

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1474

Introduced by

Representatives Toman, Dockter, Kasper, Schatz, Steiner, VanWinkle, Koppelman, D.
Johnston, Louser

Senators Meyer, Castaneda, Paulson

1 ~~A BILL for an Act to create and enact a new section to chapter 57-02, a new chapter to title 57,~~
2 ~~a new section to chapter 57-09, a new section to chapter 57-11, two new sections to chapter~~
3 ~~57-12, two new sections to chapter 57-13, and a new section to chapter 57-15 of the North~~
4 ~~Dakota Century Code, relating to imposition of a square footage tax on residential property,~~
5 ~~provision of a solar or wind energy device or geothermal device credit and new single-family,~~
6 ~~condominium, and townhouse residential property credit, duties of the state and county boards~~
7 ~~of equalization, application of mill levy limits, and valuation requirements; to amend and reenact~~
8 ~~sections 11-23-05, 11-28.3-03, 11-28.3-04, and 11-28.3-09, subsection 2 of section 11-28.3-17,~~
9 ~~subsection 4 of section 15.1-27-04.1, sections 18-10-07, 18-10-12.1, 40-40-06, 40-40-10, and~~
10 ~~40-58-20, subsection 2 of section 40-58-20.2, sections 57-02-11, 57-02-51, 57-02-52, 57-09-04,~~
11 ~~57-11-03, 57-15-02, 57-15-02.2, 57-15-05, 57-15-07, 57-15-11, 57-15-13, 57-15-31, 57-15-31.1,~~
12 ~~57-20-01, 57-20-01.1, 57-20-02, 57-20-03, 57-20-04, 57-20-07.1, 57-20-09, 57-20-10, and~~
13 ~~57-20-21.1, subdivision a of subsection 1 of section 57-23-04, section 57-23-06, subsection 2 of~~
14 ~~section 57-28-03, subdivision c of subsection 1 of section 57-28-20, and sections 57-28-26,~~
15 ~~57-55-01.2, 57-55-04, 57-55-04.1, 57-55-05, and 61-24-09 of the North Dakota Century Code,~~
16 ~~relating to imposition of a square footage tax on residential property, application of certain~~
17 ~~property tax incentives to the square footage tax, duties of state and local equalization boards,~~
18 ~~determination of taxing district budgets and tax levies, the determination of school state aid~~
19 ~~payments, and imposition of a square footage tax on mobile homes; to repeal subsection 35 of~~
20 ~~section 57-02-08 of the North Dakota Century Code, relating to a property tax exemption for~~
21 ~~new single-family, condominium, and townhouse residential property; to provide a penalty; and~~

1 ~~to provide an effective date for an Act to provide for a legislative management study of property~~
2 ~~tax reform for residential property.~~

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

4 ~~— **SECTION 1. AMENDMENT.** Section 11-23-05 of the North Dakota Century Code is~~
5 ~~amended and reenacted as follows:~~

6 ~~— **11-23-05. Computing amount of levy.**~~

7 ~~— 1. The amount which the board of county commissioners shall levy as the county~~
8 ~~ad valorem tax shall be computed by adding together the amounts of the annual~~
9 ~~appropriation and of that part of any special appropriation which is to be raised by~~
10 ~~taxation and deducting therefrom so much of the probable receipts from all sources,~~
11 ~~including square footage tax levied under section 18 of this Act, except loans, and so~~
12 ~~much of the unappropriated balance in the county treasury at the close of the auditor's~~
13 ~~books for the previous year as the board deems advisable.~~

14 ~~— 2. The board, on or before the October meeting required by section 11-11-05, shall~~
15 ~~determine the amount of ad valorem taxes that shall be levied for county purposes and~~
16 ~~the square footage tax rate for purposes of the tax under section 18 of this Act and~~
17 ~~shall levy all such taxes in specific amounts.~~

18 ~~— **SECTION 2. AMENDMENT.** Section 11-28.3-03 of the North Dakota Century Code is~~
19 ~~amended and reenacted as follows:~~

20 ~~— **11-28.3-03. Notice of election.**~~

21 ~~— In addition to the usual requirements of notices of election, the notice for an election at~~
22 ~~which the question provided for in this chapter will be voted upon must include a statement~~
23 ~~describing the boundaries of the proposed rural ambulance service district, expressed,~~
24 ~~wherever possible, in terms of the government survey, a statement setting forth a maximum~~
25 ~~allowed mill levy and square footage tax rate for the proposed district, which levy may not~~
26 ~~exceed the limitation in section 11-28.3-09. The notice of election also must state the voting~~
27 ~~areas in which the question provided by this chapter will be on the ballot.~~

28 ~~— **SECTION 3. AMENDMENT.** Section 11-28.3-04 of the North Dakota Century Code is~~
29 ~~amended and reenacted as follows:~~

~~11-28.3-04. Form of ballot - Vote required to approve.~~

~~1. The ballot on the question of forming a rural ambulance service district must be in substantially the following form:~~

~~Shall (name of taxing district or districts) levy a tax for the purpose of forming a rural ambulance district of not to exceed _____ mills for the purpose of forming a rural ambulance district commercial, agricultural, and centrally assessed property, \$ _____ per residential land square foot, and \$ _____ per residential structure square foot?~~

~~Yes~~

~~No~~

~~2. The square footage tax rates must be determined in accordance with the requirements of section 18 of this Act.~~

~~3. If a majority of all the votes cast on the question of levying a tax and forming a rural ambulance service district are in favor of such a tax levy, then the formation of the district is approved.~~

~~SECTION 4. AMENDMENT. Section 11-28.3-09 of the North Dakota Century Code is amended and reenacted as follows:~~

~~11-28.3-09. Emergency medical service policy - Levy - Financial report.~~

~~1. The board of directors shall establish a general emergency medical service policy for the district and annually shall estimate the probable expense for carrying out that policy. The estimate must be certified by the president and secretary to the proper county auditor or county auditors, on or before August tenth of each year. In the year for which the levy is sought, a board of directors of a rural ambulance service district seeking approval of a property tax levy under this chapter shall file with the county auditor of the counties within the rural ambulance service district, at a time and in a format prescribed by the county auditors, a financial report for the preceding calendar year showing the ending balances of each fund held by the rural ambulance service district during that year. The board or boards of county commissioners may levy a tax not to exceed the mill rate and square footage rates approved by the electors of the district under section 11-28.3-04. If the board wishes to levy a tax in excess of that approved by the electors, the board, upon its own motion, may place the question of~~

1 ~~increasing the maximum allowable mill levy and square footage rates for the electors-~~
2 ~~to approve at a regular or special election. The amount of ad valorem tax levied under~~
3 ~~this section may not exceed a mill rate of fifteen mills upon the taxable property within~~
4 ~~the district for the maintenance of the rural ambulance service district for the fiscal~~
5 ~~year as provided by law.~~

6 ~~2. The tax levied for a rural ambulance service district must be:~~

7 ~~a. Collected as other taxes are collected in the county.~~

8 ~~b. Deposited by the secretary-treasurer in a bank or credit union account.~~

9 ~~c. Paid out upon warrants drawn upon the district account by authority of the board~~
10 ~~of directors of the district, bearing the signature of the secretary-treasurer and the~~
11 ~~countersignature of the president.~~

12 ~~3. The amount of the tax levy, including ad valorem taxes and square footage taxes~~
13 ~~authorized under section 18 of this Act, may not exceed the amount of funds required~~
14 ~~to defray the expenses of the district for a period of one year as embraced in the~~
15 ~~annual estimate of expense, including the amount of principal and interest upon the~~
16 ~~indebtedness of the district for the ensuing year. The district may include in its~~
17 ~~operating budget no more than ten percent of its annual operating budget as a~~
18 ~~depreciation expense to be set aside in a dedicated emergency medical services~~
19 ~~sinking fund deposited with the treasurer for the replacement of equipment and~~
20 ~~ambulances. The ten percent emergency medical services sinking fund may be in~~
21 ~~addition to the actual annual operating budget, but the total of the annual operating~~
22 ~~budget and the annual ten percent emergency medical services sinking fund shall not~~
23 ~~exceed the amount of revenue that would be generated by application of the~~
24 ~~maximum mill levy and square footage rates approved by the electors.~~

