county, and township assessors shall provide the tax commissioner and state supervisor of assessments information without delay.
4. The committee shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the seventieth legislative assembly

**SECTION 28. EXEMPTION - INTEGRATED FORMULA GAP FUNDING PROGRAM - DEFICIENCY APPROPRIATION REQUEST - REPORT.**

1. Notwithstanding the provisions of chapter 15.1-27, the superintendent of public instruction shall develop an integrated formula gap funding program, for the biennium beginning July 1, 2025, and ending June 30, 2027.
2. To be eligible for gap funding, a school district must have:
  - a. Proportionately reduced the school district's property tax levies to comply with section 22 of this Act;
  - b. As a result of the proportional reduction in subdivision a, reduced the mills levied for the school district's local contribution to the costs of education under subsection 1 of section 57-15-14.2 to a levy of less than sixty mills in the taxable year ending during the school year; and
  - c. Levied at least sixty mills for the school district's local contribution to the costs of education for the taxable year preceding the taxable year ending during the school year, unless the levy was reduced due to the property tax levy limitation under section 22 of this Act, the twelve percent general fund levy limit in subsection 1 of section 57-15-14.2, as it existed on December 31, 2024, or an unanticipated increase in the total taxable valuation of the school district after the school district's budget was adopted.

3. A school district seeking gap funding under this section shall apply, on a form and in the manner prescribed by the superintendent of public instruction, to request gap funding. If the superintendent of public instruction determines the applicant meets the criteria under subsection 2, the superintendent of public instruction shall issue gap funding equal to the amount by which the value of 60 mills in the state aid calculation deducted in chapter 15.1-27 exceeds the amount the school district levied for the school district's local contribution to the costs of education under subsection 1 of section 57-15-14.2 for the taxable year ending during the school year.
4. The superintendent of public instruction may use funding provided for integrated formula payments to provide gap funding to eligible school districts.
5. If the superintendent of public instruction anticipates a shortfall in funding for the integrated formula payments for the 2025-27 biennium, the superintendent shall request a deficiency appropriation from the seventieth legislative assembly.
6. The superintendent of public instruction shall provide at least one report to the budget section during the 2025-26 interim and a report to the appropriations committees of the seventieth legislative assembly regarding the status of the program.

**SECTION 29. APPROPRIATION - TAX COMMISSIONER - PRIMARY RESIDENCE CREDIT - DEFICIENCY APPROPRIATION REQUEST - INFORMATION ON PROPERTY TAX STATEMENTS.**

1. There is appropriated out of any moneys in the legacy property tax relief fund, not otherwise appropriated, the sum of \$408,900,000, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement under the primary residence credit for the biennium beginning July 1, 2025, and ending June 30, 2027. If the tax commissioner anticipates expenditures will exceed the amount appropriated under this section, the tax commissioner may use unspent funding appropriated in the homestead tax credit line item or the disabled veterans' credit line item in House Bill No. 1006, as approved by the sixty-ninth legislative assembly, to provide any additional funding needed for the primary residence credit and shall request a deficiency appropriation from the seventieth legislative assembly for any remaining amount needed for the primary residence credit. The tax commissioner shall report to the office of management and budget and the legislative council any amounts used from the homestead tax credit and disabled veterans' credit line items for the primary residence credit.
2. Pursuant to section 57-20-07.1, the tax commissioner shall notify each county auditor that the applicable percent for taxable years 2025 and 2026 is 100 percent, which reflects the portion of the primary residence credit derived from funding distributed from the legacy fund.

**SECTION 30. TAX COMMISSIONER - PROPERTY TAX RELIEF PROGRAMS - PUBLIC AWARENESS.** Any tax relief program advertising or public awareness campaigns conducted by the tax commissioner during the biennium beginning July 1, 2025, and ending June 30, 2027, must identify the amount of funding being utilized from the earnings of the legacy fund for the programs.



**SECTION 31. EFFECTIVE DATE.**

1. Sections 8, 9, 10, 22, and 23 of this Act are effective for taxable years beginning after December 31, 2024.
2. Sections 7, 11, 14, 15, and 16 of this Act are effective for taxable years beginning after December 31, 2025.
3. Section 12 of this Act becomes effective on June 1, 2025.
4. Section 13 of this Act becomes effective on June 1, 2026.

**SECTION 32. EMERGENCY.** Sections 10 and 12 of this Act are declared to be an emergency measure.

Approved May 3, 2025

Filed May 5, 2025

## CHAPTER 556

### SENATE BILL NO. 2367

(Senators Myrdal, Luick)  
(Representative Monson)

AN ACT to amend and reenact subsections 8 and 9 of section 57-02-27.2 of the North Dakota Century Code, relating to assessment of agricultural property; and to provide an effective date.

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

<sup>259</sup> **SECTION 1. AMENDMENT.** Subsection 8 of section 57-02-27.2 of the North Dakota Century Code is amended and reenacted as follows:

8. Each local assessor shall determine the relative value of each assessment parcel within the assessor's jurisdiction and shall determine the agricultural value of each assessment parcel by adjusting the agricultural value estimate for the assessment district by the relative value of the parcel. Each parcel must then be assessed according to section 57-02-27. If either a local assessor or a township board of equalization develops an agricultural value for the lands in its assessment district differing substantially from the estimate provided by the county director of tax equalization, written evidence to support the change must be provided to the county director of tax equalization. In determining the relative value of each assessment parcel, the local assessor shall apply the following considerations, which are listed in descending order of significance to the assessment determination:
  - a. Actual use of the property for cropland or noncropland purposes by the owner of the parcel.
  - b. Soil type and soil classification data from detailed or general soil surveys.
  - ~~b-c.~~ The schedule of modifiers that must be used to adjust agricultural property assessments within the county as approved by the state supervisor of assessments under subsection 9.
  - e. ~~Actual use of the property for cropland or noncropland purposes by the owner of the parcel.~~

<sup>260</sup> **SECTION 2. AMENDMENT.** Subsection 9 of section 57-02-27.2 of the North Dakota Century Code is amended and reenacted as follows:

9. a. In conjunction with the governing body of the county, the county director of tax equalization shall develop a schedule of modifiers to be used to adjust agricultural property assessments within the county and directions regarding how the modifiers must be applied by assessors.

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<sup>259</sup> Section 57-02-27.2 was also amended by section 2 of Senate Bill No. 2367, chapter 556.

<sup>260</sup> Section 57-02-27.2 was also amended by section 1 of Senate Bill No. 2367, chapter 556.

- b. The county director of tax equalization shall submit the directions and schedule of modifiers developed under subdivision a to the state supervisor of assessments for approval for use within the county.
- c. Before February first of each year, the county director of tax equalization in each county shall provide to all assessors of agricultural property within the county ~~at the directions and schedule of modifiers that approved by the state supervisor of assessments under subdivision b.~~ The schedule of modifiers must be used to adjust agricultural property assessments within the county and directions regarding how those modifiers must be applied by assessors. Before the schedule of modifiers is provided to assessors within the county, the county director of tax equalization shall obtain the approval of the state supervisor of assessments for use of the schedule within the county as provided in this section.
- d. To request an adjustment to an owner's agricultural property assessment, the owner shall sign and file with the assessor an initial application in the manner prescribed by the tax commissioner. The application must contain a verified statement of facts establishing the owner's property meets the eligibility requirements for an adjustment to the property assessment based on the schedule of modifiers developed and approved under this subsection as of the date of the application. The assessor shall consider applications submitted under this subdivision when determining the agricultural value of each parcel subject to assessment under this section and may request additional information from the applicant when making a determination of eligibility. After the submission of an initial application, the assessor periodically shall review the property and determine whether a continued adjustment to the property assessment based on the schedule of modifiers is appropriate. The property owner shall notify the assessor if there is a change in circumstance that may affect the applicability of an adjustment to the owner's property assessment based on the schedule of modifiers.

**SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after December 31, 2025.

Approved March 18, 2025

Filed March 18, 2025

## CHAPTER 557

### HOUSE BILL NO. 1115

(Finance and Taxation Committee)  
(At the request of the Tax Commissioner)

AN ACT to amend and reenact subsection 3 of section 57-28-15, sections 57-33.2-16 and 57-33.2-16.1, subsection 2 of section 57-36-09.3, subsection 2 of section 57-36-09.4, subsection 2 of section 57-36-09.6, subsection 5 of section 57-38-60, subsection 2 of section 57-38-60.1, subsection 2 of section 57-38-60.2, subsection 2 of section 57-38-60.3, subsection 2 of section 57-39.2-15.2, subsection 2 of section 57-39.2-15.3, subsection 2 of section 57-39.2-18.1, subsection 2 of section 57-40.2-15.1, subsection 2 of section 57-40.2-15.2, subsection 2 of section 57-40.2-15.3, subsection 1 of section 57-43.1-16, subsection 1 of section 57-43.1-16.1, subsection 2 of section 57-43.1-17.2, subsection 2 of section 57-43.1-17.3, subsection 2 of section 57-43.1-17.5, subsection 1 of section 57-43.2-11, subsection 1 of section 57-43.2-11.1, subsection 2 of section 57-43.2-16.1, subsection 2 of section 57-43.2-16.2, subsection 2 of section 57-43.2-16.4, subsection 1 of section 57-43.3-14, subsection 1 of section 57-43.3-15, subsection 2 of section 57-43.3-20, subsection 2 of section 57-43.3-21, subsection 2 of section 57-43.3-21.1, and subsection 2 of section 57-63-08 of the North Dakota Century Code, relating to forms prescribed by the tax commissioner, filing of forms and reports with the tax commissioner, and maintaining bonds posted with the tax commissioner; to provide for application; and to provide an effective date.

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

**SECTION 1. AMENDMENT.** Subsection 3 of section 57-28-15 of the North Dakota Century Code is amended and reenacted as follows:

3. If the purchase price is to be paid in installments, the purchaser shall pay the first installment to the county treasurer and be given a contract for deed setting forth the terms of the sale. The contract for deed must be executed by the purchaser, the chairman of the board of county commissioners, and the county auditor. ~~The contract must be in a form prescribed by the state tax commissioner.~~ The contract must give the county the right to cancel the contract by resolution and due notice upon default by the purchaser.

**SECTION 2. AMENDMENT.** Section 57-33.2-16 of the North Dakota Century Code is amended and reenacted as follows:

#### **57-33.2-16. Corporate officer and limited liability company governor or manager liability.**

If a corporation or limited liability company taxable under this chapter fails for any reason to file the required returns or pay the tax due, any of its officers, governors, or managers having control or supervision of, or charged with the responsibility for making, the returns and payments, are personally liable for the failure. The dissolution of a corporation or limited liability company does not discharge an officer's, a governor's, or a manager's liability for a prior failure of the corporation or limited liability company to make a return or remit the tax due. The sum due for such a

liability may be assessed and collected under this chapter for the assessment and collection of other liabilities. If the officers, governors, or managers elect not to be personally liable for the failure to file the required returns or to pay the tax due, the corporation or limited liability company must make a cash deposit or post and maintain with the commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking must be in an amount equal to the estimated annual tax liability of the corporation or limited liability company.

**SECTION 3. AMENDMENT.** Section 57-33.2-16.1 of the North Dakota Century Code is amended and reenacted as follows:

**57-33.2-16.1. General partner in a limited liability limited partnership liability.**

If a limited liability limited partnership taxable under this chapter fails for any reason to file the required returns or to pay the tax due, the general partners, jointly or severally, charged with the responsibility for the preparation of the returns and payment of the tax are personally liable for the partnership's failure. The dissolution of a limited liability limited partnership does not discharge a general partner's liability for a prior failure of the partnership to file a return or remit the tax due. The taxes, penalty, and interest may be assessed and collected pursuant to the provisions of this chapter. If the general partners elect not to be personally liable for the failure to file the required returns or to pay the tax due, the limited liability limited partnership must make a cash deposit or post and maintain with the commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking must be in an amount equal to the estimated annual tax liability of the limited liability limited partnership.

**SECTION 4. AMENDMENT.** Subsection 2 of section 57-36-09.3 of the North Dakota Century Code is amended and reenacted as follows:

2. If the corporate officers elect not to be personally liable for the failure to file the required returns or to pay the tax due, the corporation must be required to make a cash deposit or post and maintain with the tax commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking provided for in this section must be in an amount equal to the estimated annual tobacco products tax liability of the corporation.

**SECTION 5. AMENDMENT.** Subsection 2 of section 57-36-09.4 of the North Dakota Century Code is amended and reenacted as follows:

2. If the governors, managers, or members elect not to be personally liable for the failure to file the required returns or to pay the tax due, the limited liability company must be required to make a cash deposit or post and maintain with the tax commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking provided for in this section must be in an amount equal to the estimated annual tobacco products tax liability of the limited liability company.

**SECTION 6. AMENDMENT.** Subsection 2 of section 57-36-09.6 of the North Dakota Century Code is amended and reenacted as follows:

2. If the general partners elect not to be personally liable for the failure to file the required returns or to pay the tax due, the limited liability limited partnership must make a cash deposit or post and maintain with the commissioner a bond

or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking must be in an amount equal to the estimated annual tax liability of the limited liability limited partnership.

**SECTION 7. AMENDMENT.** Subsection 5 of section 57-38-60 of the North Dakota Century Code is amended and reenacted as follows:

5. In case of failure to timely file an information statement as required by subsections 3 and 4, and after thirty days' notice to file is given by the tax commissioner, the tax commissioner may assess a penalty of ten fifteen dollars for each failure to file, ~~not to exceed two thousand dollars~~.

**SECTION 8. AMENDMENT.** Subsection 2 of section 57-38-60.1 of the North Dakota Century Code is amended and reenacted as follows:

2. If the corporate officers elect not to be personally liable for the failure to file the required returns or to pay the tax due, the corporation must be required to make a cash deposit or post and maintain with the tax commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking provided for in this section must be in an amount equal to the estimated annual income tax withholding liability of the corporation.

**SECTION 9. AMENDMENT.** Subsection 2 of section 57-38-60.2 of the North Dakota Century Code is amended and reenacted as follows:

2. If the governors, managers, or members elect not to be personally liable for the failure to file the required returns or to pay the tax due, the limited liability company must be required to make a cash deposit or post and maintain with the tax commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking provided for in this section must be in an amount equal to the estimated annual income tax withholding liability of the limited liability company.

**SECTION 10. AMENDMENT.** Subsection 2 of section 57-38-60.3 of the North Dakota Century Code is amended and reenacted as follows:

2. If the general partners elect not to be personally liable for the failure to file the required returns or to pay the tax due, the limited liability limited partnership must make a cash deposit or post and maintain with the commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking must be in an amount equal to the estimated annual income tax withholding liability of the limited liability limited partnership.

**SECTION 11. AMENDMENT.** Subsection 2 of section 57-39.2-15.2 of the North Dakota Century Code is amended and reenacted as follows:

2. If the governors, managers, or members elect not to be personally liable for the failure to file the required returns or to pay the tax due, the limited liability company must be required to make a cash deposit or post and maintain with the tax commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking provided for in this section must be in an amount equal to the estimated annual sales tax liability of the limited liability company.

**SECTION 12. AMENDMENT.** Subsection 2 of section 57-39.2-15.3 of the North Dakota Century Code is amended and reenacted as follows:

2. If the general partners elect not to be personally liable for the failure to file the required returns or to pay the tax due, the limited liability limited partnership must make a cash deposit or post and maintain with the commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking must be in an amount equal to the estimated annual sales tax liability of the limited liability limited partnership.

**SECTION 13. AMENDMENT.** Subsection 2 of section 57-39.2-18.1 of the North Dakota Century Code is amended and reenacted as follows:

2. If the corporate officers elect not to be personally liable for the failure to file the required returns or to pay the tax due, the corporation must be required to make a cash deposit or post and maintain with the tax commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking provided for in this section must be in an amount equal to the estimated annual sales tax liability of the corporation.

**SECTION 14. AMENDMENT.** Subsection 2 of section 57-40.2-15.1 of the North Dakota Century Code is amended and reenacted as follows:

2. If the corporate officers, governors, managers, or members of a member-controlled limited liability company elect not to be personally liable for the failure to file the required returns or to pay the tax due, the corporation or limited liability company must be required to make a cash deposit or post and maintain with the tax commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking provided for in this section must be in an amount equal to the estimated annual use tax liability of the corporation or limited liability company.

**SECTION 15. AMENDMENT.** Subsection 2 of section 57-40.2-15.2 of the North Dakota Century Code is amended and reenacted as follows:

2. If the governors, managers, or members of a limited liability company elect not to be personally liable for the failure to file the required returns or to pay the tax due, the limited liability company must make a cash deposit or post and maintain with the commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking must be in an amount equal to the estimated annual use tax liability of the limited liability company.

**SECTION 16. AMENDMENT.** Subsection 2 of section 57-40.2-15.3 of the North Dakota Century Code is amended and reenacted as follows:

2. If the general partners elect not to be personally liable for the failure to file the required returns or to pay the tax due, the limited liability limited partnership must make a cash deposit or post and maintain with the commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking must be in an amount equal to the estimated annual use tax liability of the limited liability limited partnership.

**SECTION 17. AMENDMENT.** Subsection 1 of section 57-43.1-16 of the North Dakota Century Code is amended and reenacted as follows:

1. A refiner, supplier, distributor, importer, or exporter shall file a monthly report with the commissioner no later than the twenty-fifth day of each calendar month covering motor vehicle fuel sold and used during the preceding calendar month. When the twenty-fifth day of the calendar month falls on a Saturday, Sunday, or legal holiday, the due date is the first working day after the Saturday, Sunday, or legal holiday. When the report is filed by mail, the report is timely if the envelope containing the report is postmarked by the United States postal service or other postal carrier service before midnight of the due date. The tax commissioner may, upon request and for good cause shown, grant an extension of time to file a report not to exceed thirty days.

**SECTION 18. AMENDMENT.** Subsection 1 of section 57-43.1-16.1 of the North Dakota Century Code is amended and reenacted as follows:

1. A terminal operator shall file a monthly report with the commissioner no later than the twenty-fifth day of each calendar month covering motor vehicle fuel received into and removed from the terminal during the preceding calendar month. When the twenty-fifth day of the calendar month falls on a Saturday, Sunday, or legal holiday, the due date is the first working day after the Saturday, Sunday, or legal holiday. When the report is filed by mail, the report is timely if the envelope containing the report is postmarked by the United States postal service or other postal carrier service before midnight of the due date. The tax commissioner may, upon request and for good cause shown, grant an extension of time to file a report not to exceed thirty days.

**SECTION 19. AMENDMENT.** Subsection 2 of section 57-43.1-17.2 of the North Dakota Century Code is amended and reenacted as follows:

2. If the corporate officers elect not to be personally liable for the failure to file the required returns or to pay the tax due, the corporation must be required to make a cash deposit or post and maintain with the tax commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking provided for in this section must be in an amount equal to the estimated annual motor vehicle fuel tax liability of the corporation.

**SECTION 20. AMENDMENT.** Subsection 2 of section 57-43.1-17.3 of the North Dakota Century Code is amended and reenacted as follows:

2. If the governors, managers, or members elect not to be personally liable for the failure to file the required returns or to pay the tax due, the limited liability company must be required to make a cash deposit or post and maintain with the tax commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking provided for in this section must be in an amount equal to the estimated annual motor vehicle fuel tax liability of the limited liability company.

**SECTION 21. AMENDMENT.** Subsection 2 of section 57-43.1-17.5 of the North Dakota Century Code is amended and reenacted as follows:

2. If the general partners elect not to be personally liable for the failure to file the required returns or to pay the tax due, the limited liability limited partnership must make a cash deposit or post and maintain with the commissioner a bond



or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking must be in an amount equal to the estimated motor fuel tax liability of the limited liability limited partnership.

**SECTION 22. AMENDMENT.** Subsection 1 of section 57-43.2-11 of the North Dakota Century Code is amended and reenacted as follows:

1. A refiner, supplier, distributor, retailer, importer, or exporter shall file a monthly report with the commissioner no later than the twenty-fifth day of each calendar month covering special fuel sold and used during the preceding calendar month. When the twenty-fifth day of the calendar month falls on a Saturday, Sunday, or legal holiday, the due date is the first working day after the Saturday, Sunday, or legal holiday. When the report is filed by mail, the report is timely if the envelope containing the report is postmarked by the United States postal service or other postal carrier service before midnight of the due date. The commissioner may require separate reports to be filed covering liquefied petroleum gases. The tax commissioner may, upon request and for good cause shown, grant an extension of time to file a report not to exceed thirty days.

**SECTION 23. AMENDMENT.** Subsection 1 of section 57-43.2-11.1 of the North Dakota Century Code is amended and reenacted as follows:

1. A terminal operator shall file a monthly report with the commissioner no later than the twenty-fifth day of each calendar month covering special fuel received into and removed from the terminal during the preceding calendar month. When the twenty-fifth day of the calendar month falls on a Saturday, Sunday, or legal holiday, the due date is the first working day after the Saturday, Sunday, or legal holiday. When the report is filed by mail, the report is timely if the envelope containing the report is postmarked by the United States postal service or other postal carrier service before midnight of the due date. The tax commissioner may, upon request and for good cause shown, grant an extension of time to file a report not to exceed thirty days.

**SECTION 24. AMENDMENT.** Subsection 2 of section 57-43.2-16.1 of the North Dakota Century Code is amended and reenacted as follows:

2. If the corporate officers elect not to be personally liable for the failure to file the required returns or to pay the tax due, the corporation must be required to make a cash deposit or post and maintain with the tax commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking provided for in this section must be in an amount equal to the estimated annual special fuel tax liability of the corporation.

**SECTION 25. AMENDMENT.** Subsection 2 of section 57-43.2-16.2 of the North Dakota Century Code is amended and reenacted as follows:

2. If the governors, managers, or members elect not to be personally liable for the failure to file the required returns or to pay the tax due, the limited liability company must be required to make a cash deposit or post and maintain with the tax commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking provided for in this section must be in an amount equal to the estimated annual special fuel tax liability of the limited liability company.

**SECTION 26. AMENDMENT.** Subsection 2 of section 57-43.2-16.4 of the North Dakota Century Code is amended and reenacted as follows:

2. If the general partners elect not to be personally liable for the failure to file the required returns or to pay the tax due, the limited liability limited partnership must make a cash deposit or post and maintain with the commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking must be in an amount equal to the estimated annual special fuels tax liability of the limited liability limited partnership.

**SECTION 27. AMENDMENT.** Subsection 1 of section 57-43.3-14 of the North Dakota Century Code is amended and reenacted as follows:

1. A refiner, supplier, distributor, importer, or exporter shall file a monthly report with the commissioner no later than the twenty-fifth day of each calendar month covering aviation fuel sold and used during the preceding calendar month. When the twenty-fifth day of the calendar month falls on a Saturday, Sunday, or legal holiday, the due date is the first working day after the Saturday, Sunday, or legal holiday. When the report is filed by mail, the report is timely if the envelope containing the report is postmarked by the United States postal service or other postal carrier service before midnight of the due date. The tax commissioner may, upon request and for good cause shown, grant an extension of time to file a report not to exceed thirty days.

**SECTION 28. AMENDMENT.** Subsection 1 of section 57-43.3-15 of the North Dakota Century Code is amended and reenacted as follows:

1. A terminal operator shall file a monthly report with the commissioner no later than the twenty-fifth day of each calendar month covering aviation fuel received into and removed from the terminal during the preceding calendar month. When the twenty-fifth day of the calendar month falls on a Saturday, Sunday, or legal holiday, the due date is the first working day after the Saturday, Sunday, or legal holiday. When the report is filed by mail, the report is timely if the envelope containing the report is postmarked by the United States postal service or other postal carrier service before midnight of the due date. The tax commissioner may, upon request and for good cause shown, grant an extension of time to file a report not to exceed thirty days.

**SECTION 29. AMENDMENT.** Subsection 2 of section 57-43.3-20 of the North Dakota Century Code is amended and reenacted as follows:

2. If the corporate officers elect not to be personally liable for the failure to file the required returns or to pay the tax due, the corporation must make a cash deposit or post and maintain with the commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking must be in an amount equal to the estimated annual aviation fuel tax liability of the corporation.

**SECTION 30. AMENDMENT.** Subsection 2 of section 57-43.3-21 of the North Dakota Century Code is amended and reenacted as follows:

2. If the governors, managers, or members of a limited liability company elect not to be personally liable for the failure to file the required returns or to pay the tax due, the limited liability company must make a cash deposit or post and maintain with the commissioner a bond or undertaking executed by a surety

company authorized to do business in this state. The cash deposit, bond, or undertaking must be in an amount equal to the estimated annual aviation fuel tax liability of the limited liability company.

**SECTION 31. AMENDMENT.** Subsection 2 of section 57-43.3-21.1 of the North Dakota Century Code is amended and reenacted as follows:

2. If the general partners elect not to be personally liable for the failure to file the required returns or to pay the tax due, the limited liability limited partnership must make a cash deposit or post and maintain with the commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking must be in an amount equal to the estimated annual aviation fuel tax liability of the limited liability limited partnership.

**SECTION 32. AMENDMENT.** Subsection 2 of section 57-63-08 of the North Dakota Century Code is amended and reenacted as follows:

2. If any of the officers or managers elect not to be personally liable for the failure to file the required return or to pay the assessment due, the facility shall make a cash deposit or post and maintain with the commissioner a bond or undertaking executed by a surety company authorized to do business in this state. The cash deposit, bond, or undertaking must be in an amount equal to the estimated annual assessment liability of the facility.

**SECTION 33. APPLICATION.** Section 7 of this Act applies to information statements due after December 31, 2025.

**SECTION 34. EFFECTIVE DATE.** Section 7 of this Act becomes effective after December 31, 2025.

Approved March 14, 2025

Filed March 14, 2025

## CHAPTER 558

### SENATE BILL NO. 2282

(Senators Hogan, Weber, Wobbema)  
(Representatives Mitskog, O'Brien)

AN ACT to create and enact a new section to chapter 57-38 and new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code, relating to an income tax credit for child care contributions provided by qualified employers; and to provide an effective date.

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

**SECTION 1.** A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

##### **Child care contribution credit.**

1. A taxpayer that is a qualified employer is entitled to a credit against the income tax liability under section 57-38-30 or 57-38-30.3 as provided in this section. The total credit available with respect to each qualified employer is equal to fifty percent of the taxpayer's aggregate child care contributions paid during the taxable year. The credit must be claimed for the taxable year in which the child care contributions are made.
2. The credit allowed under this section may not exceed the liability for tax under this chapter. Any credit amount exceeding a taxpayer's liability for the taxable year may not be claimed as a carryback or carryforward.
3. A passthrough entity entitled to the credit under this section must be considered to be the taxpayer for purposes of this section and the amount of the credit allowed must be determined at the passthrough entity level. The amount of the total credit determined at the passthrough entity level must be allowed to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity.
4. To receive the tax credit provided under this section, a taxpayer shall claim the credit in the form and manner prescribed by the tax commissioner. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.
5. For purposes of this section:
  - a. "Aggregate child care contributions" means the total amount of child care contributions made by a qualified employer to all qualified employees during the taxable year, limited to the first one thousand dollars in child care contributions per qualified employee.
  - b. "Child care costs" means costs incurred by an employee for early childhood services rendered by a child care provider, which are incurred to enable the employee to be gainfully employed by an employer.

- c. "Child care contribution" means a payment made to a child care provider by a qualified employer to subsidize a qualified employee's child care costs and a payment made to a qualified employee's child care costs.
- d. "Child care provider" means an early childhood services provider licensed under chapter 50-11.1 or a substantially similar provider that is licensed by another state and provides early childhood services within ten miles of this state.
- e. "Early childhood services" has the same meaning as in section 50-11.1-02.
- f. "Qualified employee" means an individual employed by the qualified employer claiming the credit under this section.
- g. "Qualified employer" means an employer that, in the taxable year:
  - (1) Made a child care contribution; and
  - (2) Provided an equal opportunity to all employees that have child care costs to receive an equal child care contribution from the employer during the taxable year.

<sup>261</sup> **SECTION 2.** A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

Child care contribution credit under section 1 of this Act.

**SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after December 31, 2024.

Approved April 30, 2025

Filed May 1, 2025

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<sup>261</sup> Section 57-38-30.3 was also amended by section 12 of House Bill No. 1031, chapter 64.

## CHAPTER 559

### SENATE BILL NO. 2047

(Finance and Taxation Committee)  
(At the request of the Tax Commissioner)

AN ACT to amend and reenact section 57-38-59 of the North Dakota Century Code, relating to withholding from wages of employees; and to provide an effective date.

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

**SECTION 1. AMENDMENT.** Section 57-38-59 of the North Dakota Century Code is amended and reenacted as follows:

##### **57-38-59. Withholding from wages of employees - Penalty.**

1. Except as provided in section 57-38-59.3, every employer making payment of wages to employees shall deduct and withhold from their wages such percentage or percentages, as determined by the tax commissioner, multiplied times the total amount required to be deducted by an employer from wages of an employee under the provisions of the Internal Revenue Code of 1986, as amended, as will approximate the income taxes due the state. The amount of tax withheld must be computed without regard to any other amount required to be withheld, but the tax withheld must as closely as possible pay any tax liability imposed by this chapter.
2. In the event that the tax deducted and withheld under subsection 1 should prove to be disproportionate to the tax liability, the tax commissioner may adjust the percentage that, when withheld, will, as closely as may be possible, pay the income tax liability imposed by this chapter.
3. The tax commissioner may, in lieu of the requirement above for deducting and withholding tax based upon a percentage of federal income tax withheld, adopt by rule tax tables that, when the tax provided for in the tables is withheld, will, as closely as possible, pay the income tax liability imposed by this chapter. When adopted by the tax commissioner, said tables must be followed by every employer required to deduct and withhold any tax imposed by this chapter.
4. Notwithstanding other provisions in this section, unless otherwise instructed by a taxpayer, an employer may not, for income tax purposes, withhold or deduct tax from wages described under subdivision g of subsection 2 of section 57-38-30.3.

**SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after December 31, 2025.

Approved March 18, 2025

Filed March 18, 2025

## CHAPTER 560

### SENATE BILL NO. 2369

(Senator Cleary)

AN ACT to amend and reenact subsection 4 of section 57-39.2-04 of the North Dakota Century Code, relating to exempt sales from educational, religious, or charitable activities conducted by a nonprofit organization in a publicly or privately owned facility; and to provide an effective date.