25 ~~4. If an ambulance operations area identified by the department of health and human~~
26 ~~services under section 23-27-01 is situated, in whole or in part, within the boundaries~~
27 ~~of a rural ambulance service district formed under this chapter, and the district does~~
28 ~~not provide emergency medical services to the territory in the ambulance operations~~
29 ~~area, whether directly or through a contract under section 11-28.3-12, the property~~
30 ~~situated in the ambulance operations area which does not receive emergency medical~~
31 ~~services from the district is exempt from the district's tax levy under this section.~~

1 Changes to the ambulance operations area will not impact the district under this
2 section until the subsequent tax year. The excluded territory remains responsible and
3 must discharge its proportionate share of outstanding obligations pursuant to the
4 procedure under section 11-28.3-17.

5 ~~SECTION 5. AMENDMENT.~~ Subsection 2 of section 11-28.3-17 of the North Dakota
6 Century Code is amended and reenacted as follows:

7 ~~2. Mill levies~~Levies imposed under section 11-28.3-09 remain in effect until the
8 proportionate share of outstanding obligations are paid.

9 ~~SECTION 6. AMENDMENT.~~ Subsection 4 of section 15.1-27-04.1 of the North Dakota
10 Century Code, as effective after June 30, 2025, is amended and reenacted as follows:

11 ~~4.~~ After determining the product in accordance with subsection 3, the superintendent of
12 public instruction shall:

13 ~~a.~~ Subtract an amount equal to sixty mills multiplied by the taxable valuation of all
14 property classifications in the school district in taxable year 2025; and

15 ~~b.~~ Subtract an amount equal to seventy-five percent of all revenue types listed in
16 subdivisions c and d of subsection 1. Before determining the deduction for
17 seventy-five percent of all revenue types, the superintendent of public instruction
18 shall adjust revenues as follows:

19 ~~(1)~~ Tuition revenue shall be adjusted as follows:

20 ~~(a)~~ In addition to deducting tuition revenue received specifically for the
21 operation of an educational program provided at a residential
22 treatment facility, tuition revenue received for the provision of an adult
23 farm management program, tuition received for the education of
24 high-cost and special education students, and tuition received under
25 an agreement to educate students from a school district on an
26 air force base with funding received through federal impact aid as
27 directed each school year in paragraph 3 of subdivision c of
28 subsection 1, the superintendent of public instruction also shall reduce
29 the total tuition reported by the school district by the amount of tuition
30 revenue received for the education of students not residing in the

1 state and for which the state has not entered a cross-border education
2 contract; and

3 ~~———— (b) The superintendent of public instruction also shall reduce the total
4 tuition reported by admitting school districts meeting the requirements
5 of subdivision e of subsection 2 of section 15.1-29-12 by the amount
6 of tuition revenue received for the education of students residing in an
7 adjacent school district.~~

8 ~~———— (2) After adjusting tuition revenue as provided in paragraph 1, the
9 superintendent shall reduce all remaining revenues from all revenue types
10 by the percentage of mills levied in 2022 by the school district for sinking
11 and interest relative to the total mills levied in 2022 by the school district for
12 all purposes.~~

13 ~~———— **SECTION 7. AMENDMENT.** Section 18-10-07 of the North Dakota Century Code is
14 amended and reenacted as follows:~~

15 ~~———— **18-10-07. Fire protection policy to be determined – Financial report – Tax levy limit –
16 Vote-approved ad valorem levy authority.**~~

17 ~~———— 1. The board of directors shall determine a general fire protection policy for the district
18 and shall annually estimate the probable expense for carrying out the contemplated
19 program. The annual estimate of probable expense may include an amount
20 determined by the board of directors to be necessary to be carried over to a future
21 year for purchase of firefighting equipment, ambulances, or other emergency vehicles.
22 The estimate must be certified by the president and secretary to the proper county
23 auditor or county auditors, on or before June thirtieth of each year, who shall levy a
24 tax, including ad valorem tax and square footage tax as authorized under section 18 of
25 this Act, upon the taxable property within the district for the maintenance of the fire-
26 protection district for the fiscal year as provided by law.~~

27 ~~———— 2. In the year for which the levy is sought, a board of directors of a rural fire protection
28 district seeking approval of a property tax levy under this chapter must file with the
29 county auditor of the counties within the rural fire district, at a time and in a format
30 prescribed by the county auditors, a financial report for the preceding calendar year~~

1 showing the ending balances of each fund held by the rural fire protection district
2 during that year.

3 ~~3. The ad valorem tax may not exceed a tax rate of five mills per dollar of the taxable-~~
4 ~~valuation of property in the district except upon resolution adopted by the board of~~
5 ~~directors and approval by a majority of the qualified electors voting on the question at~~
6 ~~an annual or special meeting of electors called by the board of directors, the~~
7 ~~ad valorem levy may be made in an amount not exceeding thirteen mills. If an election~~
8 ~~to approve or reauthorize an excess ad valorem tax levy will be held at an annual or~~
9 ~~special meeting of electors of the district called by the board of directors, notice of the~~
10 ~~meeting and the proposed excess ad valorem levy election must be provided by at~~
11 ~~least one publication in the official newspaper of each county in which the district is~~
12 ~~located at least seven days, but not more than fourteen days, before the date of the~~
13 ~~public meeting. The published notice must include the amount of the proposed~~
14 ~~ad valorem tax rate increase in mills and the duration for which elector approval of the~~
15 ~~increase is sought and must include the location where, and hours during which,~~
16 ~~ballots may be cast.~~

17 ~~4. Votes to approve or disapprove the ad valorem levy increase must be cast on the date~~
18 ~~of the meeting. The polling place must remain open for at least six hours on the date~~
19 ~~of the meeting. The secretary-treasurer of the district shall prepare and distribute to~~
20 ~~qualified electors at the polling place paper ballots to conduct the election on the~~
21 ~~question of increased ad valorem levy authority. Three election judges to receive and~~
22 ~~count the ballots, who are qualified electors of the district but not members of the~~
23 ~~board, must be selected at least seven days before the meeting by approval of a~~
24 ~~majority of the members of the board. A marked ballot must be delivered to one of the~~
25 ~~judges, folded to conceal its contents, the judge shall deposit it in the ballot box, and~~
26 ~~another judge shall enter the name of the elector who cast the ballot in the pollbook.~~
27 ~~When the election is closed, the judges shall count the ballots and announce the~~
28 ~~result. Results of the election must be certified by the secretary-treasurer of the district~~
29 ~~and each of the election judges to the tax commissioner and to the county auditor of~~
30 ~~each county in which the district is located within ten days after the election. The~~
31 ~~certificate must include a statement of the question as it appeared on the ballot,~~

1 together with the total number of votes cast in favor, and the number of votes cast
2 against, authorizing the excess ad valorem levy.

3 ~~5.~~ After July 31, 2015, approval or reauthorization by electors of increased ad valorem
4 levy authority under this section may not be effective for more than ten taxable years
5 or the period of time necessary for repayment of indebtedness incurred which was
6 intended to be repaid from the increased ad valorem levy, whichever expires later.
7 Additional ad valorem levy authority authorized by the board of directors after petition
8 of electors before August 1, 2015, remains in effect under the provisions of law at the
9 time the levy was authorized for the time period authorized by the electors but not
10 exceeding ten taxable years or the period of time necessary for repayment of
11 indebtedness incurred which was intended to be repaid from the increased levy,
12 whichever expires later.