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

<sup>262</sup> **SECTION 1. AMENDMENT.** Subsection 4 of section 57-39.2-04 of the North Dakota Century Code is amended and reenacted as follows:

4. a. Gross receipts from sales of tickets, or admissions to state, county, district, and local fairs.
- b. Gross receipts from educational, religious, or charitable activities when the entire amount of net receipts is expended for educational, religious, or charitable purposes. The exemption in this subdivision does not apply to:
  - (1) Gross receipts from taxable sales in excess of ten thousand dollars for an event not otherwise exempt under subdivision c, d, or e if the activities are held in a publicly owned facility for which is not an event otherwise exempt under subdivision c, d, or e fair market rent has not been paid; or
  - (2) Gross receipts from activities if the seller competes with retailers by maintaining inventory, conducting retail sales on a regular basis from a permanent or seasonal location, or soliciting sales from a website prepared for or maintained by the seller.
- c. Gross receipts derived by an institution of higher education located in this state from tickets or admissions to athletic, musical, dramatic, or scholastic events held, sponsored, hosted, or controlled by the institution of higher education, in which the primary performers or participants consist of students of an institution of higher education.
- d. Gross receipts derived by any public school district if such receipts are expended in accordance with section 15.1-07-10 or 15.1-07-11.
- e. Gross receipts of a nonprofit music or dramatic arts organization that is exempt from federal income taxation and is organized and operated for the presentation of live public performances of musical or theatrical works on a regular basis.

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<sup>262</sup> Section 57-39.2-04 was also amended by section 1 of House Bill No. 1139, chapter 561.

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**SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after June 30, 2025.

Approved March 25, 2025

Filed March 26, 2025



## CHAPTER 561

### HOUSE BILL NO. 1139

(Representatives Pyle, Frelich, Grueneich, Novak)  
(Senators Kessel, Klein, Myrdal)

AN ACT to create and enact a new subsection to section 57-39.2-04 of the North Dakota Century Code, relating to a sales tax exemption for fire departments; and to provide an effective date.

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

<sup>263</sup> **SECTION 1.** A new subsection to section 57-39.2-04 of the North Dakota Century Code is created and enacted as follows:

Gross receipts from sales when made to a fire department for the purpose of providing fire protection services. For purposes of this subsection, "fire department" means a fire department or fire district that has filed a certificate of existence under section 18-04-02 which has been approved.

**SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after June 30, 2025.

Approved April 23, 2025

Filed April 23, 2025

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<sup>263</sup> Section 57-39.2-04 was also amended by section 1 of Senate Bill No. 2369, chapter 560.

## CHAPTER 562

### SENATE BILL NO. 2177

(Senators Thomas, Conley, Hogue)  
(Representatives Hagert, Schreiber-Beck, Lefor)

AN ACT to create and enact a new section to chapter 57-39.2 of the North Dakota Century Code, relating to an animal agriculture facility infrastructure fund; to amend and reenact subsection 9 of section 11-23-02 and section 57-39.2-26 of the North Dakota Century Code, relating to county budget limits and the allocation of sales tax revenue; to provide a continuing appropriation; and to provide an expiration date.

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

**SECTION 1. AMENDMENT.** Subsection 9 of section 11-23-02 of the North Dakota Century Code is amended and reenacted as follows:

9. The amount of cash reserve for the general fund and each special revenue fund, not to exceed seventy-five percent of the appropriation for the fund. This subsection does not apply to the cash reserve for the infrastructure development fund.

**SECTION 2. AMENDMENT.** Section 57-39.2-26 of the North Dakota Century Code is amended and reenacted as follows:

#### **57-39.2-26. Allocation of revenue. (Effective through June 30, 2027)**

Except as provided by sections 57-39.2-26.1, 57-39.2-26.2, 57-39.2-26.3, ~~and 57-39.2-26.4, and section 3 of this Act~~, all moneys collected and received under this chapter must be paid into the state treasury and must be credited by the state treasurer to the general fund. Moneys deposited with the commissioner as security for the payment of tax, penalties, or costs due must be deposited and accounted for as provided in subsection 3 of section 57-39.2-12.

**Allocation of revenue. (Effective after June 30, 2027)** Except as provided by sections 57-39.2-26.1 ~~and~~, 57-39.2-26.2, ~~and section 3 of this Act~~, all moneys collected and received under this chapter must be paid into the state treasury and must be credited by the state treasurer to the general fund. Moneys deposited with the commissioner as security for the payment of tax, penalties, or costs due must be deposited and accounted for as provided in subsection 3 of section 57-39.2-12.

**SECTION 3.** A new section to chapter 57-39.2 of the North Dakota Century Code is created and enacted as follows:

#### **Animal agriculture facility infrastructure fund - State treasurer - Continuing appropriation.**

1. The animal agriculture facility infrastructure fund is created as a special fund in the state treasury. The fund consists of all moneys transferred to the fund under subsection 2. All moneys in the fund are appropriated to the state treasurer on a continuing basis for the purpose of providing distributions to counties.

2. Notwithstanding any other provision of law, after the allocations under sections 57-39.2-26.1, 57-39.2-26.2, 57-39.2-26.3, and 57-39.2-26.4, a portion of sales, gross receipts, and use tax collections equal to the combined total of the amounts certified under subsection 4, not to exceed five hundred thousand dollars per year, must be deposited by the state treasurer in the animal agriculture facility infrastructure fund as needed.
3. Once per year, the state treasurer shall distribute to each county the amount certified by the tax commissioner under subsection 4. If the amount certified for a year exceeds five hundred thousand dollars, the state treasurer shall distribute the funding on a pro rata basis.
4. The amount certified by the tax commissioner for each county is the sum of the state portion of sales, gross receipts, and use tax due under this title on eligible tangible personal property purchased to construct new or to expand, upgrade, or replace existing animal agriculture facilities located in the county, including the purchase of new equipment used in animal agriculture facilities, based on documentation submitted to the tax commissioner by the facility owner, facility operator, or a contractor.
5. Documentation, including any required supporting documentation, must be submitted in the form and manner prescribed by the tax commissioner. The documentation for eligible tangible personal property submitted under this section must equal a taxable value of at least three hundred thousand dollars purchased during the calendar year and must be submitted by March thirty-first of the subsequent year. For purposes of this section, "animal agriculture facility" means a building or structure where an animal is kept, handled, housed, or bred.
6. Upon receipt of the funding distributed under this section, the county treasurer shall deposit the funding into an infrastructure development fund. The infrastructure development fund consists only of the funding distributed under this section and may be used only for infrastructure projects near animal agriculture facilities located in the county or for other county expenses. Pursuant to section 11-23-02, the cash reserve in the county's infrastructure development fund may exceed the limit for the fund.
7. An organized township within the county may request a portion of the funding from the county's infrastructure development fund for township road projects near animal agriculture facilities located in the township, and the county treasurer may distribute the requested funding to the organized township upon approval by the board of county commissioners.

**SECTION 4. EXPIRATION DATE.** This Act is effective through June 30, 2029, and after that date is ineffective.

Approved March 25, 2025

Filed March 26, 2025

## CHAPTER 563

### SENATE BILL NO. 2207

(Senators Patten, Marcellais, Walen, Weston)  
(Representatives Brown, Davis)

AN ACT to amend and reenact subsection 2 of section 57-40.3-04 of the North Dakota Century Code, relating to a motor vehicle excise tax exemption for tribal governments; and to provide an effective date.

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

<sup>264</sup> **SECTION 1. AMENDMENT.** Subsection 2 of section 57-40.3-04 of the North Dakota Century Code is amended and reenacted as follows:

2. a. Any motor vehicle ~~procured by~~ owned ~~by~~ or in possession of ~~the~~:
  - (1) The federal ~~or~~ government;
  - (2) The state government ~~or a~~;
  - (3) A political subdivision ~~thereof~~ of this state;
  - (4) A tribal government of a federally recognized Indian tribe within the boundaries of any reservation in this state; or a motor vehicle ~~procured by or~~
  - (5) A person on behalf of the North Dakota lottery ~~that when the motor vehicle~~ is to be awarded as a prize in a game or promotion.
- b. For purposes of this subsection, an "Indian tribe" means a tribal government agency, instrumentality, or political subdivision that performs essential government functions. The term does not include a business entity or agency with the primary purpose of operating a business enterprise.

**SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after June 30, 2025.

Approved March 25, 2025

Filed March 26, 2025

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<sup>264</sup> Section 57-40.3-04 was also amended by section 2 of House Bill No. 1578, chapter 564, and section 5 of House Bill No. 1180, chapter 344.

## CHAPTER 564

### HOUSE BILL NO. 1578

(Representatives Grueneich, Brandenburg, Koppelman, O'Brien, Vetter, Weisz)  
(Senators Conley, Cory)

AN ACT to create and enact a new subsection to section 57-40.3-04 of the North Dakota Century Code, relating to a motor vehicle excise tax exemption for abandoned motor vehicles; and to amend and reenact subsection 2 of section 23.1-15-07 of the North Dakota Century Code, relating to excise tax on a motor vehicle taken into the custody of a commercial towing service.

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

**SECTION 1. AMENDMENT.** Subsection 2 of section 23.1-15-07 of the North Dakota Century Code is amended and reenacted as follows:

2. If a commercial towing service takes custody of an abandoned motor vehicle and the vehicle is not reclaimed under section 23.1-15-06, the commercial towing service may obtain a release from the department of transportation which is sufficient title to dispose of the vehicle. The release entitles the commercial towing service to register the vehicle and receive a certificate of title, free and clear of all liens and claims of ownership. The department of transportation may not assess motor vehicle excise tax under section 57-40.3-02 on a motor vehicle transferred under this subsection. The license plates displayed on the abandoned vehicle must be removed and destroyed upon receipt of the new title.

<sup>265</sup> **SECTION 2.** A new subsection to section 57-40.3-04 of the North Dakota Century Code is created and enacted as follows:

Any motor vehicle transferred under subsection 2 of section 23.1-15-07.

Approved March 27, 2025

Filed March 31, 2025

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<sup>265</sup> Section 57-40.3-04 was also amended by section 5 of House Bill No. 1180, chapter 344, and section 1 of Senate Bill No. 2207, chapter 563.

## CHAPTER 565

### SENATE BILL NO. 2296

(Senators Walen, Luick, Enget)  
(Representatives Fegley, Vigesaa)

AN ACT to amend and reenact section 57-40.6-01 of the North Dakota Century Code, relating to emergency services communications systems.

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

**SECTION 1. AMENDMENT.** Section 57-40.6-01 of the North Dakota Century Code is amended and reenacted as follows:

##### **57-40.6-01. Definitions.**

In this chapter, unless the context otherwise requires:

1. "911 system" means a set of networks, software applications, databases, call answering components, and operations and management procedures required to provide 911 services.
2. "911 system service provider" means an entity that provides the systems and support necessary to enable 911 calling for one or more public safety answering points in a specific geographic area. A 911 system service provider may provide the systems and support for either enhanced 911 or next generation 9-1-1.
3. "Assessed communications service" means a software service, communication connection, cable or broadband transport facilities, or a combination of these facilities, between a billed retail end user and a service provider's network that provides the end user, upon contacting 911, access to a public safety answering point through a permissible interconnection to the dedicated 911 network. The term includes telephone exchange access service, wireless service, and voice over internet protocol service.
4. "Automated notification system" means that portion of a telecommunications system that provides rapid notice of emergency situations to the public.
5. "Commissioner" means the state tax commissioner.
6. "Communication connection" means a telephone access line, wireless access line, unique voice over internet protocol service connection, or functional equivalent uniquely identifiable by a number, internet address, or other designation.
7. "Consumer" means a person who purchases prepaid wireless service in a retail transaction.
8. "Emergency services communication system" means a comprehensive statewide or countywide system, which provides rapid public access for coordinated dispatching of public safety services. The system includes a 911 system or radio system.

9. "FCC order" means federal communications commission order 94-102 [961 Federal Register 40348] and any other FCC order that affects the provision of wireless enhanced 911 service.
10. "First responder" means an individual trained to provide assistance during an emergency, including a firefighter as defined under section 18-11-03, law enforcement officer as defined under section 12.1-01-04, emergency medical services personnel as defined under section 23-27-02, and public safety telecommunicators.
11. "Prepaid wireless emergency 911 fee" means the fee that is required to be collected by a seller from a consumer in the amount established under section 57-40.6-14.
- ~~44-12.~~ "Prepaid wireless service" means any telecommunications service that provides the right to use a mobile wireless service as well as other nontelecommunications services, including the download of digital products delivered electronically, content and ancillary services, which are paid for in advance and sold in predetermined units or dollars which decline with use in a known amount.
- ~~42-13.~~ "Prepaid wireless service provider" means any person that provides prepaid wireless telecommunications service pursuant to a license issued by the federal communications commission.
- ~~43-14.~~ "Public safety answering point" or "PSAP" means a communications facility or combination of facilities which first receives 911 calls from persons in a 911 service area and which, as appropriate, may directly dispatch public safety services or extend, transfer, or relay 911 calls to appropriate public safety agencies.
- ~~44-15.~~ "Public safety answering point service area" means the geographic area for which a public safety answering point has dispatch and emergency communications responsibility.
- ~~45-16.~~ "Public safety services" means personnel, equipment, and facilities used by ~~law enforcement, fire, medical,~~ first responders or other supporting services used in providing a public safety response to an incident.
- ~~46-17.~~ "Public safety telecommunicator" means an individual whose primary full-time or part-time duties are receiving, processing, and transmitting public safety information received through an emergency services communication system.
- ~~47-18.~~ "Radio system" means a set of networks, software applications, databases, radio components and infrastructure, and operations and management procedures required to provide communication services.
- ~~48-19.~~ "Retail transaction" means the purchase of prepaid wireless service from a seller for any purpose other than resale.
- ~~49-20.~~ "Seller" means a person who sells prepaid wireless services to a consumer.
- ~~20-21.~~ "Subscriber service address" means, for purposes of telephone exchange access service and voice over internet protocol service subscribers, the address where the subscriber's communication device is used and, for purposes of wireless subscribers, the place of primary use, as that term is defined in section 57-34.1-02.

- 21-22. "Telephone access line" means the principal access to the telephone company's switched network, including an outward dialed trunk or access register.
- 22-23. "Telephone exchange access service" means service to any wire line telephone access line identified by a unique telephone number that provides local wire line access to the telecommunications network to a service subscriber and which enables the subscriber to access the emergency services communications system by dialing the digits 9-1-1 on the subscriber's telephone device.
- 23-24. "Unpublished" means information that is not published or available from directory assistance.
- 24-25. "Voice over internet protocol service" means a service that enables real-time two-way voice communications; requires a broadband connection from the user's location; requires internet protocol-compatible customer premises equipment; and permits users generally to receive calls that originate on the public switched telephone network and to terminate calls to the public switched telephone network.
- 25-26. "Wireless access line" means each active wireless and prepaid wireless telephone number assigned to a commercial mobile radio service subscriber, including end users of resellers.
- 26-27. "Wireless enhanced 911 service" means the service required to be provided by wireless service providers pursuant to the FCC order.
- 27-28. "Wireless service" means commercial mobile radio service as defined in 47 U.S.C. 332(d)(1) and includes:
- a. Services commonly referred to as wireless; and
  - b. Services provided by any wireless real-time two-way voice communication device, including radio-telephone communications used in:
    - (1) Cellular telephone service;
    - (2) Personal communications service; or
    - (3) The functional or competitive equivalent of a radio-telephone communications line used in cellular telephone service, personal communications service, or a network radio access line.
- 28-29. "Wireless service provider" means any entity authorized by the federal communications commission to provide wireless service within this state.