13 ~~6.~~ The ad valorem tax and square footage tax levied under section 18 of this Act must
14 be:

15 ~~1.a.~~ Collected as other taxes are collected in the county.

16 ~~2.b.~~ Turned over to the secretary-treasurer of the rural fire protection district, who
17 shall have a surety bond in the amount of at least five thousand dollars.

18 ~~3.c.~~ Placed to the credit of the rural fire protection district so authorizing the same by
19 its secretary-treasurer in a state or national bank, except amounts to be carried
20 over to a future year for purchase of firefighting equipment, ambulances, or other
21 emergency vehicles may be invested to earn the maximum return available.

22 ~~4.d.~~ Paid out upon warrants drawn upon the fund by authority of the board of directors
23 of the district, bearing the signature of the secretary-treasurer and the
24 countersignature of the president of the rural fire protection district.

25 ~~7.~~ The amount of tax levy, including ad valorem taxes and square footage taxes, may not
26 exceed the amount of funds required to defray the expenses of the district for a period
27 of one year as embraced in the annual estimate of expense, including the amount of
28 principal and interest upon the indebtedness of the district for the ensuing year and
29 including any amount determined by the board of directors to be necessary to be
30 carried over to a future year for purchase of firefighting equipment, ambulances, or
31 other emergency vehicles.

1 ~~— **SECTION 8. AMENDMENT.** Section 18-10-12.1 of the North Dakota Century Code is~~
2 ~~amended and reenacted as follows:~~

3 ~~— **18-10-12.1. Withdrawal from rural fire protection district.**~~

4 ~~— Any person having an ownership interest in property subject to a millan ad valorem or~~
5 ~~square footage tax levy as provided for in section 18-10-07 and wishing to withdraw such~~
6 ~~property from the rural fire protection district may do so as provided in this section, subject to~~
7 ~~the following restrictions:~~

8 ~~— 1. The territory to be withdrawn from the district must border on the outer boundary of the~~
9 ~~district.~~

10 ~~— 2. The territory to be withdrawn from the district remains subject to and chargeable for~~
11 ~~the payment and discharge of the proportion of obligations outstanding at the time of~~
12 ~~filing the petition for the withdrawal of the territory that the taxable valuation of property~~
13 ~~in the territory to be withdrawn bears to the taxable valuation of all property within the~~
14 ~~district prior to withdrawal.~~

15 ~~— 3. Mill levies Levies imposed under section 18-10-07 remain in effect until the~~
16 ~~proportionate share of outstanding obligations are paid.~~

17 ~~— 4. The proceedings for withdrawal must be initiated by the filing of a petition with the~~
18 ~~appropriate county auditor or auditors signed by the fee title holders of sixty percent of~~
19 ~~the surface acreage in the territory sought to be withdrawn and contain a description of~~
20 ~~the boundaries of the territory sought to be withdrawn and a map or plat illustrating~~
21 ~~such area.~~

22 ~~— 5. The county auditor shall verify from the tax schedules and determine whether the~~
23 ~~petition complies with the requirements of subsection 4.~~

24 ~~— 6. The county auditor shall determine and certify the respective percentage proportions~~
25 ~~of the taxable valuation of the territory petitioned to be withdrawn to the taxable~~
26 ~~valuation of all property in the district prior to withdrawal to the board of directors of the~~
27 ~~district concerned.~~

28 ~~— 7. Within twenty days after receipt of the petition, verification, and computation of~~
29 ~~respective percentage proportions, the board of directors of the district concerned~~
30 ~~shall attach to the petition a statement of outstanding obligations of the district and~~
31 ~~shall forward the petition to the appropriate board or boards of county commissioners.~~

1 ~~8. The board or boards of county commissioners shall, at a regular meeting, compute the~~
2 ~~indebtedness proportionately assignable to the territory sought to be withdrawn, and~~
3 ~~shall, by written order, describe the boundaries of the territory withdrawn and the~~
4 ~~indebtedness of the district assigned to the territory and subject to continued levy~~
5 ~~under section 18-10-07. The order and computation must be filed in the office of the~~
6 ~~county auditor or auditors.~~

7 ~~9. The annual estimate required under section 18-10-07 must reflect the annual expense~~
8 ~~of retiring principal and interest upon the proportionate share of district indebtedness~~
9 ~~assigned to withdrawn territory.~~

10 ~~**SECTION 9. AMENDMENT.** Section 40-40-06 of the North Dakota Century Code is~~
11 ~~amended and reenacted as follows:~~

12 ~~**40-40-06. Notice of preliminary budget statement – Contents – How given.**~~

13 ~~1. On or before August tenth of each year, after the governing body has prepared the~~
14 ~~preliminary budget statement, the auditor of the municipality shall:~~

15 ~~a. Provide the county auditor with a copy of the preliminary budget statement.~~

16 ~~b. Set a public budget hearing date no earlier than September seventh and no later~~
17 ~~than October seventh for the purpose of adopting the final budget and square~~
18 ~~footage tax rates for purposes of the tax authorized under section 18 of this Act~~
19 ~~and making the annual ad valorem and square footage tax levy.~~

20 ~~c. Provide notice of the public budget and proposed square footage tax rate hearing~~
21 ~~date to the county auditor.~~

22 ~~2. For municipalities anticipating levying a square footage tax or less than one hundred~~
23 ~~thousand dollars in ad valorem tax levies in the current year, the notice must:~~

24 ~~a. Contain a statement of the proposed square footage tax rate and the total~~
25 ~~proposed expenditures for each fund in the preliminary budget, but need not~~
26 ~~contain any detailed statement of the proposed expenditures;~~

27 ~~b. Be published at least once, not less than six days prior to the budget hearing, in a~~
28 ~~newspaper published in the municipality, if there is one, and if no newspaper is~~
29 ~~published in the municipality, the notice must be published not less than six days~~
30 ~~prior to the meeting in the official city newspaper as provided by section~~
31 ~~40-01-09; and~~

1 ~~_____ c. Provide that any taxpayer may appear and discuss with the governing body the~~
2 ~~proposed square footage tax rates or any item of proposed expenditures, or may~~
3 ~~object to any item or, amount, or rate.~~

4 ~~— **SECTION 10. AMENDMENT.** Section 40-40-10 of the North Dakota Century Code is~~
5 ~~amended and reenacted as follows:~~

6 ~~— **40-40-10. Certified copies of levy and final budget sent to county auditor.**~~

7 ~~— Immediately after the completion of the final budget, square footage tax rates for purposes~~
8 ~~of the tax under section 18 of this Act, and the adoption of the annual ad valorem and square~~
9 ~~footage tax levy by the governing body of a municipality in accordance with the provisions of~~
10 ~~this chapter, and in no case later than October tenth, the auditor of the municipality shall send to~~
11 ~~the county auditor a certified copy of the levy and square footage tax rates for purposes of the~~
12 ~~tax under section 18 of this Act as adopted and a certified copy of the final budget.~~

13 ~~— **SECTION 11. AMENDMENT.** Section 40-58-20 of the North Dakota Century Code is~~
14 ~~amended and reenacted as follows:~~

15 ~~— **40-58-20. Tax increment financing.**~~

16 ~~— 1. At any time after the governing body of a municipality has approved a development or~~
17 ~~renewal plan for any development or renewal area and has filed that plan with the~~
18 ~~department of commerce division of community services, it may request the county~~
19 ~~auditor and treasurer to compute, certify, and remit tax increments resulting from the~~
20 ~~development or renewal of the area in accordance with the plan and any modifications~~
21 ~~thereof, and the county auditor and treasurer shall do so in accordance with this~~
22 ~~section.~~

23 ~~— a. For a tax increment district established before July 1, 2011, the base year for tax~~
24 ~~increments computed for a development or renewal area under this section or~~
25 ~~section 40-58-20.1 may not be used for more than twenty-five taxable years~~
26 ~~without the governing body of the municipality establishing a new base year~~
27 ~~using taxable values, established as of February first of the following year, or~~
28 ~~square footage taxes levied in the following taxable year, which are not more~~
29 ~~than fifteen years old. Regardless of length of the initial district, the new base~~
30 ~~year may be used to compute tax increments for up to an additional fifteen years~~
31 ~~after which time the tax increment district must be closed, except that the original~~

1 base year for tax increments pledged for an indebtedness incurred before July 1,
2 2011, may continue until the indebtedness is paid.

3 ~~b. For a tax increment district established after July 1, 2011, the base year for tax~~
4 ~~increments computed for a development or renewal area under this section or~~
5 ~~section 40-58-20.1 may not be used for more than twenty-five taxable years~~
6 ~~without the governing body of the municipality establishing a new base year~~
7 ~~using taxable values, established as of February first of the following year, or~~
8 ~~square footage taxes levied in the following taxable year, which are not more-~~
9 ~~than fifteen years old. The new base year may be used to compute tax~~
10 ~~increments for up to an additional five years after which time the tax increment~~
11 ~~district must be closed.~~

12 ~~2. Notwithstanding any other provision in this section, for a tax increment district~~
13 ~~established before January 1, 2026, the tax increment or tax losses must be~~
14 ~~calculated as the difference between the square footage tax and ad valorem tax levied~~
15 ~~in dollars against the lots and parcels of real estate in the district in the current taxable~~
16 ~~year and the amount of ad valorem property tax levied in dollars against the original~~
17 ~~taxable value of the lots and parcels of real estate in the district in taxable year 2025.~~
18 ~~For purposes of this subsection, "original taxable value" means the taxable value of~~
19 ~~the lots and parcels of real estate in the year the tax increment district was~~
20 ~~established.~~

21 ~~3. For a tax increment district established on or after January 1, 2026:~~

22 ~~a. The auditor shall compute and certify the original taxable value of square footage~~
23 ~~tax or ad valorem tax levied in dollars against each lot and parcel of real estate in~~
24 ~~the area, as last assessed and equalized levied before the date of the request,~~
25 ~~including the taxable value of tax levied against any lot or parcel previously~~
26 ~~acquired by the municipality or its urban renewal agency, as last assessed and~~
27 ~~equalized taxed before it was acquired. However, any real property acquired by~~
28 ~~the city or the city's urban renewal agency prior to July 1, 1973, or more than five~~
29 ~~years prior to the approval of a development or renewal plan for any development~~
30 ~~or renewal area, whichever is later, is deemed to have an original taxable value~~
31 ~~of a zero tax levy and the county auditor shall so certify.~~

1 ~~3. b.~~ In each subsequent year, the auditor shall compute and certify the net amount by
2 which the original taxable value of square footage tax and ad valorem tax levied
3 in dollars against all lots and parcels of real estate in the area, as then assessed
4 and equalized~~levied~~, including real estate then held by the municipality or urban
5 renewal agency valued~~taxed~~ at zero, has increased or decreased in comparison
6 with the original taxable value of all suchsquare footage tax and ad valorem tax
7 levied in dollars against the real estate. The net amount of the increase or
8 decrease is referred to in this section as the incremental value~~tax increment~~ or
9 the lost value~~tax losses~~ for that year, as the case may be~~respectively~~.

10 ~~4.~~ In any year when there is an incremental value, the auditor shall exclude it from the
11 taxable value upon which the auditor computes the mill rates of taxes levied in that
12 year by the state, the county, the municipality, the school district, and every other
13 political subdivision having power to tax the development or renewal area, until the
14 cost of development or renewal of the area has been reimbursed in accordance with
15 this section. However, the auditor shall extend the aggregate mill rate of those taxes
16 against the incremental value as well as the original taxable value, and the amount of
17 taxes received from that extension against the incremental value is referred to in this
18 section as the tax increment for that year.

19 ~~5.~~ In any year when there is a lost value, the auditor shall compute and certify the
20 amounts of taxes which would have resulted from the extension against the lost value
21 of the mill rate of taxes levied that year by the state and each political subdivision
22 having power to tax the development or renewal area. The amounts so computed are
23 referred to in this section as the tax losses for that year.

24 ~~6.~~ The county auditor shall segregate all tax increments from the development or renewal
25 area in a special fund, crediting to the fund an amount equal to the tax increment, in
26 each year when there is an incremental value, that proportion of each collection of
27 taxes on real estate within the area which the incremental value bears to the total
28 taxable value in that year~~a tax increment~~.

29 ~~7.5.~~ Upon receipt of any tax increments in the fund, the county treasurer, at the times when
30 the county treasurer distributes collected taxes to the state and to each political
31 subdivision for which a tax loss has previously been recorded, shall also remit to each

1 of them from the tax increment fund an amount proportionate to the amount of that tax
2 loss, until all those tax losses have been reimbursed. Thereafter, at the time of each
3 distribution, the county treasurer shall remit the entire balance then on hand in the
4 fund to the municipality, until the cost of development or renewal of the area has been
5 reimbursed to the municipality as provided in this section.

6 ~~8.6.~~ The cost of development or renewal subject to reimbursement from the tax increment
7 fund for each development or renewal area must include all expenditures incident to
8 carrying out the development or renewal plan for the area and any modifications
9 thereof, not otherwise reimbursed in one of the ways referred to below, including all
10 expenses of the clearance, development, redevelopment, rehabilitation, and
11 conservation of the area, and all interest and redemption premiums paid on bonds,
12 notes, or other obligations issued by the municipality or urban renewal agency to
13 provide funds for payment of those expenses, subject to section 40-58-20.1 for the
14 purpose of determining eligible cost of development of industrial or commercial
15 property. From the total cost to be reimbursed there must be deducted, except as
16 provided below, all amounts received from the federal government or others, and all
17 special assessments, revenues, and other receipts except property taxes, which are
18 actually collected and applied to the payment of the cost of the bonds, notes, or other
19 obligations, at the times when those payments are due. However, if the proceeds of
20 tax increments or of bonds, notes, or other obligations are loaned to finance part or all
21 of the cost of a project comprising the restoration, reconstruction, and improvement of
22 a privately owned state historical site situated within the development or renewal area
23 or any buildings or structures thereon, as contemplated in section 55-10-08, or of a
24 property listed in the national register of historic places, as contemplated in section
25 55-10-11, in consideration of the grant to the city of a historic easement with respect
26 thereto, repayments of the loan may not be deducted from the cost of development or
27 renewal subject to reimbursement.

28 ~~9.7.~~ The tax increments from any development or renewal area may be appropriated by
29 the governing body of the municipality for the payment of any general obligation
30 bonds, special improvement warrants, or refunding improvement bonds issued by the
31 municipality to provide funds for payment of the cost of development or renewal,

1 together with interest and redemption premiums thereon, other than that portion, if
2 any, of such principal, interest, and redemption premiums which can be paid when due
3 from collections of special assessments, revenues, or other funds, excluding property
4 taxes, which are pledged for the payment thereof. When special improvement
5 warrants or refunding improvement bonds are issued to pay the cost of public
6 improvements of special benefit to properties within the development or renewal area,
7 the governing body may cause those special benefits to be computed, together with
8 the cost properly assessable against those properties, and may appropriate the tax
9 increments from the area to the payment of that cost, in lieu of levying special
10 assessments upon the property. In this event, the amount so appropriated, divided into
11 the same number of installments as the special assessments and with interest at the
12 same rate on the declining balance thereof, is deemed a part of the special
13 assessments appropriated for payment of the cost, within the meaning of section
14 40-26-08.