Approved April 7, 2025

Filed April 8, 2025



## CHAPTER 566

### HOUSE BILL NO. 1096

(Representatives Porter, Bosch, Heinert, Schreiber-Beck)  
(Senators Davison, Patten, Weber)

AN ACT to amend and reenact section 57-40.6-04 of the North Dakota Century Code, relating to assessed communication service fees.

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

**SECTION 1. AMENDMENT.** Section 57-40.6-04 of the North Dakota Century Code is amended and reenacted as follows:

#### **57-40.6-04. Fee collection procedure.**

An assessed communications service provider may retain the actual costs of administration in collection of the fee and any telephone exchange access service provider charges for 911 database management, not to exceed five and one-half percent of the fee collected. The fee proceeds must be paid by the assessed communications service provider within thirty days after it is collected from the subscriber or customer unless the provider has fewer than ten subscribers or customers in a jurisdiction, in which case the provider may pay the proceeds quarterly.

Approved March 17, 2025

Filed March 18, 2025

## CHAPTER 567

### HOUSE BILL NO. 1281

(Representatives Pyle, Berg, Brandenburg, Christy, Kiefert, Novak, Vollmer)  
(Senators Kessel, Luick, Patten, Weber, Weston)

AN ACT to amend and reenact sections 57-43.1-03.3, 57-43.2-04.5, and 57-43.3-03.1 of the North Dakota Century Code, relating to motor vehicle fuel tax, special fuels tax, and aviation fuel tax refunds for fuels purchased by fire departments; and to provide an effective date.

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

**SECTION 1. AMENDMENT.** Section 57-43.1-03.3 of the North Dakota Century Code is amended and reenacted as follows:

**57-43.1-03.3. Refund ~~to emergency-~~ Emergency medical services operation - Fire department.**

1. Upon application to the commissioner, the operator of an emergency medical services operation licensed under chapter 23-27 or a fire department is entitled to a refund of taxes paid under this chapter for motor vehicle fuel purchased and used by the emergency medical services operation or fire department.
2. The refund provided for in this section is not subject to reduction for deposit in the agricultural products utilization fund or the agricultural research fund.
3. For purposes of this section, "fire department" means a fire department or fire district that has filed a certificate of existence under section 18-04-02 which has been approved.

**SECTION 2. AMENDMENT.** Section 57-43.2-04.5 of the North Dakota Century Code is amended and reenacted as follows:

**57-43.2-04.5. Refund ~~to emergency-~~ Emergency medical services operation - Fire department.**

1. Upon application to the commissioner, the operator of an emergency medical services operation licensed under chapter 23-27 or a fire department is entitled to a refund of taxes paid under this chapter for special fuel purchased and used by the emergency medical services operation or fire department.
2. For purposes of this section, "fire department" means a fire department or fire district that has filed a certificate of existence under section 18-04-02 which has been approved.

**SECTION 3. AMENDMENT.** Section 57-43.3-03.1 of the North Dakota Century Code is amended and reenacted as follows:

**57-43.3-03.1. Refund to emergency- Emergency medical services operation - Fire department.**

1. Upon application to the commissioner, the operator of an emergency medical services operation licensed under chapter 23-27 or a fire department is entitled to a refund of taxes paid under this chapter for aviation fuel purchased and used by the emergency medical services operation or fire department.
2. For purposes of this section, "fire department" means a fire department or fire district that has filed a certificate of existence under section 18-04-02 which has been approved.

**SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable events occurring after June 30, 2025.

Approved March 14, 2025

Filed March 14, 2025

## CHAPTER 568

### SENATE BILL NO. 2397

(Senators Enget, Sorvaag, Sickler)  
(Representative Kempenich)

AN ACT to create and enact a new subsection to section 57-51.1-03 of the North Dakota Century Code, relating to a limited exemption for development incentive wells; to amend and reenact sections 57-51-02.6, 57-51-05, and 57-51.1-01 of the North Dakota Century Code, relating to the temporary exemption for oil and gas wells employing a system to avoid flaring, an exemption from gross production tax for gas produced from certain enhanced oil recovery projects, and the definition of development incentive well; to provide an effective date; and to provide an expiration date.

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

**SECTION 1. AMENDMENT.** Section 57-51-02.6 of the North Dakota Century Code is amended and reenacted as follows:

**57-51-02.6. Temporary exemption for oil and gas wells employing a system to avoid flaring.**

Gas is exempt from the tax under section 57-51-02.2 for a period of two years and thirty days from the time of first production if the gas is:

1. Collected and used at the well site to power an electrical generator that consumes ~~at least seventy-five percent of the gas~~ from the well; or
2. Collected at the well site by a system that intakes at least seventy-five percent of the gas and natural gas liquids volume from the well for beneficial consumption by means of compression to liquid for use as fuel, transport to a processing facility, production of petrochemicals or fertilizer, conversion to liquid fuels, separating and collecting over fifty percent of the propane and heavier hydrocarbons, or other value-added processes as approved by the industrial commission.

**SECTION 2. AMENDMENT.** Section 57-51-05 of the North Dakota Century Code is amended and reenacted as follows:

**57-51-05. Payment of tax on monthly basis - When tax due - When delinquent - Payment by purchaser - By producer - How casinghead gas taxed - Exemptions.**

1. The gross production tax on oil or gas, ~~as herein provided,~~ must be paid on a monthly basis. The tax on oil is due and payable on the twenty-fifth day of the month succeeding the month of production. The tax on gas is due and payable on the fifteenth day of the second month succeeding the month of production. If the tax is not paid as required by this section, it becomes delinquent and must be collected as provided in this chapter. The penalty does not apply if ninety percent of the tax due has been paid with the monthly return and the taxpayer files an amended monthly return and pays the total tax

due within sixty days from the original due date. The commissioner, upon request and a proper showing of the necessity ~~therefor~~ therefor an extension, may grant an extension of time, not to exceed fifteen days, for paying the tax and when the request is granted the tax is not delinquent until the extended period has expired. Any taxpayer who requests and is granted an extension of time for filing a return shall pay, with the tax, interest at the rate of twelve percent per annum from the date the tax was due to the date the tax is paid.

2. On oil or gas produced and sold, the gross production tax ~~thereon~~ must be paid by the purchaser, and the purchaser is authorized to deduct in making settlement with the producer or royalty owner, the amount of tax paid; provided, ~~that in the event oil produced is not sold but is retained by the producer, the tax on the oil not sold must be paid by the producer, including the tax due on royalty oil not sold; provided further, that in settlement with the royalty owner the producer has the right to deduct the amount of the tax paid on royalty oil or to deduct therefrom royalty oil equivalent in value at the time the tax becomes due with the amount of the tax paid.~~
3. Gas when produced and utilized in any manner, ~~except when used for fuel or otherwise used in the operation of any lease or premises in the drilling for or production of oil or gas therefrom, or for repressuring thereon,~~ must be considered for the purpose of this chapter, as to the amount utilized, as gas actually produced and saved, except gas:
  - a. Used for fuel or otherwise used in the operation of any lease or premises in the drilling for or production of oil or gas from the lease or premises, including repressuring on the lease or premises; and
  - b. Produced from an enhanced oil recovery project utilizing the injection of gas, either alone or in combination with other fluids, for the purpose of testing the feasibility of enhanced oil recovery operations on a temporary basis for one or more spacing units or employing enhanced oil recovery operations for an extended or indefinite period of time on a fieldwide basis through unitization of the reservoir that produces oil and gas. The exemption under this subdivision applies to all enhanced oil recovery projects created and established by the industrial commission after June 30, 2025, and for any gas produced after the date of first production following initial injection of gas until all gas injected as part of the enhanced oil recovery project has been recovered from the reservoir being tested or unitized.
4. All calculations of the gross production tax on oil or gas, including production, distribution, and claims for credit or refund, are based on the month of production and must be credited to that month.

**SECTION 3. AMENDMENT.** Section 57-51.1-01 of the North Dakota Century Code is amended and reenacted as follows:

**57-51.1-01. Definitions for oil extraction tax.**

For the purposes of this chapter:

1. "Average daily production" of a well means the qualified maximum total production of oil from the well during a calendar month period divided by the number of calendar days in that period, and "qualified maximum total production" of a well means that the well must have been maintained at the

maximum efficient rate of production as defined and determined by rule adopted by the industrial commission in furtherance of its authority under chapter 38-08.

2. "Development incentive well" means, as determined and certified by the industrial commission, a well spud after June 30, 2025, which:
  - a. Utilizes a new or innovative drilling or completion technique that constitutes a technical advancement that has not been previously utilized with demonstrated success by the operator within the specific formation targeted for development by that operator;
  - b. Demonstrates the capability to develop reserves within the target formation that would otherwise remain underdeveloped or undeveloped under existing drilling or completion techniques; and
  - c. Is designed and anticipated to, more likely than not, increase the number of new wells, additional production, or the ultimate recovery of oil or gas within the target formation.
3. "Horizontal well" means a well with a horizontal displacement of the well bore drilled at an angle of at least eighty degrees within the productive formation of at least three hundred feet [91.44 meters].
- ~~3-4.~~ "Oil" means petroleum, crude oil, mineral oil, casinghead gasoline, and all liquid hydrocarbons that are recovered from gas on the lease incidental to the production of the gas.
- 4-5. "Property" means the right which arises from a lease or fee interest, as a whole or any designated portion thereof, to produce oil. A producer shall treat as a separate property each separate and distinct producing reservoir subject to the same right to produce crude oil; provided, that such reservoir is recognized by the industrial commission as a producing formation that is separate and distinct from, and not in communication with, any other producing formation.
- ~~5-6.~~ "Qualifying secondary recovery project" means a project employing water flooding. To be eligible for the tax exemption provided under section 57-51.1-03, a secondary recovery project must be certified as qualifying by the industrial commission and the project operator must have obtained incremental production as defined in subsection 3 of section 57-51.1-03.
- ~~6-7.~~ "Qualifying tertiary recovery project" means a project for enhancing recovery of oil which meets the requirements of section 4993(c), Internal Revenue Code of 1954, as amended through December 31, 1986, and includes the following methods for recovery:
  - a. Miscible fluid displacement.
  - b. Steam drive injection.
  - c. Microemulsion.
  - d. In situ combustion.

- e. Polymer augmented water flooding.
- f. Cyclic steam injection.
- g. Alkaline flooding.
- h. Carbonated water flooding.
- i. Immiscible carbon dioxide displacement.
- j. New tertiary recovery methods certified by the industrial commission.

It does not include water flooding, unless the water flooding is used as an element of one of the qualifying tertiary recovery techniques described in this subsection, or immiscible natural gas injection. To be eligible for the tax exemption provided under section 57-51.1-03, a tertiary recovery project must be certified as qualifying by the industrial commission, the project operator must continue to operate the unit as a qualifying tertiary recovery project, and the project operator must have obtained incremental production as defined in subsection 3 of section 57-51.1-03.

7-8. "Restimulation well" means a previously completed oil or gas well that, following completion and production of oil, has been treated with an application of fluid under pressure for the purpose of initiating or propagating fractures in a target geologic formation to enhance production of oil. The term does not include a well that:

- a. Has less than sixty months of production or is producing more than one hundred and twenty-five barrels of oil per day reported to the industrial commission before completion of the restimulation treatment;
- b. Is part of a qualifying secondary recovery project, qualifying tertiary recovery project, or stripper well or stripper well property as defined under this section; or
- c. Is drilled but not completed and does not have a record of oil production reported to the industrial commission.

8-9. "Royalty owner" means an owner of what is commonly known as the royalty interest and shall not include the owner of any overriding royalty or other payment carved out of the working interest.

9-10. "Stripper well" means a well drilled and completed, or re-entered and recompleted as a horizontal well, after June 30, 2013, whose average daily production of oil during any preceding consecutive twelve-month period, excluding condensate recovered in nonassociated production, per well did not exceed ten barrels per day for wells of a depth of six thousand feet [1828.80 meters] or less, fifteen barrels per day for wells of a depth of more than six thousand feet [1828.80 meters] but not more than ten thousand feet [3048 meters], and thirty barrels per day for wells of a depth of more than ten thousand feet [3048 meters] outside the Bakken and Three Forks formations, and thirty-five barrels per day for wells of a depth of more than ten thousand feet [3048 meters] in the Bakken or Three Forks formation.

~~40-11.~~ "Stripper well property" means wells drilled and completed, or a well re-entered and recompleted as a horizontal well, before July 1, 2013, on a "property" whose average daily production of oil, excluding condensate recovered in nonassociated production, per well did not exceed ten barrels per day for wells of a depth of six thousand feet [1828.80 meters] or less, fifteen barrels per day for wells of a depth of more than six thousand feet [1828.80 meters] but not more than ten thousand feet [3048 meters], and thirty barrels per day for wells of a depth of more than ten thousand feet [3048 meters] during any preceding consecutive twelve-month period. Wells which did not actually yield or produce oil during the qualifying twelve-month period, including disposal wells, dry wells, spent wells, and shut-in wells, are not production wells for the purpose of determining whether the stripper well property exemption applies.

<sup>266</sup> **SECTION 4.** A new subsection to section 57-51.1-03 of the North Dakota Century Code is created and enacted as follows:

- a. The first two hundred fifty thousand barrels of oil produced during the first thirty-six months after completion from a development incentive well drilled and completed before July 1, 2028, and certified as a qualified well by the industrial commission, are exempt from the tax under section 57-51.1-02.
- b. For purposes of the exemption under this subsection:
  - (1) An operator seeking certification of a well as a development incentive well shall meet the burden of demonstrating to the industrial commission that the well meets the criteria under subsection 2 of section 57-51.1-01.
  - (2) An operator seeking certification of a well as a development incentive well must be classified as one of the following:
    - (a) An operator with between forty and ninety-nine wells within the Bakken or Three Forks formations which have been:
      - [1] Drilled by the operator during the period beginning July 1, 2023, and ending June 30, 2025; or
      - [2] Drilled during the period beginning July 1, 2023, and ending June 30, 2025, and acquired by the operator.
    - (b) An operator with between one hundred and one hundred forty-nine wells within the Bakken or Three Forks formations which have been:
      - [1] Drilled by the operator during the period beginning July 1, 2023, and ending June 30, 2025; or
      - [2] Drilled during the period beginning July 1, 2023, and ending June 30, 2025, and acquired by the operator.
    - (c) An operator with one hundred fifty or more wells within the Bakken or Three Forks formations which have been:

<sup>266</sup> Section 57-51.1-03 was also amended by section 1 of House Bill No. 1483, chapter 570.



- [1] Drilled by the operator during the period beginning July 1, 2023, and ending June 30, 2025; or
  - [2] Drilled during the period beginning July 1, 2023, and ending June 30, 2025, and acquired by the operator.
- (3) The industrial commission may not certify more than:
  - (a) Four development incentive wells for an operator classified under subparagraph a of paragraph 2 of subdivision b;
  - (b) Eight development incentive wells for an operator classified under subparagraph b of paragraph 2 of subdivision b; and
  - (c) Twelve development incentive wells for an operator classified under subparagraph c of paragraph 2 of subdivision b.
- c. The tax exemption under this subsection does not apply to a well located within the exterior boundaries of a reservation, a well located on trust properties outside reservation boundaries as defined in section 57-51.2-02, or a straddle well as defined in section 57-51.1-07.10 located on reservation trust land, unless a tribe makes an irrevocable election to opt-in to the tax exemption by providing written notice to the tax commissioner. If a tribe provides notice of its election to opt-in to the tax exemption, the tax commissioner shall apply the tax exemption beginning in the month of production after the notice is received by the tax commissioner.