15 ~~10.8.~~ When the cost of development or renewal of any development or renewal area has
16 been fully paid and all bonds, notes, or other obligations issued by the municipality to
17 pay that cost have been retired, or funds sufficient for the retirement thereof have
18 been received by the municipality, the governing body shall cause this to be reported
19 to the county auditor, who shall thereafter compute the mill rates of ~~levy~~ all taxes upon
20 the total taxable value, for property subject to ad valorem tax, or the total square
21 footage, for property subject to the tax under section 18 of this Act, of the development
22 or renewal area. Any balance then on hand in the tax increment fund must be
23 distributed by the county treasurer to the state and all political subdivisions having
24 power to tax property, including by ad valorem and square footage tax, in the area, in
25 amounts proportionate to the amounts of the tax losses previously reimbursed to
26 them.

27 ~~11.9.~~ As an alternative to the sale of bonds to be amortized with tax increments as provided
28 in this section, the governing body of a municipality may, in its discretion, grant a total
29 or partial tax exemption for the project in order to provide assistance to a project
30 developer in a development or renewal area, pursuant to agreement with the
31 municipality. However, if a developer of a development or renewal project receives a

1 tax exemption for that project pursuant to this subsection, that project developer may
2 not receive a tax exemption for that project under section 40-57.1-03, 40-57.1-04,
3 40-57.1-04.1, or 40-57.1-04.3. The amount of annual tax exemption under this
4 subsection is limited to the tax increment as defined in this section as it applies to the
5 development or renewal project and may extend for a period not to exceed fifteen
6 years. In determining the total amount of the tax exemption to be authorized, the
7 municipality shall give due consideration to the same elements as are involved in the
8 sale of bonds to be amortized by tax increments. The amount to be reimbursed, by tax
9 exemption, to the project developer must be all or a portion of eligible public costs
10 which have been paid by the project developer, plus interest on those costs at a rate
11 not to exceed ten percent per annum. The amount of tax exemption must be an
12 amount sufficient to reimburse the project operator for those eligible costs, amortized
13 pursuant to the agreement between the project developer and the municipality. If an
14 exemption has been granted under this subdivision before taxable year 2026 for
15 property that is subject to the square footage tax under section 18 of this Act in taxable
16 year 2026 or later, the governing body of a municipality shall convert the exemption as
17 necessary to allow the same tax benefit to be realized by the property owner under the
18 square footage taxation system under section 18 of this Act as would have been
19 realized under the ad valorem taxation system before taxable year 2026.

20 ~~12.10.~~ The governing body of a municipality with an active tax increment financing district
21 may at any time identify funds on hand that are in excess of the costs it determines
22 necessary to complete the activities included in the last approved urban renewal plan
23 for that district. The governing body shall cause the identified surplus to be transferred
24 to the county treasurer to be distributed to the state and all political subdivisions
25 having power to tax property in the area, in amounts proportionate to the most recent
26 five-year average of the ad valorem property tax or square footage tax levy within the
27 district.

28 **SECTION 12. AMENDMENT.** Subsection 2 of section 40-58-20.2 of the North Dakota
29 Century Code is amended and reenacted as follows:

30 ~~2.~~ Before granting a property tax incentive, including an ad valorem tax or square footage
31 tax incentive, on any parcel of property that is anticipated to receive a property tax

1 incentive for more than five years, the governing body of the municipality must comply
2 with the requirements in section 40-05-24.

3 ~~SECTION 13. AMENDMENT.~~ Section 57-02-11 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 ~~57-02-11. Listing of property – Assessment thereof – Determination of square footage.~~

6 ~~Certified assessment officials must list and assess property as follows:~~

7 ~~1. All real property subject to taxation must be listed and assessed every year with~~
8 ~~reference to its value, on February first of that year.~~

9 ~~2. An individual property record must be kept by the appropriate assessment official for~~
10 ~~each parcel of taxable property. The record may be in electronic or paper form and~~
11 ~~must include identifying information as prescribed by the state supervisor of~~
12 ~~assessments. Assessors shall prepare the records and provide copies of all property~~
13 ~~records prepared by the assessor to the county director of tax equalization. The~~
14 ~~county director of tax equalization shall maintain those records for ten years from the~~
15 ~~date the records were received from the assessors. A city with an assessor who holds~~
16 ~~a current certification as a class I assessor under section 57-02-01.1, and which has~~
17 ~~been determined by the state supervisor of assessments to have enough sales for an~~
18 ~~adequate sales ratio study, may elect to maintain the records required under this~~
19 ~~subsection on behalf of the county. A city that makes this election must include these~~
20 ~~records in a city database of taxable property to be maintained in the office of city~~
21 ~~assessor for ten years from the assessment date.~~

22 ~~3. Whenever after the first day of February and before the first day of April in any year, it~~
23 ~~is made to appear to the assessor by the oath of the owner that any building,~~
24 ~~structure, or other improvement, or tangible personal property, which is listed for~~
25 ~~taxation for the current year has been destroyed or damaged by fire, flood, tornado, or~~
26 ~~other natural disaster, the assessor shall investigate the matter and deduct from the~~
27 ~~valuation of the property of the owner of such destroyed property an amount which in~~
28 ~~the assessor's judgment fairly represents such deduction as should be made.~~

29 ~~4. By December 31, 2025, the assessor shall determine the land square footage and~~
30 ~~structure square footage of each parcel of residential property in the assessor's~~

~~assessment district and record the land square footage and structure square footage
in the individual property record for each parcel. For purposes of this subsection:~~

~~a. "Land square foot" or "land square footage" means the square footage
measurement of the land area of a parcel of property, excluding the square
footage of any structure or building situated on the land.~~

~~b. "Structure square foot" or "structure square footage" means the square footage
measurement of structures and buildings situated on a parcel of property above
ground level, exclusive of the land on which the structures or buildings are
situated. The term excludes any areas of a building or structure considered below
grade.~~

~~**SECTION 14. AMENDMENT.** Section 57-02-11 of the North Dakota Century Code is
amended and reenacted as follows:~~

~~**57-02-11. Listing of property – Assessment thereof – Determination of square footage.**~~

~~Certified assessment officials must list and assess property as follows:~~

~~1. On February first of each year:~~

~~a. All real property subject to ad valorem taxation must be listed and assessed
every year with reference to its value, on February first of for that year.~~

~~b. The land square footage and structure square footage of real property subject to
the square footage tax under section 18 of this Act must be listed for that year.~~

~~2. An individual property record must be kept by the appropriate assessment official for
each parcel of taxable property. The record may be in electronic or paper form and
must include identifying information as prescribed by the state supervisor of
assessments. Assessors shall prepare the records and provide copies of all property
records prepared by the assessor to the county director of tax equalization. The
county director of tax equalization shall maintain those records for ten years from the
date the records were received from the assessors. A city with an assessor who holds
a current certification as a class I assessor under section 57-02-01.1, and which has
been determined by the state supervisor of assessments to have enough sales for an
adequate sales ratio study, may elect to maintain the records required under this
subsection on behalf of the county. A city that makes this election must include these~~

1 records in a city database of taxable property to be maintained in the office of city
2 assessor for ten years from the assessment date.

3 ~~3. Whenever after the first day of February and before the first day of April in any year, it~~
4 ~~is made to appear to the assessor by the oath of the owner that any building,~~
5 ~~structure, or other improvement, or tangible personal property, which is listed for~~
6 ~~taxation for the current year has been destroyed or damaged by fire, flood, tornado, or~~
7 ~~other natural disaster, the assessor shall investigate the matter and deduct from the~~
8 ~~valuation or square footage of the property of the owner of such destroyed property an~~
9 ~~amount which in the assessor's judgment fairly represents such deduction as should~~
10 ~~be made.~~

11 ~~4. By December 31, 2025, the assessor shall determine the land square footage and~~
12 ~~structure square footage of each parcel of residential property in the assessor's~~
13 ~~assessment district and record the land square footage and structure square footage~~
14 ~~in the individual property record for each parcel. For purposes of this subsection:~~

15 ~~a. "Land square foot" or "land square footage" means the square footage~~
16 ~~measurement of the land area of a parcel of property, excluding the square~~
17 ~~footage of any structure or building situated on the land.~~

18 ~~b. "Structure square foot" or "structure square footage" means the square footage~~
19 ~~measurement of structures and buildings situated on a parcel of property above~~
20 ~~ground level, exclusive of the land on which the structures or buildings are~~
21 ~~situated. The term excludes any areas of a building or structure considered below~~
22 ~~grade.~~

23 ~~**SECTION 15. AMENDMENT.** Section 57-02-51 of the North Dakota Century Code is~~
24 ~~amended and reenacted as follows:~~

25 ~~**57-02-51. Notice of township and city equalization meetings to be published -- Date of**~~
26 ~~**equalization meeting.**~~

27 ~~1. Each year the county auditor shall publish in the official county newspaper for two~~
28 ~~successive weeks, a notice that proceedings for the equalization of assessments will~~
29 ~~be held by the several local equalization boards.~~

1 ~~2.~~ The first publication of the notice may not be more than forty-five days before the date
2 of the equalization proceedings and the second publication may not be less than
3 fourteen days before the equalization proceedings.

4 ~~3.~~ The notice must contain a statement that the:

5 ~~a.~~ The proceedings will be held at the regular meeting place of the governing board
6 or other place designated by that board of the township or city, as the case may
7 be. The notice must also contain a statement that each; and

8 ~~b.~~ Each taxpayer has the right to appear before the appropriate board of review or
9 equalization and petition for correction of the taxpayer's assessment of property
10 valuation or square footage determination under section 18 of this Act.

11 ~~4.~~ The equalization proceedings in a city must be held within the first fifteen days of April
12 and the equalization proceedings in an organized township must be held in the month
13 of April.

14 ~~**SECTION 16. AMENDMENT.**~~ Section 57-02-52 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 ~~**57-02-52. Notice of county equalization meetings to be published – Date of**~~
17 ~~**equalization meeting.**~~

18 ~~1.~~ Each year the county auditor shall publish in the official county newspaper for two
19 successive weeks, a notice that proceedings for the equalization of assessments for
20 all real property in the county will be held by the county board of equalization.

21 ~~2.~~ The first publication of the notice may not be earlier than May first and the second
22 publication may not be later than May twentieth, however, the second notice must be
23 published more than ten days prior to the date of the meeting.

24 ~~3.~~ The notice must contain the:

25 ~~a.~~ The date, time, and location of the meeting. The notice must also contain a; and

26 ~~b.~~ A statement that each taxpayer has the right to appear before the appropriate
27 board of review or equalization and petition for correction of the taxpayer's
28 assessment of property valuation or square footage determination under
29 section 18 of this Act.

30 ~~4.~~ The county equalization proceedings must be held no later than June tenth.

1 — **SECTION 17.** A new section to chapter 57-02 of the North Dakota Century Code is created
2 and enacted as follows:

3 — **Valuation of property subject to square footage tax – Exemption.**

4 — Notwithstanding any other provision of law:

5 — 1. Except as provided in subsection 2, property subject to the square footage tax under
6 section 18 of this Act is exempt from the valuation requirements under this chapter.

7 — 2. For purposes of calculating the debt limits under sections 15 and 16 of article X of the
8 Constitution of North Dakota:

9 — a. The true and full value of a property subject to the square footage tax under
10 section 18 of this Act must be calculated as the sum of:

11 — (1) The land square footage of the property multiplied by the average price per
12 square foot of similarly situated land in the county based on real estate
13 sales; and

14 — (2) The structure square footage of the property multiplied by the average price
15 per square foot of a similarly situated structure in the county based on real
16 estate sales.

17 — b. The assessed value of a property subject to the square footage tax under
18 section 18 of this Act is fifty percent of the amount calculated in subdivision a.

19 — **SECTION 18.** A new chapter to title 57 of the North Dakota Century Code is created and
20 enacted as follows:

21 — **Definitions.**

22 — For purposes of this chapter:

23 — 1. "Land square foot" or "land square footage" means the square footage measurement
24 of the land area of a parcel of property, excluding the square footage of any structure
25 or building situated on the land.

26 — 2. "Structure square foot" or "structure square footage" means the square footage
27 measurement of structures and buildings situated on a parcel of property above
28 ground level, exclusive of the land on which the structures or buildings are situated.
29 The term excludes any areas of a building or structure considered below grade.

1 ~~— **Residential square footage tax – Imposition.**~~

2 ~~— Property classified as residential property, which is not otherwise subject to a payment in~~
3 ~~lieu of tax, is subject to a tax at a rate equal to a price per land square foot and a price per~~
4 ~~structure square foot as approved by each taxing district as provided in this chapter.~~

5 ~~— **Taxes in lieu of ad valorem property taxes.**~~

6 ~~— Taxes imposed under this chapter are in lieu of all ad valorem property taxes levied by the~~
7 ~~state or any of its political subdivisions upon property subject to the tax under this chapter.~~

8 ~~— **Exemptions.**~~

9 ~~— 1. Property subject to tax under this chapter which meets the criteria of the exemptions~~
10 ~~listed in section 57-02-08, except subsection 27 of section 57-02-08, are exempt from~~
11 ~~the tax under this chapter to the extent provided in section 57-02-08.~~

12 ~~— 2. Notwithstanding any other provision of law:~~

13 ~~— a. If an exemption or payment in lieu of tax was calculated based on the valuation of~~
14 ~~residential property and the applicable mill rate before taxable year 2026, and a~~
15 ~~conversion method is not provided under law, the county auditor shall convert the~~
16 ~~exemption or payment in lieu of tax as necessary to allow the same tax benefit to~~
17 ~~be realized by the property owner under this chapter as would have been~~
18 ~~realized by the property owner under the ad valorem taxation system before~~
19 ~~taxable year 2026.~~

20 ~~— b. If a specific exemption or payment in lieu of tax was granted by a taxing district~~
21 ~~for a parcel of residential property for a specified number of taxable years under~~
22 ~~the ad valorem taxation system before taxable year 2026, the county auditor shall~~
23 ~~apply the exemption or payment in lieu of tax to the tax levied under this chapter~~
24 ~~for the remaining taxable years. If a conversion method is not provided under law,~~
25 ~~the county auditor shall convert the exemption or payment in lieu of tax as~~
26 ~~necessary to allow the same tax benefit to be realized by the property owner~~
27 ~~under this chapter as would have been realized under the ad valorem taxation~~
28 ~~system before taxable year 2026.~~

29 ~~— **Tax exemption certificate for real property to be filed – Exceptions.**~~

30 ~~— 1. A person owning residential property located within a taxing district which claims that~~
31 ~~the real property is exempt from taxation under this chapter shall file with the assessor~~

1 ~~and with the county auditor a certificate setting out the facts on which the claim for~~
2 ~~exemption is based, including the names of owners, the date the property was~~
3 ~~acquired, the legal description, the use to which the property was put during the twelve~~
4 ~~months preceding the assessment date, and any other information which the assessor~~
5 ~~may request.~~

6 ~~2. Unless otherwise provided by law, the certificate shall be filed with the assessor and~~
7 ~~the county auditor each year before February first.~~

8 ~~3. If the certificate is not filed as provided in this section, the assessor shall regard the~~
9 ~~property as nonexempt property.~~