**SECTION 5. EFFECTIVE DATE.** This Act is effective for taxable events occurring after June 30, 2025.

**SECTION 6. EXPIRATION DATE.** Sections 3 and 4 of this Act are effective through June 30, 2031, and after that date are ineffective.

Approved May 5, 2025

Filed May 6, 2025

## CHAPTER 569

### SENATE BILL NO. 2323

(Senators Bekkedahl, Sorvaag, Hogue)  
(Representatives Lefor, Brandenburg, Richter)

AN ACT to amend and reenact sections 57-51-15 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide for a legislative management report; to provide an exemption; and to provide an effective date.

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

**SECTION 1. AMENDMENT.** Section 57-51-15 of the North Dakota Century Code is amended and reenacted as follows:

#### **57-51-15. Gross production tax allocation - Report. (~~Effective through June 30, 2027~~)**

~~The gross production tax must be allocated monthly as follows:~~

- ~~1. The tax revenue collected under this chapter equal to one percent of the gross value at the well of the oil and one fifth of the tax on gas must be deposited with the state treasurer. The state treasurer shall allocate the funding in the following order:~~
  - ~~a. Eight percent of the amount available under this subsection to the North Dakota outdoor heritage fund, but not in an amount exceeding twenty million dollars per fiscal year.~~
  - ~~b. Four percent of the amount available under this subsection to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding seven million five hundred thousand dollars per fiscal year and not in an amount that would bring the balance in the fund to more than one hundred million dollars.~~
  - ~~c. Any remaining revenues pursuant to subsection 3.~~
  - ~~d. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty first of the following calendar year.~~
- ~~2. The tax revenue collected under this chapter equal to four percent of the gross value at the well of the oil and four fifths of the tax on gas must be deposited with the state treasurer. The state treasurer shall allocate the funding in the following order:~~
  - ~~a. The first five million dollars of collections received from a county each fiscal year is allocated to the county.~~
  - ~~b. The remaining revenue collections received from a county each fiscal year are allocated thirty percent to the county and seventy percent as follows:~~

- ~~(1) Monthly amounts to the hub city funding pool to provide fifteen million four hundred thousand dollars per fiscal year for the allocations under paragraph 2 of subdivision a of subsection 5.~~
  - ~~(2) Monthly amounts to the hub city school district funding pool to provide two million one hundred thousand dollars per fiscal year for the allocations under paragraph 3 of subdivision a of subsection 5.~~
  - ~~(3) Monthly amounts to the supplemental school district funding pool to provide seventy percent of the total amount needed for the allocations under paragraph 4 of subdivision a of subsection 5.~~
  - ~~(4) Any remaining revenue collections to the state for the state's allocations pursuant to subsection 3.~~
- e. ~~For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.~~
3. ~~After the allocations under subsections 1 and 2, the amount remaining is allocated first to provide for deposit of thirty percent of all revenue collected under this chapter in the legacy fund as provided in section 26 of article X of the Constitution of North Dakota and the remainder must be allocated to the state general fund. If the amount available for a monthly allocation under this subsection is insufficient to deposit thirty percent of all revenue collected under this chapter in the legacy fund, the state treasurer shall transfer the amount of the shortfall from the state general fund share of oil extraction tax collections and deposit that amount in the legacy fund.~~
  4. ~~For a county that received less than five million dollars of allocations under subsection 2 in the most recently completed even numbered fiscal year before the start of the biennium, revenues allocated to that county must be distributed by the state treasurer as follows:~~
    - a. ~~Forty five percent must be distributed to the county treasurer and credited to the county general fund.~~
    - b. ~~Thirty five percent must be distributed proportionally to school districts within the county on the average daily attendance distribution basis for kindergarten through grade twelve students residing within the county, as certified to the state treasurer by the county superintendent of schools. However, a hub city school district must be omitted from distributions under this subdivision.~~
    - e. ~~Twenty percent must be distributed to the incorporated cities of the county. A hub city must be omitted from distributions under this subdivision. Distributions among cities under this subsection must be proportional based upon the population of each incorporated city according to the last official decennial federal census. In determining the population of any city in which total employment increases by more than two hundred percent seasonally due to tourism, the population of that city for purposes of this subdivision must be increased by eight hundred percent.~~

- d. ~~For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty first of the following calendar year.~~
5. ~~For a county that received five million dollars or more of allocations under subsection 2 in the most recently completed even numbered fiscal year before the start of the biennium, revenues allocated to that county must be distributed by the state treasurer as follows:~~
- a. ~~A portion of the revenues from each county must be distributed to a hub city funding pool, a hub city school district funding pool, and a supplemental school district funding pool as follows:~~
- (1) ~~The amount distributed from each county to the funding pools under this subdivision must be proportional to each county's monthly oil and gas gross production tax revenue collections relative to the combined total monthly oil and gas gross production tax revenue collections from all the counties that receive allocations under this subsection.~~
- (2) ~~The state treasurer shall distribute, to the hub city funding pool, the monthly amount needed from each county to provide six million six hundred thousand dollars per fiscal year for the allocations under this paragraph.~~
- (a) ~~The state treasurer shall allocate monthly amounts from the hub city funding pool to provide a combined total of twenty two million dollars per fiscal year to all the hub cities, which includes the fifteen million four hundred thousand dollars under paragraph 1 of subdivision b of subsection 2 and the six million six hundred thousand dollars under this paragraph. The monthly allocation to each hub city must be proportional to each hub city's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.~~
- (b) ~~The state treasurer shall calculate the impact percentage score for each hub city by summing the following:~~
- [1] ~~The percentage of mining, quarrying, and oil and gas extraction employment relative to the total employment of all industries in the county in which the hub city is located, based on the most recent annual data for all ownership types compiled by job service North Dakota in the quarterly census of employment and wages, multiplied by forty five hundredths;~~
- [2] ~~The average of the percentage of mining, quarrying, and oil and gas extraction employment relative to the total employment of all industries in each county for all the counties in the human service region in which the hub city is located, based on the most recent annual data for all ownership types compiled by job service North Dakota in the quarterly census of employment and wages, multiplied by fifteen hundredths;~~
- [3] ~~The percentage of establishments engaged in mining, quarrying, and oil and gas extraction relative to the total~~

~~establishments of all industries in the county in which the hub city is located, based on the most recent annual data for all ownership types compiled by job service North Dakota in the quarterly census of employment and wages, multiplied by one tenth;~~

~~[4] The percentage of oil production in the human service region in which the hub city is located relative to the total oil production in all the human service regions with hub cities, based on the most recently available calendar year data compiled by the industrial commission in a report on the historical barrels of oil produced by county, multiplied by one tenth;~~

~~[5] The percentage change in population from five years prior for the hub city, based on the most recent actual or estimated census data published by the United States census bureau, multiplied by one tenth; and~~

~~[6] The percentage change in population from five years prior for the county in which the hub city is located, based on the most recent actual or estimated census data published by the United States census bureau, multiplied by one tenth.~~

~~(c) For purposes of this paragraph, "human service region" means the areas designated by the governor's executive order 1978-12 dated October 5, 1978.~~

~~(3) The state treasurer shall distribute, to the hub city school district funding pool, the monthly amount needed from each county to provide nine hundred thousand dollars per fiscal year for the allocations under this paragraph:~~

~~(a) The state treasurer shall allocate monthly amounts from the hub city school district funding pool to provide a combined total of three million dollars per fiscal year to all the hub city school districts, which includes the two million one hundred thousand dollars under paragraph 2 of subdivision b of subsection 2 and the nine hundred thousand dollars under this paragraph. The monthly allocation to each hub city school districts must be proportional to each hub city school district's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.~~

~~(b) For the purpose of determining the impact percentage score for each hub city school district, the state treasurer shall use the same impact percentage score as the corresponding score calculated for each hub city in paragraph 2.~~

~~(4) The state treasurer shall distribute, to the supplemental school district funding pool, the monthly amount needed from each county to provide for thirty percent of the total allocations under this paragraph. To each county that received more than five million dollars but less than thirty million dollars of total allocations under subsection 2 in the most recently completed even numbered fiscal year before the start of the~~

biennium, the state treasurer shall allocate a monthly amount from the supplemental school district funding pool which will be added to the distributions to school districts under paragraph 2 of subdivision b, as follows:

- (a) To each county that received more than five million dollars but not exceeding ten million dollars of total allocations under subsection 2 in the most recently completed even numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million five hundred thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.
  - (b) To each county that received more than ten million dollars but not exceeding fifteen million dollars of total allocations under subsection 2 in the most recently completed even numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million two hundred fifty thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.
  - (c) To each county that received more than fifteen million dollars but not exceeding twenty million dollars of total allocations under subsection 2 in the most recently completed even numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.
  - (d) To each county that received more than twenty million dollars but not exceeding twenty five million dollars of total allocations under subsection 2 in the most recently completed even numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount that will provide a total allocation of seven hundred fifty thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.
  - (e) To each county that received more than twenty five million dollars but not exceeding thirty million dollars of total allocations under subsection 2 in the most recently completed even numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount that will provide a total allocation of five hundred thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.
- b. After the distributions in subdivision a, each county's remaining revenues must be distributed as follows:
- (1) Sixty percent must be distributed to the county treasurer and credited to the county general fund.

- ~~(2) Five percent must be distributed proportionally to school districts within the county on the average daily attendance distribution basis for kindergarten through grade twelve students residing within the county, as certified to the state treasurer by the county superintendent of schools. However, a hub city school district must be omitted from distributions under this subdivision.~~
- ~~(3) Twenty percent must be distributed to the incorporated cities of the county. A hub city must be omitted from distributions under this subdivision. Distributions among cities under this subsection must be proportional based upon the population of each incorporated city according to the last official decennial federal census. In determining the population of any city in which total employment increases by more than two hundred percent seasonally due to tourism, the population of that city for purposes of this subdivision must be increased by eight hundred percent.~~
- ~~(4) Four percent must be allocated among the organized and unorganized townships of the county. The state treasurer shall allocate the funds available under this subdivision among townships in proportion to each township's road miles relative to the total township road miles in the county. The amount allocated to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.~~
- ~~(5) Nine percent must be distributed among hub cities. The state treasurer shall distribute the funds available under this subdivision in proportion to the amounts the hub cities receive under paragraph 2 of subdivision a.~~
- ~~(6) Two percent must be distributed among hub city school districts. The state treasurer shall distribute the funds available under this subdivision in proportion to the amounts the hub city school districts receive under paragraph 3 of subdivision a.~~
- ~~(7) For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty first of the following calendar year.~~

**~~Gross production tax allocation. (Effective after June 30, 2027)~~** The gross production tax must be allocated monthly as follows:

1. The tax revenue collected under this chapter equal to one percent of the gross value at the well of the oil and one-fifth of the tax on gas must be deposited with the state treasurer. The state treasurer shall allocate the funding in the following order:
  - a. Eight percent of the amount available under this subsection to the North Dakota outdoor heritage fund, but not in an amount exceeding twenty million dollars per fiscal year.
  - b. Four percent of the amount available under this subsection to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding seven million five hundred thousand dollars

per fiscal year and not in an amount that would bring the balance in the fund to more than ~~fifty million~~ one hundred million dollars through June 30, 2027, or to more than fifty million dollars after June 30, 2027.

- c. Any remaining revenues pursuant to subsection 3.
  - d. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.
2. The tax revenue collected under this chapter equal to four percent of the gross value at the well of the oil and four-fifths of the tax on gas must be deposited with the state treasurer. The state treasurer shall allocate the funding in the following order:
    - a. The first five million dollars of collections received from a county each fiscal year is allocated to the county.
    - b. The remaining revenue collections received from a county each fiscal year are allocated thirty percent to the county and seventy percent as follows:
      - (1) Monthly amounts to the hub city funding pool to provide fifteen million four hundred thousand dollars per fiscal year for the allocations under paragraph 2 of subdivision a of subsection 5.
      - (2) Monthly amounts to the hub city school district funding pool to provide two million one hundred thousand dollars per fiscal year for the allocations under paragraph 3 of subdivision a of subsection 5.
      - (3) Monthly amounts to the supplemental school district funding pool to provide seventy percent of the total amount needed for the allocations under paragraph 4 of subdivision a of subsection 5.
      - (4) Monthly amounts to the hub city debt relief funding pool to provide seven million three hundred fifty thousand dollars per fiscal year for the allocations under paragraph 2 of subdivision a of subsection 5.
      - (5) Any remaining revenue collections to the state for the state's allocations pursuant to subsection 3.
  - c. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.
3. After the allocations under subsections 1 and 2, the amount remaining is allocated first to provide for deposit of thirty percent of all revenue collected under this chapter in the legacy fund as provided in section 26 of article X of the Constitution of North Dakota and the remainder must be allocated to the state general fund. If the amount available for a monthly allocation under this subsection is insufficient to deposit thirty percent of all revenue collected under this chapter in the legacy fund, the state treasurer shall transfer the amount of the shortfall from the state general fund share of oil extraction tax collections and deposit that amount in the legacy fund.



4. For a county that received less than five million dollars of allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, revenues allocated to that county must be distributed by the state treasurer as follows:
  - a. Forty-five percent must be distributed to the county treasurer and credited to the county general fund.
  - b. Thirty-five percent must be distributed proportionally to school districts within the county on the average daily attendance distribution basis for kindergarten through grade twelve students residing within the county, as certified to the state treasurer by the county superintendent of schools. However, a hub city school district must be omitted from distributions under this subdivision.
  - c. Twenty percent must be distributed to the incorporated cities of the county. A hub city must be omitted from distributions under this subdivision. Distributions among cities under this subsection must be proportional based upon the population of each incorporated city according to the last official decennial federal census. In determining the population of any city in which total employment increases by more than two hundred percent seasonally due to tourism, the population of that city for purposes of this subdivision must be increased by eight hundred percent.
  - d. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.
5. For a county that received five million dollars or more of allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, revenues allocated to that county must be distributed by the state treasurer as follows:
  - a. A portion of the revenues from each county must be distributed to a hub city funding pool, a hub city school district funding pool, ~~and~~ a supplemental school district funding pool, and a hub city debt relief funding pool as follows:
    - (1) The amount distributed from each county to the funding pools under this subdivision must be proportional to each county's monthly oil and gas gross production tax revenue collections relative to the combined total monthly oil and gas gross production tax revenue collections from all the counties that receive allocations under this subsection.
    - (2) The state treasurer shall distribute, to the hub city funding pool, the monthly amount needed from each county to provide six million six hundred thousand dollars per fiscal year for the allocations under this paragraph.
      - (a) The state treasurer shall allocate monthly amounts from the hub city funding pool to provide a combined total of twenty-two million dollars per fiscal year to all the hub cities, which includes the fifteen million four hundred thousand dollars under paragraph 1 of subdivision b of subsection 2 and the six million six hundred thousand dollars under this paragraph. The monthly allocation to

each hub city must be proportional to each hub city's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.

- (b) The state treasurer shall calculate the impact percentage score for each hub city by summing the following:
- [1] The percentage of mining, quarrying, and oil and gas extraction employment relative to the total employment of all industries in the county in which the hub city is located, based on the most recent annual data for all ownership types compiled by job service North Dakota in the quarterly census of employment and wages, multiplied by forty-five hundredths;
  - [2] The average of the percentage of mining, quarrying, and oil and gas extraction employment relative to the total employment of all industries in each county for all the counties in the human service region in which the hub city is located, based on the most recent annual data for all ownership types compiled by job service North Dakota in the quarterly census of employment and wages, multiplied by fifteen hundredths;
  - [3] The percentage of establishments engaged in mining, quarrying, and oil and gas extraction relative to the total establishments of all industries in the county in which the hub city is located, based on the most recent annual data for all ownership types compiled by job service North Dakota in the quarterly census of employment and wages, multiplied by one-tenth;
  - [4] The percentage of oil production in the human service region in which the hub city is located relative to the total oil production in all the human service regions with hub cities, based on the most recently available calendar year data compiled by the industrial commission in a report on the historical barrels of oil produced by county, multiplied by one-tenth;
  - [5] The percentage change in population from five years prior for the hub city, based on the most recent actual or estimated census data published by the United States census bureau, multiplied by one-tenth; and
  - [6] The percentage change in population from five years prior for the county in which the hub city is located, based on the most recent actual or estimated census data published by the United States census bureau, multiplied by one-tenth.
- (c) For purposes of this paragraph, "human service region" means the areas designated by the governor's executive order 1978-12 dated October 5, 1978.
- (3) The state treasurer shall distribute, to the hub city school district funding pool, the monthly amount needed from each county to provide nine hundred thousand dollars per fiscal year for the allocations under this paragraph.

- (a) The state treasurer shall allocate monthly amounts from the hub city school district funding pool to provide a combined total of three million dollars per fiscal year to all the hub city school districts, which includes the two million one hundred thousand dollars under paragraph 2 of subdivision b of subsection 2 and the nine hundred thousand dollars under this paragraph. The monthly allocation to each hub city school districts must be proportional to each hub city school district's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.
  - (b) For the purpose of determining the impact percentage score for each hub city school district, the state treasurer shall use the same impact percentage score as the corresponding score calculated for each hub city in paragraph 2.
- (4) The state treasurer shall distribute, to the supplemental school district funding pool, the monthly amount needed from each county to provide for thirty percent of the total allocations under this paragraph. To each county that received more than five million dollars but less than thirty million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount from the supplemental school district funding pool which will be added to the distributions to school districts under paragraph 2 of subdivision b, as follows:
- (a) To each county that received more than five million dollars but not exceeding ten million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million five hundred thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.
  - (b) To each county that received more than ten million dollars but not exceeding fifteen million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million two hundred fifty thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.
  - (c) To each county that received more than fifteen million dollars but not exceeding twenty million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.

- (d) To each county that received more than twenty million dollars but not exceeding twenty-five million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount that will provide a total allocation of seven hundred fifty thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.
  - (e) To each county that received more than twenty-five million dollars but not exceeding thirty million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount that will provide a total allocation of five hundred thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.
- (5) The state treasurer shall distribute, to the hub city debt relief funding pool, the monthly amount needed from each county to provide three million one hundred fifty thousand dollars per fiscal year for the allocations under this paragraph. At least once per interim, each hub city shall provide a report to the budget section regarding the use of the funding received under this section and information on the hub city's outstanding debt, including maturity dates, interest rates, and annual repayment amounts.
- (a) The state treasurer shall allocate monthly amounts from the hub city debt relief funding pool to provide a combined total of ten million five hundred thousand dollars per fiscal year to all the hub cities, which includes the seven million three hundred fifty thousand dollars under paragraph 4 of subdivision b of subsection 2 and the three million one hundred fifty thousand dollars under this paragraph. The monthly allocation to hub cities under this paragraph is:
- [1] Seventy and thirteen hundredths percent to Williston;
  - [2] Nineteen and ninety-four hundredths to Dickinson; and
  - [3] Nine and ninety-three hundredths to Minot.
- (b) A hub city shall use the funding allocated under this paragraph for debt repayments related to debt incurred between July 1, 2012, and December 31, 2025, to address impacts from oil and gas development.
- b. After the distributions in subdivision a, each county's remaining revenues must be distributed as follows:
- (1) Sixty percent must be distributed to the county treasurer and credited to the county general fund.
  - (2) Five percent must be distributed proportionally to school districts within the county on the average daily attendance distribution basis for

kindergarten through grade twelve students residing within the county, as certified to the state treasurer by the county superintendent of schools. However, a hub city school district must be omitted from distributions under this subdivision.

- (3) Twenty percent must be distributed to the incorporated cities of the county. A hub city must be omitted from distributions under this subdivision. Distributions among cities under this subsection must be proportional based upon the population of each incorporated city according to the last official decennial federal census. In determining the population of any city in which total employment increases by more than two hundred percent seasonally due to tourism, the population of that city for purposes of this subdivision must be increased by eight hundred percent.
- (4) Four percent must be allocated among the organized and unorganized townships of the county. The state treasurer shall allocate the funds available under this subdivision among townships in proportion to each township's road miles relative to the total township road miles in the county. The amount allocated to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.
- (5) Nine percent must be distributed among hub cities. The state treasurer shall distribute the funds available under this subdivision in proportion to the amounts the hub cities receive under paragraph 2 of subdivision a.
- (6) Two percent must be distributed among hub city school districts. The state treasurer shall distribute the funds available under this subdivision in proportion to the amounts the hub city school districts receive under paragraph 3 of subdivision a.
- (7) For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.

<sup>267</sup> **SECTION 2. AMENDMENT.** Section 57-51.1-07.5 of the North Dakota Century Code is amended and reenacted as follows:

**57-51.1-07.5. State share of oil and gas taxes - Deposits.**

From the revenues designated for deposit in the state general fund under chapters 57-51 and 57-51.1, the state treasurer shall deposit the revenues received each biennium in the following order:

1. The first ~~two hundred thirty million~~ two hundred fifty million dollars into the state general fund;
2. The next two hundred fifty million dollars into the social service fund;

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<sup>267</sup> Section 57-51.1-07.5 was also amended by section 15 of Senate Bill No. 2012, chapter 44.

3. The next seventy-five million dollars into the budget stabilization fund, but not in an amount that would bring the balance in the fund to more than the limit in section 54-27.2-01;
4. The next ~~two hundred thirty million~~ two hundred fifty million dollars into the state general fund;
5. The next ten million dollars into the lignite research fund;
6. The next twenty million dollars into the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than twenty million dollars;
7. The next ~~four hundred million~~ three hundred sixty million dollars into the strategic investment and improvements fund;
8. The next sixty-five million dollars to the public employees retirement fund for the main system plan;
9. The next fifty-nine million seven hundred fifty thousand dollars, or the amount necessary to provide for twice the amount of the distributions under subsection 2 of section 57-51.1-07.7, into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;
10. The next one hundred seventy million two hundred fifty thousand dollars or the amount necessary to provide a total of two hundred thirty million dollars into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;
11. The next twenty million dollars into the airport infrastructure fund; and
12. Any additional revenues into the strategic investment and improvements fund.

**SECTION 3. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND - OIL AND GAS RESEARCH FUND.**

1. Notwithstanding the provisions of section 57-51-15 relating to the allocations to the North Dakota outdoor heritage fund, for the period beginning September 1, 2025, and ending August 31, 2027, the state treasurer shall allocate eight percent of the oil and gas gross production tax revenue available under subsection 1 of section 57-51-15 to the North Dakota outdoor heritage fund, but not in an amount exceeding \$7,500,000 per fiscal year.
2. Notwithstanding the provisions of section 57-51.1-07.3 relating to the allocations to the oil and gas research fund, for the period beginning August 1, 2025, and ending July 31, 2027, the state treasurer shall allocate two percent of the oil and gas gross production tax and oil extraction tax revenues, up to \$17,500,000, into the oil and gas research fund before allocating oil and gas tax revenues under sections 57-51.1-07.5, 57-51.1-07.9, and 57-51.1-07.10.

**SECTION 4. EFFECTIVE DATE.** Section 1 of this Act is effective for oil and gas gross production tax allocations by the state treasurer occurring after August 31, 2025.

Approved May 19, 2025

Filed May 19, 2025

## CHAPTER 570

### HOUSE BILL NO. 1483

(Representatives Headland, D. Anderson, Koppelman, Vollmer, J. Olson, Hagert)  
(Senators Kessel, Meyer, Rummel, Thomas)

AN ACT to amend and reenact subsection 4 of section 57-51.1-03 of the North Dakota Century Code, relating to the oil extraction tax rate reduction for oil produced from a new well drilled and completed outside the Bakken and Three Forks formations; to provide for a legislative management study; and to provide an effective date.

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

<sup>268</sup> **SECTION 1. AMENDMENT.** Subsection 4 of section 57-51.1-03 of the North Dakota Century Code is amended and reenacted as follows:

4. The first ~~seventy-five thousand three hundred thousand~~ barrels of oil produced during the first ~~eighteen~~<sup>thirty-six</sup> months after completion, from a well drilled and completed outside the Bakken and Three Forks formations, ~~and ten miles [16.10 kilometers] or more outside an established field in which the industrial commission has defined the pool to include the Bakken or Three Forks formation,~~ is subject to a reduced tax rate of two percent of the gross value at the well of the oil extracted under this chapter. The tax rate reduction under this subsection does not apply to a well located within the exterior boundaries of a reservation, a well located on trust properties outside reservation boundaries as defined in section 57-51.2-02, or a straddle well as defined in section 57-51.1-07.10 located on reservation trust land, unless a tribe makes an irrevocable election to opt-in to the tax rate reduction by providing written notice to the tax commissioner. If a tribe provides notice of its election to opt-in to the tax rate reduction, the tax commissioner shall apply the tax rate reduction beginning in the month of production after the notice is received by the tax commissioner.

**SECTION 2. LEGISLATIVE MANAGEMENT STUDY - OIL EXTRACTION TAX EXEMPTION FOR PRODUCTION FROM STRIPPER WELLS.** During the 2025-26 interim, the legislative management shall consider studying the oil extraction tax exemption for production from a stripper well property or an individual stripper well. The study must include consideration of the number of oil wells and amount of oil production qualifying for the exemption, the estimated fiscal impact of the exemption, and alternative tax policies for stripper well properties or stripper wells. The study may include input from the tax commissioner, the director of the department of mineral resources, and representatives of the oil and gas industry. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the seventieth legislative assembly.

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<sup>268</sup> Section 57-51.1-03 was also amended by section 4 of Senate Bill No. 2397, chapter 568.



**SECTION 3. EFFECTIVE DATE.** Section 1 of this Act is effective for taxable production beginning after June 30, 2025.

Approved April 15, 2025

Filed April 17, 2025

## CHAPTER 571

### SENATE BILL NO. 2074

(Finance and Taxation Committee)  
(At the request of the State Treasurer)

AN ACT to amend and reenact subsection 1 of section 57-51.1-07.7 of the North Dakota Century Code, relating to municipal infrastructure fund reporting requirements.

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

<sup>269</sup> **SECTION 1. AMENDMENT.** Subsection 1 of section 57-51.1-07.7 of the North Dakota Century Code is amended and reenacted as follows:

1. By November thirtieth of each even-numbered year, starting in 2022, a city that receives a grant from the fund and has the population of at least one thousand shall provide a report to the state treasurer on the use of the funding. The state treasurer shall notify cities of the reporting requirement by November first of each even-numbered year, starting in 2022. Upon request, the state treasurer may provide an extension of up to fifteen days for a city to submit the report. The state treasurer shall determine the format of the report. The report must include the amount of grant funding received and spent by the city and a description of the infrastructure projects completed in part or in whole with the grant funding. The state treasurer shall make the reports available to the public on the state treasurer's website. A city that does not provide the report in a timely manner or in the correct format is not eligible to receive a grant from the fund for a period of two years starting from the date the report was due. If a city uses the funding in a manner inconsistent with the requirements of this section as identified in any financial audits conducted by the state auditor or an independent accounting firm, the state treasurer shall reduce any future grants to that city by the amount spent that was inconsistent with the requirements.

Approved March 17, 2025

Filed March 18, 2025

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<sup>269</sup> Section 57-51.1-07.7 was also amended by section 16 of Senate Bill No. 2012, chapter 44.

## CHAPTER 572

### HOUSE BILL NO. 1065

(Political Subdivisions Committee)  
(At the request of the State Treasurer)

AN ACT to amend and reenact subsection 3 of section 57-51.1-07.8 of the North Dakota Century Code, relating to the county and township infrastructure fund.

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

<sup>270</sup> **SECTION 1. AMENDMENT.** Subsection 3 of section 57-51.1-07.8 of the North Dakota Century Code is amended and reenacted as follows:

3. The state treasurer shall distribute the lesser of thirteen percent of the balance of the fund or sixteen million one hundred thousand dollars to non-oil-producing counties for the benefit of the organized and unorganized townships within each non-oil-producing county. The distribution to ~~each non-oil-producing county~~ must provide for an equal allocation to each organized and unorganized township which is proportional to the number of township road miles in each organized and unorganized township relative to the combined total township road miles in all organized and unorganized townships in all non-oil-producing counties. For purposes of this subsection, township road miles must be based on certifications provided to the state treasurer under section 54-27-19.1. The amount allocated to organized townships under this section must be paid by the county treasurer to each organized township. The amount allocated to unorganized townships under this section must be credited by the county treasurer to a special fund for unorganized township roads. ~~A township is not eligible for an allocation of funds under this section if the township does not maintain any township roads.~~

Approved March 14, 2025

Filed March 14, 2025

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<sup>270</sup> Section 57-51.1-07.8 was also amended by section 17 of Senate Bill No. 2012, chapter 44.

## CHAPTER 573

### SENATE BILL NO. 2143

(Senators Patten, Bekkedahl, Sickler)  
(Representatives Mitskog, Novak, Porter)

AN ACT to amend and reenact section 57-51.1-07.9 of the North Dakota Century Code, relating to revenue deposited in the state energy research center fund; to provide for a continuing appropriation; and to provide an expiration date.

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

**SECTION 1. AMENDMENT.** Section 57-51.1-07.9 of the North Dakota Century Code is amended and reenacted as follows:

#### **57-51.1-07.9. State energy research center fund - Continuing appropriation. (Effective through June 30, ~~2029~~2033)**

The state energy research center fund is a special fund in the state treasury. Before depositing oil and gas gross production tax and oil extraction tax revenues under section 57-51.1-07.5, one percent of the revenues must be deposited monthly into the state energy research center fund, up to seven million five hundred thousand dollars per biennium. All moneys deposited in the state energy research center fund and interest on all such moneys are appropriated on a continuing basis to the industrial commission for distribution to the state energy research center. The state energy research center shall use the funds in accordance with section 15-11-40.

Approved April 16, 2025

Filed April 16, 2025

## CHAPTER 574

### HOUSE BILL NO. 1279

(Representatives Novak, Berg, Hagert, Headland, J. Olson, S. Olson, Porter, Tveit)  
(Senators Boehm, Patten, Thomas)

AN ACT to amend and reenact sections 57-60-02, 57-60-02.1, 57-60-02.2, 57-60-14, and 57-61-01 of the North Dakota Century Code, relating to a partial exemption from the coal conversion facilities tax and the imposition of a lignite research tax, allocation of the coal conversion facilities privilege tax and the lignite research tax, and an exemption from the coal severance tax; to repeal section 57-60-02.2 of the North Dakota Century Code, relating to the exemption from the coal conversion facilities tax and the imposition of a lignite research tax; to provide an effective date; to provide a contingent effective date; and to provide an expiration date.