10 ~~4. The provisions of this section do not apply in any case when the real property is~~
11 ~~owned by the United States or the state of North Dakota or any of its departments,~~
12 ~~institutions, agencies, or political subdivisions.~~

13 ~~**Solar, wind, or geothermal energy device credit.**~~

14 ~~1. An owner is entitled to a credit of five percent of the taxes levied under this chapter~~
15 ~~against the structure square footage of a new or existing building in which a solar or~~
16 ~~wind energy device or geothermal energy device is installed. The credit may be~~
17 ~~applied for up to five taxable years following the installation of the system.~~

18 ~~2. To qualify for the credit under subsection 1, an applicant shall sign and file with the~~
19 ~~county assessor, by April first of each year, an application containing a verified~~
20 ~~statement of facts establishing the applicant's eligibility as of the date of the claim on a~~
21 ~~form and in the manner prescribed by the tax commissioner.~~

22 ~~3. For the purposes of this subsection:~~

23 ~~a. "Geothermal energy device" has the meaning provided in section 57-38-01.8.~~

24 ~~b. "Solar or wind energy device" has the meaning provided in section 57-38-01.8.~~

25 ~~**New single-family, condominium, and townhouse residential property credit.**~~

26 ~~1. An owner is entitled to a credit equal to thirty percent of the taxes levied under this~~
27 ~~chapter against the structure square footage of a new single-family, condominium, and~~
28 ~~townhouse residential property if the following conditions are met:~~

29 ~~a. The governing body of the city, for property within city limits, or the governing~~
30 ~~body of the county, for property outside city limits, has approved the credit under~~
31 ~~this section by resolution. A resolution adopted under this subdivision may be~~

1 ~~rescinded or amended at any time. The governing body of the city or county may~~
2 ~~limit or impose conditions upon a credit under this section, including limitations on~~
3 ~~the time during which a credit is allowed.~~

4 ~~b. Special assessments and taxes on the property upon which the residence is~~
5 ~~situated are not delinquent.~~

6 ~~2. The credit may be applied for up to two taxable years after the taxable year in which~~
7 ~~construction is completed and the residence is owned and occupied for the first time.~~

8 ~~**Land and structure square footage - Determination - Certification:**~~

9 ~~1. On or before February first of each year, certified assessment officials shall determine~~
10 ~~the land square footage and structure square footage of residential property subject to~~
11 ~~the tax under this chapter. The assessment official shall record the information in the~~
12 ~~individual property record for each parcel of property subject to the tax under this~~
13 ~~chapter.~~

14 ~~2. For purposes of determining structure square footage of a townhouse, the structure~~
15 ~~square footage of the townhouse property must be increased by the square footage~~
16 ~~added by the right to use any common areas in connection with the townhouse~~
17 ~~development. The common areas of the development may not be separately taxed.~~
18 ~~The square footage of a common area of the townhouse development must be~~
19 ~~apportioned in an equal amount to each townhouse in the development unless a~~
20 ~~declaration setting out a different apportionment is recorded in the office of the county~~
21 ~~recorder. The total structure square footage of the townhouse property, including the~~
22 ~~square footage added as provided in this subsection, must have the benefit of any~~
23 ~~credit, exemption, or other special classification if the townhouse otherwise qualifies.~~

24 ~~3. The assessor shall certify the land square footage and structure square footage of~~
25 ~~each parcel of real property subject to the tax under this chapter to the:~~

26 ~~a. Governing board of each taxing district in which the parcel is situated;~~

27 ~~b. County director of tax equalization; and~~

28 ~~c. County auditor.~~

29 ~~4. The assessor shall deliver written notice of the certified land square footage and~~
30 ~~structure square footage to the property owner of each parcel of real property subject~~

1 ~~to the tax under this chapter at least fifteen days before the meeting of the local board~~
2 ~~of equalization.~~

3 ~~a. The tax commissioner shall prescribe suitable forms for written notices under this~~
4 ~~subsection. The written notice must include the date prescribed by law for the~~
5 ~~meeting of the local board of equalization of the assessment district in which the~~
6 ~~property is located and the meeting date of the county board of equalization.~~

7 ~~b. Delivery of written notice under this subdivision must be by personal delivery to~~
8 ~~the property owner, mail addressed to the property owner at the property owner's~~
9 ~~last known address, or electronic mail to the property owner directed with~~
10 ~~verification of receipt to an electronic mail address at which the property owner~~
11 ~~has consented to receive notice.~~

12 ~~5. The determination of taxable land square footage and structure square footage may~~
13 ~~be appealed through the equalization or abatement process.~~

14 ~~**Square footage determination of real property exempt from taxation.**~~

15 ~~1. At the time of making the determination of land square footage and structure square~~
16 ~~footage, the assessor shall enter in a separate list each description of property exempt~~
17 ~~from taxation under this chapter and shall determine the land square footage and~~
18 ~~structure square footage of the property in the same manner as other property subject~~
19 ~~to taxation under this chapter, designating in each case to whom the property belongs~~
20 ~~and for what purpose used.~~

21 ~~2. This section does not apply to property of the United States, this state, or a political~~
22 ~~subdivision of this state or farm buildings or farm residences exempt from property~~
23 ~~taxes by law.~~

24 ~~**Square footage tax rate – Determination – Limitation – Hearing.**~~

25 ~~1. A taxing district shall:~~

26 ~~a. Propose square footage tax rates in an amount per structure square foot and an~~
27 ~~amount per land square foot, calculated as follows:~~

28 ~~(1) Subject to the requirements and limitations in subsections 4 and 5, for~~
29 ~~taxable year 2026:~~

30 ~~(a) The proposed price per structure square foot of residential property is~~
31 ~~equal to the ad valorem property tax levied in dollars in taxable year~~

- 1 ~~2025 attributable to residential structures situated in the taxing district~~
2 ~~divided by the total residential structure square footage in the taxing~~
3 ~~district.~~
- 4 ~~(b) The proposed price per land square foot of residential property is~~
5 ~~equal to the ad valorem property tax levied in dollars in taxable year~~
6 ~~2025 attributable to residential land situated in the taxing district~~
7 ~~divided by the total residential land square footage in the taxing~~
8 ~~district.~~
- 9 ~~(2) Subject to the requirements and limitations in subsections 4 and 5, for~~
10 ~~taxable years after 2026:~~
- 11 ~~(a) The proposed price per structure square foot of residential property is~~
12 ~~equal to the price per structure square foot imposed in the preceding~~
13 ~~taxable year multiplied by the percentage increase or decrease of the~~
14 ~~taxing district's proposed budget for the current taxable year~~
15 ~~compared to the preceding taxable year.~~
- 16 ~~(b) The proposed price per land square foot of residential property is~~
17 ~~equal to the price per land square foot imposed in the preceding~~
18 ~~taxable year multiplied by the percentage increase or decrease of the~~
19 ~~taxing district's proposed budget for the current taxable year~~
20 ~~compared to the preceding taxable year.~~
- 21 ~~b. Notify the county auditor of the proposed square footage tax rates under~~
22 ~~subdivision a according to the procedures in section 57-15-02.2 on or before~~
23 ~~August tenth of each year.~~
- 24 ~~c. Notify members of the taxing district of the proposed square footage tax rates~~
25 ~~under subdivision a according to the procedures in section 57-15-02.2 on or~~
26 ~~before August thirty-first of each year.~~
- 27 ~~2. The taxing district shall consider the proposed square footage tax rates under~~
28 ~~subsection 1 during the taxing district's budget and proposed square footage tax rate~~
29 ~~hearing required under section 57-15-02.2.~~
- 30 ~~3. Subject to the requirements and limitations in subsections 4 and 5, after the taxing~~
31 ~~district's budget and proposed square footage tax rate hearing required under section~~