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

<sup>271</sup> **SECTION 1. AMENDMENT.** Section 57-60-02 of the North Dakota Century Code is amended and reenacted as follows:

**57-60-02. Imposition of taxes. (Effective ~~through~~after June 30, 2026, and through June 30, 2031)**

There is hereby imposed upon the operator of each coal conversion facility a tax paid monthly for the privilege of producing products of such coal conversion facility. The rate of the tax must be computed as follows:

1. For all coal conversion facilities, except as otherwise provided in this section, the tax is measured by the gross receipts derived from the facility for the preceding month and is in the amount of two percent of its gross receipts. Gross receipts derived from the sale of a capital asset are not subject to the tax imposed by this subsection.
2. For electrical generating plants, the tax is at a rate of sixty-five one-hundredths of one mill times sixty percent of the installed capacity of each unit times the number of hours in the taxable period. All electrical energy generating units that begin construction or complete repowering are exempt from eighty-five percent of the tax imposed by this subsection for five years from the date of the first taxable production or from the date of the first taxable production after repowering from the unit. If a unit is incapable of generating electricity for eighteen consecutive months, the tax on that unit for taxable periods beginning after the eighteenth month must be reduced by the ratio that the cost of repair of the unit bears to the original cost of the unit. This reduced rate remains in effect until the unit is capable of generating electricity.
3. For electrical generating plants, in addition to the tax imposed by subsection 2, there is a tax at the rate of twenty-five one-hundredths of one mill on each kilowatt hour of electricity produced for the purpose of sale. For all electrical generating plants that begin construction or complete

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<sup>271</sup> Section 57-60-02 was also amended by section 2 of House Bill No. 1279, chapter 574.

repowering, the production from the plants is exempt from the tax imposed by this subsection for five years from the date of the first taxable production or from the date of the first taxable production after repowering from the plant.

4. For coal gasification plants, the tax is the greater of either the amount provided in subsection 1 or thirteen and one-half cents on each one thousand cubic feet [28316.85 liters] of synthetic natural gas produced for the purpose of sale but not including any amount of synthetic natural gas in excess of one hundred ten million cubic feet per day.
5. For all coal conversion facilities, other than electrical generating plants, the production from the facilities is exempt from eighty-five percent of the tax imposed by this section for a period of five years from the date of first taxable production from the facility. The operator of each facility applying for exemption under this subsection shall certify to the tax commissioner the date of first taxable production of the facility.
6. For coal beneficiation plants, the tax is twenty cents on each ton of two thousand pounds [907.18 kilograms] of beneficiated coal produced for the purpose of sale, or one and one-quarter percent of the gross receipts derived from such facility for the preceding month, whichever amount is greater. Any amount of beneficiated coal produced in excess of eighty percent of the design capacity of the coal beneficiation plant or produced for use within a coal conversion facility is exempt from such tax.
7. With the exception of the tax imposed under subsection 3, the board of county commissioners, by resolution, may grant the operator of a plant or facility located within the county a partial or complete exemption from up to fifteen percent of the tax imposed under this section for a period not to extend past June 30, ~~2026~~**2031**. If a board of county commissioners grants a partial or complete exemption for a specific plant or facility under this subsection, subsection 2 of section 57-60-14 does not apply. Notwithstanding section 57-60-14, any tax collected from a plant or facility subject to the exemption provided by this subsection must be allocated entirely to the county for allocation as provided in section 57-60-15.

**Imposition of taxes. (Effective after June 30, ~~2026~~**2031**)** There is hereby imposed upon the operator of each coal conversion facility a tax paid monthly for the privilege of producing products of such coal conversion facility. The rate of the tax must be computed as follows:

1. For all coal conversion facilities, except as otherwise provided in this section, the tax is measured by the gross receipts derived from the facility for the preceding month and is in the amount of two percent of its gross receipts. Gross receipts derived from the sale of a capital asset are not subject to the tax imposed by this subsection.
2. For electrical generating plants, the tax is at a rate of sixty-five one-hundredths of one mill times sixty percent of the installed capacity of each unit times the number of hours in the taxable period. All electrical energy generating units that begin construction or complete repowering are exempt from eighty-five percent of the tax imposed by this subsection for five years from the date of the first taxable production or from the date of the first taxable production after repowering from the unit. The board of county commissioners may, by resolution, grant to the operator of an electrical generating plant located within the county partial or complete exemption from the remaining

fifteen percent of the tax imposed by this subsection for a period not exceeding five years from the date of the first taxable production or from the date of the first taxable production after repowering from the unit. If a board of county commissioners grants a partial or complete exemption for a specific coal conversion facility under this subsection, the provisions of subsection 2 of section 57-60-14 do not apply as that subsection relates to revenue from the specific unit of the coal conversion facility for which the partial or complete exemption has been granted. Notwithstanding section 57-60-14, any tax collected from a unit subject to the exemption provided by this subsection must be allocated entirely to the county for allocation as provided in section 57-60-15. If a unit is incapable of generating electricity for eighteen consecutive months, the tax on that unit for taxable periods beginning after the eighteenth month must be reduced by the ratio that the cost of repair of the unit bears to the original cost of the unit. This reduced rate remains in effect until the unit is capable of generating electricity.

3. For electrical generating plants, in addition to the tax imposed by subsection 2, there is a tax at the rate of twenty-five one-hundredths of one mill on each kilowatt hour of electricity produced for the purpose of sale. For all electrical generating plants that begin construction or complete repowering, the production from the plants is exempt from the tax imposed by this subsection for five years from the date of the first taxable production or from the date of the first taxable production after repowering from the plant.
4. For coal gasification plants, the tax is the greater of either the amount provided in subsection 1 or thirteen and one-half cents on each one thousand cubic feet [28316.85 liters] of synthetic natural gas produced for the purpose of sale but not including any amount of synthetic natural gas in excess of one hundred ten million cubic feet per day.
5.
  - a. For all coal conversion facilities, other than electrical generating plants, the production from the facilities is exempt from eighty-five percent of the tax imposed by this section for a period of five years from the date of first taxable production from the facility. The operator of each facility applying for exemption under this subsection shall certify to the tax commissioner the date of first taxable production of the facility.
  - b. The board of county commissioners may, by resolution, grant to the operator of a coal conversion facility, other than an electrical generating plant, located within the county a partial or complete exemption from the remaining fifteen percent of tax imposed by this section for a period not exceeding five years from the date of the first taxable production from the facility. Notwithstanding the provisions of section 57-60-14, any tax collected which is based upon the production of a facility subject to the exemption provided by this subsection must be allocated entirely to the county for allocation as provided in section 57-60-15.
6. For coal beneficiation plants, the tax is twenty cents on each ton of two thousand pounds [907.18 kilograms] of beneficiated coal produced for the purpose of sale, or one and one-quarter percent of the gross receipts derived from such facility for the preceding month, whichever amount is greater. Any amount of beneficiated coal produced in excess of eighty percent of the design capacity of the coal beneficiation plant or produced for use within a coal conversion facility is exempt from such tax.

<sup>272</sup> **SECTION 2. AMENDMENT.** Section 57-60-02 of the North Dakota Century Code is amended and reenacted as follows:

**~~57-60-02. Imposition of taxes. (Effective after June 30, 2026, and through June 30, 2034)~~**

There is hereby imposed upon the operator of each coal conversion facility a tax paid monthly for the privilege of producing products of such coal conversion facility. The rate of the tax must be computed as follows:

- ~~1. For all coal conversion facilities, except as otherwise provided in this section, the tax is measured by the gross receipts derived from the facility for the preceding month and is in the amount of two percent of its gross receipts. Gross receipts derived from the sale of a capital asset are not subject to the tax imposed by this subsection.~~
- ~~2. For electrical generating plants, the tax is at a rate of sixty-five one hundredths of one mill times sixty percent of the installed capacity of each unit times the number of hours in the taxable period. All electrical energy generating units that begin construction or complete repowering are exempt from eighty-five percent of the tax imposed by this subsection for five years from the date of the first taxable production or from the date of the first taxable production after repowering from the unit. If a unit is incapable of generating electricity for eighteen consecutive months, the tax on that unit for taxable periods beginning after the eighteenth month must be reduced by the ratio that the cost of repair of the unit bears to the original cost of the unit. This reduced rate remains in effect until the unit is capable of generating electricity.~~
- ~~3. For electrical generating plants, in addition to the tax imposed by subsection 2, there is a tax at the rate of twenty-five one hundredths of one mill on each kilowatt hour of electricity produced for the purpose of sale. For all electrical generating plants that begin construction or complete repowering, the production from the plants is exempt from the tax imposed by this subsection for five years from the date of the first taxable production or from the date of the first taxable production after repowering from the plant.~~
- ~~4. For coal gasification plants, the tax is the greater of either the amount provided in subsection 1 or thirteen and one-half cents on each one thousand cubic feet [28316.85 liters] of synthetic natural gas produced for the purpose of sale but not including any amount of synthetic natural gas in excess of one hundred ten million cubic feet per day.~~
- ~~5. For all coal conversion facilities, other than electrical generating plants, the production from the facilities is exempt from eighty-five percent of the tax imposed by this section for a period of five years from the date of first taxable production from the facility. The operator of each facility applying for exemption under this subsection shall certify to the tax commissioner the date of first taxable production of the facility.~~
- ~~6. For coal beneficiation plants, the tax is twenty cents on each ton of two thousand pounds [907.18 kilograms] of beneficiated coal produced for the purpose of sale, or one and one-quarter percent of the gross receipts derived from such facility for the preceding month, whichever amount is greater. Any~~

<sup>272</sup> Section 57-60-02 was also amended by section 1 of House Bill No. 1279, chapter 574.



~~amount of beneficiated coal produced in excess of eighty percent of the design capacity of the coal beneficiation plant or produced for use within a coal conversion facility is exempt from such tax.~~

- ~~7. With the exception of the tax imposed under subsection 3, the board of county commissioners, by resolution, may grant the operator of a plant or facility located within the county a partial or complete exemption from up to fifteen percent of the tax imposed under this section for a period not to extend past June 30, 2031. If a board of county commissioners grants a partial or complete exemption for a specific plant or facility under this subsection, subsection 2 of section 57-60-14 does not apply. Notwithstanding section 57-60-14, any tax collected from a plant or facility subject to the exemption provided by this subsection must be allocated entirely to the county for allocation as provided in section 57-60-15.~~

**Imposition of taxes. (Effective after June 30, 2031)** There is hereby imposed upon the operator of each coal conversion facility a tax paid monthly for the privilege of producing products of such coal conversion facility. The rate of the tax must be computed as follows:

1. For all coal conversion facilities, except as otherwise provided in this section, the tax is measured by the gross receipts derived from the facility for the preceding month and is in the amount of two percent of its gross receipts. Gross receipts derived from the sale of a capital asset are not subject to the tax imposed by this subsection.
2. For electrical generating plants, the tax is at a rate of sixty-five one-hundredths of one mill times sixty percent of the installed capacity of each unit times the number of hours in the taxable period. All electrical energy generating units that begin construction or complete repowering are exempt from eighty-five percent of the tax imposed by this subsection for five years from the date of the first taxable production or from the date of the first taxable production after repowering from the unit. The board of county commissioners may, by resolution, grant to the operator of an electrical generating plant located within the county partial or complete exemption from the remaining fifteen percent of the tax imposed by this subsection for a period not exceeding five years from the date of the first taxable production or from the date of the first taxable production after repowering from the unit. If a board of county commissioners grants a partial or complete exemption for a specific coal conversion facility under this subsection, the provisions of subsection 2 of section 57-60-14 do not apply as that subsection relates to revenue from the specific unit of the coal conversion facility for which the partial or complete exemption has been granted. Notwithstanding section 57-60-14, any tax collected from a unit subject to the exemption provided by this subsection must be allocated entirely to the county for allocation as provided in section 57-60-15. If a unit is incapable of generating electricity for eighteen consecutive months, the tax on that unit for taxable periods beginning after the eighteenth month must be reduced by the ratio that the cost of repair of the unit bears to the original cost of the unit. This reduced rate remains in effect until the unit is capable of generating electricity.
3. For electrical generating plants, in addition to the tax imposed by subsection 2, there is a tax at the rate of twenty-five one-hundredths of one mill on each kilowatt hour of electricity produced for the purpose of sale. For all electrical generating plants that begin construction or complete

repowering, the production from the plants is exempt from the tax imposed by this subsection for five years from the date of the first taxable production or from the date of the first taxable production after repowering from the plant.

4. For coal gasification plants, the tax is the greater of either the amount provided in subsection 1 or thirteen and one-half cents on each one thousand cubic feet [28316.85 liters] of synthetic natural gas produced for the purpose of sale but not including any amount of synthetic natural gas in excess of one hundred ten million cubic feet per day.
5.
  - a. For all coal conversion facilities, other than electrical generating plants, the production from the facilities is exempt from eighty-five percent of the tax imposed by this section for a period of five years from the date of first taxable production from the facility. The operator of each facility applying for exemption under this subsection shall certify to the tax commissioner the date of first taxable production of the facility.
  - b. The board of county commissioners may, by resolution, grant to the operator of a coal conversion facility, other than an electrical generating plant, located within the county a partial or complete exemption from the remaining fifteen percent of tax imposed by this section for a period not exceeding five years from the date of the first taxable production from the facility. Notwithstanding the provisions of section 57-60-14, any tax collected which is based upon the production of a facility subject to the exemption provided by this subsection must be allocated entirely to the county for allocation as provided in section 57-60-15.
6. For coal beneficiation plants, the tax is twenty cents on each ton of two thousand pounds [907.18 kilograms] of beneficiated coal produced for the purpose of sale, or one and one-quarter percent of the gross receipts derived from such facility for the preceding month, whichever amount is greater. Any amount of beneficiated coal produced in excess of eighty percent of the design capacity of the coal beneficiation plant or produced for use within a coal conversion facility is exempt from such tax.

**SECTION 3. AMENDMENT.** Section 57-60-02.1 of the North Dakota Century Code is amended and reenacted as follows:

**57-60-02.1. Carbon dioxide capture credit - Reporting requirement.**

A coal conversion facility that achieves a twenty percent capture of carbon dioxide emissions during a taxable period is entitled to a twenty percent reduction in the state ~~general~~legacy fund share of the tax imposed under section 57-60-02 during that taxable period. The facility is entitled to an additional reduction of one percent of the state ~~general~~legacy fund share of the tax imposed under section 57-60-02 for every additional two percentage points of its capture of carbon dioxide emissions. A maximum fifty percent reduction of the state ~~general~~legacy fund share of the tax imposed under section 57-60-02 is allowed for eighty percent or more capture of carbon dioxide emissions. A coal conversion facility may receive the reduction in coal conversion tax under this section for ten years from the date of first capture of carbon dioxide emission or for ten years from the date the coal conversion facility is eligible to receive the credit. A coal conversion facility that met the carbon dioxide capture requirements before January 1, 2017, may not claim the reduction under this section.

The operator of a coal conversion facility that receives a credit under this section shall report annually to the legislative council. The report must include:

1. An overview of the carbon dioxide capture project.
2. A status report on the current state of the carbon dioxide capture project, including data on the amount of carbon dioxide produced from the facility before the carbon dioxide capture project and the current carbon dioxide produced and captured from the facility.
3. Any recent changes to enhance the carbon dioxide capture system.
4. Information on the status of federal law and regulations related to the carbon dioxide capture project, including any benefits from the project realized by the operator under federal law and regulations.

<sup>273</sup> **SECTION 4. AMENDMENT.** Section 57-60-02.2 of the North Dakota Century Code is amended and reenacted as follows:

**57-60-02.2. Coal conversion facility tax - Exemption - Lignite research tax - Imposition. (Effective ~~through~~after June 30, 2026, and through June 30, 2031)**

1. a. Excluding the generation tax imposed under subsection 3 of section 57-60-02, a coal conversion facility is ~~exempt from eighty-five percent~~entitled to a partial exemption from the coal conversion state share of the tax imposed under section 57-60-02 and ~~instead~~equal to:
  - (1) Ninety percent of the coal conversion state share for taxable production after June 30, 2026, and through June 30, 2027.
  - (2) Eighty percent of the coal conversion state share for taxable production after June 30, 2027, and through June 30, 2028.
  - (3) Seventy percent of the coal conversion state share for taxable production after June 30, 2028, and through June 30, 2029.
  - (4) Sixty percent of the coal conversion state share for taxable production after June 30, 2029, and through June 30, 2030.
  - (5) Thirty-five percent of the coal conversion state share for taxable production after June 30, 2030, and through June 30, 2031.
- b. The coal conversion facility shall pay a lignite research tax equal to eighty-five percent of the tax imposed under section 57-60-02 ~~before the application of the exemption under subdivision a,~~ multiplied by five percent.
- c. For purposes of this subsection, "coal conversion state share" means ~~eighty-five percent of the tax imposed under section 57-60-02, excluding the generation tax imposed under subsection 3 of section 57-60-02.~~
2. a. An electrical generating plant is ~~exempt from~~entitled to a partial exemption ~~from~~ the generation tax imposed under subsection 3 of section 57-60-02 and ~~instead~~equal to:

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<sup>273</sup> Section 57-60-02.2 was repealed by section 9 of House Bill No. 1279, chapter 574.

- (1) Ninety percent of the generating plant state share for taxable production after June 30, 2026, and through June 30, 2027.
  - (2) Eighty percent of the generating plant state share for taxable production after June 30, 2027, and through June 30, 2028.
  - (3) Seventy percent of the generating plant state share for taxable production after June 30, 2028, and through June 30, 2029.
  - (4) Sixty percent of the generating plant state share for taxable production after June 30, 2029, and through June 30, 2030.
  - (5) Thirty-five percent of the generating plant state share for taxable production after June 30, 2030, and through June 30, 2031.
- b. The electrical generating plant shall pay a lignite research tax equal to the tax imposed under subsection 3 of section 57-60-02 before the application of the exemption under subdivision a, multiplied by five percent.
  - c. For purposes of this subsection, the "generating plant state share" means one hundred percent of the generation tax imposed under subsection 3 of section 57-60-02.

<sup>274</sup> **SECTION 5. AMENDMENT.** Section 57-60-14 of the North Dakota Century Code is amended and reenacted as follows:

**57-60-14. Allocation of revenue - Continuing appropriation. (Effective throughafter June 30, 2026, and through June 30, 2031)**

1. At least quarterly, the state treasurer shall allocate:
  - a. The lignite research tax collections under section 57-60-02.2 to the lignite research fund for the purposes under section 57-61-01.5.
  - b. The remaining portion of the coal conversion state share after the exemption under section 57-60-02.2 to the legacy fund to become part of the principal of the legacy fund. For purposes of this subdivision, "coal conversion state share" has the same meaning as subsection 1 of section 57-60-02.2.
  - c. The remaining portion of the generating plant state share after the exemption under section 57-60-02.2 to the legacy fund to become part of the principal of the legacy fund. For purposes of this subdivision, "generating plant state share" has the same meaning as subsection 2 of section 57-60-02.2.
  - d. The remaining coal conversion tax collections under section 57-60-02 to the county.
2. Notwithstanding any other provision of law, the allocation under this section to each county may not be less in each calendar year than the amount certified to the state treasurer for each county under this section in the immediately preceding calendar year. For a county that has received less in a calendar

<sup>274</sup> Section 57-60-14 was also amended by section 6 of House Bill No. 1279, chapter 574.

year than the amount certified to the state treasurer for that county in the immediately preceding calendar year, not later than January tenth of the following year, the county auditor shall calculate the amount that is due under this subsection and submit a statement of the amount to the state treasurer. The state treasurer shall verify the stated amount and make the required payment under this subsection to the county, from collections received under section 57-60-02, not later than March first of the following year. The funds needed to make the distribution to counties under this subsection are appropriated on a continuing basis for making these payments. Money received by a county under this subsection must be distributed pursuant to section 57-60-15.

3. Notwithstanding any other provision of law, for a county in which is located a coal conversion facility that was not a coal conversion facility under this chapter before January 1, 2002, for years after 2002, subsection 2 applies to allocations to that county under this section, except that for a county described in this subsection, amounts received for any calendar year must be allocated by the county in the same manner property taxes for the facility were allocated for taxable year 2001.

**Allocation of revenue - Continuing appropriation. (Effective after June 30, 20262031)**

1. The state treasurer shall no less than quarterly allocate all moneys received from all coal conversion facilities in each county pursuant to the provisions of this chapter, fifteen percent to the county and eighty-five percent to the state ~~general fund~~, except moneys received from the tax imposed by subsection 3 of section 57-60-02, which must be ~~deposited in~~ allocated to the state general fund. ~~Five percent of all funds allocated to the state general fund pursuant to this chapter~~ From the amount allocated to the state under this subsection:
  - a. Five percent must be allocated to the lignite research fund, for the purposes defined in section 57-61-01.5; and
  - b. The remaining amount must be deposited in the legacy fund to become part of the principal of the legacy fund.
2. Notwithstanding any other provision of law, the allocation under this section to each county may not be less in each calendar year than the amount certified to the state treasurer for each county under this section in the immediately preceding calendar year. For a county that has received less in a calendar year than the amount certified to the state treasurer for that county in the immediately preceding calendar year, not later than January tenth of the following year, the county auditor shall calculate the amount that is due under this subsection and submit a statement of the amount to the state treasurer. The state treasurer shall verify the stated amount and make the required payment under this subsection to the county, from collections received under section 57-60-02, not later than March first of the following year. The funds needed to make the distribution to counties under this subsection are appropriated on a continuing basis for making these payments. Money received by a county under this subsection must be distributed pursuant to section 57-60-15.
3. Notwithstanding any other provision of law, for a county in which is located a coal conversion facility that was not a coal conversion facility under this chapter before January 1, 2002, for years after 2002, subsection 2 applies to

allocations to that county under this section, except that for a county described in this subsection, amounts received for any calendar year must be allocated by the county in the same manner property taxes for the facility were allocated for taxable year 2001.

<sup>275</sup> **SECTION 6. AMENDMENT.** Section 57-60-14 of the North Dakota Century Code is amended and reenacted as follows:

**~~57-60-14. Allocation of revenue — Continuing appropriation. (Effective after June 30, 2026, and through June 30, 2031)~~**

- ~~1. At least quarterly, the state treasurer shall allocate:~~
  - ~~a. The lignite research tax collections under section 57-60-02.2 to the lignite research fund for the purposes under section 57-61-01.5.~~
  - ~~b. The remaining portion of the coal conversion state share after the exemption under section 57-60-02.2 to the legacy fund to become part of the principal of the legacy fund. For purposes of this subdivision, "coal conversion state share" has the same meaning as subsection 1 of section 57-60-02.2.~~
  - ~~c. The remaining portion of the generating plant state share after the exemption under section 57-60-02.2 to the legacy fund to become part of the principal of the legacy fund. For purposes of this subdivision, "generating plant state share" has the same meaning as subsection 2 of section 57-60-02.2.~~
  - ~~d. The remaining coal conversion tax collections under section 57-60-02 to the county.~~
- ~~2. Notwithstanding any other provision of law, the allocation under this section to each county may not be less in each calendar year than the amount certified to the state treasurer for each county under this section in the immediately preceding calendar year. For a county that has received less in a calendar year than the amount certified to the state treasurer for that county in the immediately preceding calendar year, not later than January tenth of the following year, the county auditor shall calculate the amount that is due under this subsection and submit a statement of the amount to the state treasurer. The state treasurer shall verify the stated amount and make the required payment under this subsection to the county, from collections received under section 57-60-02, not later than March first of the following year. The funds needed to make the distribution to counties under this subsection are appropriated on a continuing basis for making these payments. Money received by a county under this subsection must be distributed pursuant to section 57-60-15.~~
- ~~3. Notwithstanding any other provision of law, for a county in which is located a coal conversion facility that was not a coal conversion facility under this chapter before January 1, 2002, for years after 2002, subsection 2 applies to allocations to that county under this section, except that for a county described in this subsection, amounts received for any calendar year must be allocated by the county in the same manner property taxes for the facility were allocated for taxable year 2001.~~

<sup>275</sup> Section 57-60-14 was also amended by section 5 of House Bill No. 1279, chapter 574.

**Allocation of revenue - Continuing appropriation. (~~Effective after June 30, 2031~~)**

1. The state treasurer shall no less than quarterly allocate all moneys received from all coal conversion facilities in each county pursuant to the provisions of this chapter, fifteen percent to the county and eighty-five percent to the state, except moneys received from the tax imposed by subsection 3 of section 57-60-02, which must be allocated to the state. From the amount allocated to the state under this subsection:
  - a. Five percent must be allocated to the lignite research fund, for the purposes defined in section 57-61-01.5; and
  - b. The remaining amount must be deposited in the legacy fund to become part of the principal of the legacy fund.
2. Notwithstanding any other provision of law, the allocation under this section to each county may not be less in each calendar year than the amount certified to the state treasurer for each county under this section in the immediately preceding calendar year. For a county that has received less in a calendar year than the amount certified to the state treasurer for that county in the immediately preceding calendar year, not later than January tenth of the following year, the county auditor shall calculate the amount that is due under this subsection and submit a statement of the amount to the state treasurer. The state treasurer shall verify the stated amount and make the required payment under this subsection to the county, from collections received under section 57-60-02, not later than March first of the following year. The funds needed to make the distribution to counties under this subsection are appropriated on a continuing basis for making these payments. Money received by a county under this subsection must be distributed pursuant to section 57-60-15.
3. Notwithstanding any other provision of law, for a county in which is located a coal conversion facility that was not a coal conversion facility under this chapter before January 1, 2002, for years after 2002, subsection 2 applies to allocations to that county under this section, except that for a county described in this subsection, amounts received for any calendar year must be allocated by the county in the same manner property taxes for the facility were allocated for taxable year 2001.

<sup>276</sup> **SECTION 7. AMENDMENT.** Section 57-61-01 of the North Dakota Century Code is amended and reenacted as follows:

**57-61-01. Severance tax upon coal - Imposition - In lieu of sales and use taxes - Payment to the tax commissioner. (Effective through June 30, ~~2026~~2031)**

1. There is hereby imposed upon all coal severed for sale or for industrial purposes by coal mines within the state a tax of thirty-seven and one-half cents per ton of two thousand pounds [907.18 kilograms]. The severance tax is in lieu of any sales or use taxes imposed by law. Each coal mine owner or operator shall remit the tax for each month, within twenty-five days after the end of each month, to the tax commissioner on reports and forms as the tax commissioner deems necessary. For the purposes of this chapter, commercial leonardite is taxed in the same manner as coal.

<sup>276</sup> Section 57-61-01 was also amended by section 8 of House Bill No. 1279, chapter 574.

2. The board of county commissioners, by resolution, may grant to the operator of a mine from which the coal or commercial leonardite is mined a partial or complete exemption from up to seventy percent of the tax imposed under this section for a period not to extend past June 30, ~~2026~~**2031**. Any tax revenue exceeding thirty percent of the tax imposed under this subsection must be allocated to the county under subsection 3 of section 57-62-02.

**Severance tax upon coal - Imposition - In lieu of sales and use taxes - Payment to the tax commissioner. (Effective after June 30, ~~2026~~**2031**)** There is hereby imposed upon all coal severed for sale or for industrial purposes by coal mines within the state a tax of thirty-seven and one-half cents per ton of two thousand pounds [907.18 kilograms]. The severance tax is in lieu of any sales or use taxes imposed by law. Each coal mine owner or operator shall remit the tax for each month, within twenty-five days after the end of each month, to the tax commissioner on reports and forms as the tax commissioner deems necessary. For the purposes of this chapter, commercial leonardite is taxed in the same manner as coal.

<sup>277</sup> **SECTION 8. AMENDMENT.** Section 57-61-01 of the North Dakota Century Code is amended and reenacted as follows:

**~~57-61-01. Severance tax upon coal - Imposition - In lieu of sales and use taxes - Payment to the tax commissioner. (Effective through June 30, 2031)~~**

- ~~1. There is hereby imposed upon all coal severed for sale or for industrial purposes by coal mines within the state a tax of thirty seven and one half cents per ton of two thousand pounds [907.18 kilograms]. The severance tax is in lieu of any sales or use taxes imposed by law. Each coal mine owner or operator shall remit the tax for each month, within twenty five days after the end of each month, to the tax commissioner on reports and forms as the tax commissioner deems necessary. For the purposes of this chapter, commercial leonardite is taxed in the same manner as coal.~~
- ~~2. The board of county commissioners, by resolution, may grant to the operator of a mine from which the coal or commercial leonardite is mined a partial or complete exemption from up to seventy percent of the tax imposed under this section for a period not to extend past June 30, 2031. Any tax revenue exceeding thirty percent of the tax imposed under this subsection must be allocated to the county under subsection 3 of section 57-62-02.~~

**Severance tax upon coal - Imposition - In lieu of sales and use taxes - Payment to the tax commissioner. (Effective after June 30, **2031**)** There is hereby imposed upon all coal severed for sale or for industrial purposes by coal mines within the state a tax of thirty-seven and one-half cents per ton of two thousand pounds [907.18 kilograms]. The severance tax is in lieu of any sales or use taxes imposed by law. Each coal mine owner or operator shall remit the tax for each month, within twenty-five days after the end of each month, to the tax commissioner on reports and forms as the tax commissioner deems necessary. For the purposes of this chapter, commercial leonardite is taxed in the same manner as coal.

<sup>278</sup> **SECTION 9. REPEAL.** Section 57-60-02.2 of the North Dakota Century Code is repealed.

<sup>277</sup> Section 57-61-01 was also amended by section 7 of House Bill No. 1279, chapter 574.

<sup>278</sup> Section 57-60-02.2 was amended by section 4 of House Bill No. 1279, chapter 574.



**SECTION 10. EFFECTIVE DATE.** Section 7 of this Act is effective for taxable production beginning after June 30, 2025. Sections 1, 3, 4, and 5 of this Act are effective for taxable production beginning after June 30, 2026.

**SECTION 11. CONTINGENT EFFECTIVE DATE.** Sections 2, 6, 8, and 9 of this Act become effective on the date the tax commissioner certifies to the legislative council that the production tax credit for electricity from renewables under section 45 of the Internal Revenue Code [26 U.S.C. 45] and the clean electricity production tax credit under section 45Y of the Internal Revenue Code [26 U.S.C. 45Y] have been repealed, if the certification is received before June 30, 2031.

Approved May 5, 2025

Filed May 6, 2025