~~57-15-02.2, the taxing district shall approve the following square footage tax rates by a resolution approved by the governing body of the taxing district:~~

~~a. Price per structure square foot of residential property.~~

~~b. Price per land square foot of residential property.~~

~~4. For purposes of the square footage tax rates under this chapter, a taxing district shall impose a square footage tax rate at a rate which will generate sufficient revenue, together with the ad valorem tax assessed against commercial, agricultural, and centrally assessed property, to pay outstanding bonded indebtedness secured with ad valorem property tax in taxable years before 2026.~~

~~5. The governing board of a taxing district, in levying taxes, including ad valorem taxes and square footage taxes under this chapter, is limited by the amount necessary to meet the appropriations included in the taxing district's budget for the ensuing fiscal year, and to provide a reserve fund as limited by law, together with a tax sufficient in amount to pay the interest on the bonded debt of the taxing district and to provide a sinking fund to pay the principal at maturity.~~

~~**Certification of square footage tax rates.**~~

~~The square footage tax rates approved by the governing board of a taxing district to be applied to a parcel subject to the tax under this chapter must be certified by the officer acting as business manager or clerk of the governing body of the taxing district to the county auditor of the county in which the parcel is situated immediately following the action of the governing body, or within ten days thereafter.~~

~~**Duty of county auditor upon certification of square footage tax rate.**~~

~~The county auditor of each county, upon receipt of the square footage tax rates certified to the county auditor by the proper authorities of a taxing district, shall acknowledge receipt of the certification to the official so certifying them immediately upon receiving the certification.~~

~~**Square footage tax levy - Calculation.**~~

~~The county auditor shall compute the amount of square footage tax to be levied against a parcel of residential property as the sum of:~~

~~1. The combined land square footage tax rates for each taxing district in which the parcel is situated multiplied by the land square footage of the parcel; and~~

1 ~~2. The combined structure square footage rates for each taxing district in which the~~
2 ~~parcel is situated multiplied by the structure square footage of the parcel.~~

3 ~~**Enforcement - Administration - Collection - Penalties - Delinquency.**~~

4 ~~Provisions of law relating to enforcement, administration, collection, penalties, and~~
5 ~~delinquency proceedings for ad valorem taxes apply to taxes levied under this chapter.~~

6 ~~**Abatement procedure.**~~

7 ~~The procedures for abatement under chapter 57-23 apply to the tax levied under this~~
8 ~~chapter.~~

9 ~~**SECTION 19. AMENDMENT.** Section 57-09-04 of the North Dakota Century Code is~~
10 ~~amended and reenacted as follows:~~

11 ~~**57-09-04. Duties of board - Limitation on increase - Notice - Review of square footage**~~
12 ~~**determination.**~~

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

30 ~~2. The township board of equalization shall hear complaints and grievances of residents~~
31 ~~of the township regarding the determination of land square footage and structure~~

~~square footage for purpose of taxation under section 18 of this Act. The board shall resolve the complaints and grievances and may make corrections to the square footage determinations as appear to be just.~~

~~— **SECTION 20.** A new section to chapter 57-09 of the North Dakota Century Code is created and enacted as follows:~~

~~— **Equalization of valuation of property subject to square footage tax – Exemption.**~~

~~— Notwithstanding any other provision of law, property subject to the square footage tax under section 18 of this Act is exempt from the equalization requirements under this chapter pertaining to the valuation of the property.~~

~~— **SECTION 21. 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 – Review of square footage determination.**~~

~~— 1. 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 subject to ad valorem taxation 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.~~

~~— 2. The board of equalization shall hear complaints and grievances of residents of the city regarding the determination of land square footage and structure square footage for purpose of taxation under section 18 of this Act. The board shall resolve the~~

1 ~~complaints and grievances and may make corrections to the square footage~~
2 ~~determinations as appear to be just.~~

3 ~~— **SECTION 22.** A new section to chapter 57-11 of the North Dakota Century Code is created~~
4 ~~and enacted as follows:~~

5 ~~— **Equalization of valuation of property subject to square footage tax - Exemption.**~~

6 ~~— Notwithstanding any other provision of law, property subject to the square footage tax under~~
7 ~~section 18 of this Act is exempt from the equalization requirements under this chapter pertaining~~
8 ~~to the valuation of the property.~~

9 ~~— **SECTION 23.** A new section to chapter 57-12 of the North Dakota Century Code is created~~
10 ~~and enacted as follows:~~

11 ~~— **Review and correction of taxable square footage determination.**~~

12 ~~— 1. The county board of equalization shall hear complaints and grievances of residents of~~
13 ~~the county regarding the determination of land square footage and structure square~~
14 ~~footage for purpose of taxation under section 18 of this Act. The board shall resolve~~
15 ~~the complaints and grievances and may make corrections to the square footage~~
16 ~~determinations as appear to be just.~~

17 ~~— 2. The owner of a parcel of real estate for which the square footage for purposes of~~
18 ~~taxation under section 18 of this Act has been calculated may appeal the square~~
19 ~~footage determination to the state board of equalization as provided in section 25 of~~
20 ~~this Act; provided that the owner has first appealed the assessment to the local~~
21 ~~equalization board of the taxing district in which the property is situated and to the~~
22 ~~county board of equalization of the county in which the property is situated.~~

23 ~~— **SECTION 24.** A new section to chapter 57-12 of the North Dakota Century Code is created~~
24 ~~and enacted as follows:~~

25 ~~— **Equalization of valuation of property subject to square footage tax - Exemption.**~~

26 ~~— Notwithstanding any other provision of law, property subject to the square footage tax under~~
27 ~~section 18 of this Act is exempt from the equalization requirements under this chapter pertaining~~
28 ~~to the valuation of the property.~~

29 ~~— **SECTION 25.** A new section to chapter 57-13 of the North Dakota Century Code is created~~
30 ~~and enacted as follows:~~

1 ~~— **Review of appeals regarding taxable square footage determination.**~~

2 ~~— 1. If a property owner has properly appealed the property's square footage~~
3 ~~determination, the board may hear and resolve the appeal and may make corrections~~
4 ~~to the square footage determination as appear to be just.~~

5 ~~— 2. In the case of an appeal, the owner of the property must establish to the satisfaction of~~
6 ~~the board that the owner of the property had first appealed the square footage~~
7 ~~determination to the local equalization board of the taxing district in which the property~~
8 ~~is situated and to the county board of equalization of the county in which the property~~
9 ~~is situated.~~

10 ~~— **SECTION 26.** A new section to chapter 57-13 of the North Dakota Century Code is created~~
11 ~~and enacted as follows:~~

12 ~~— **Equalization of valuation of property subject to square footage tax – Exemption.**~~

13 ~~— Notwithstanding any other provision of law, property subject to the square footage tax under~~
14 ~~section 18 of this Act is exempt from the equalization requirements under this chapter pertaining~~
15 ~~to the valuation of the property.~~

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

18 ~~— **57-15-02. Determination of rate.**~~

19 ~~— The tax rate of all taxes, except taxes the rate of which is fixed by law and the square~~
20 ~~footage tax under section 18 of this Act, must be calculated and fixed by the county auditor~~
21 ~~within the limitations prescribed by statute. If any municipality levies a greater amount than the~~
22 ~~prescribed maximum legal rate of levy will produce, the county auditor shall extend only such~~
23 ~~amount of tax as the prescribed maximum legal rate of levy will produce. The rate must be~~
24 ~~based and computed on the taxable valuation of taxable property in the municipality or district~~
25 ~~levying the tax. The rate of all taxes must be calculated by the county auditor in mills, tenths,~~
26 ~~and hundredths of mills.~~

27 ~~— **SECTION 28. AMENDMENT.** Section 57-15-02.2 of the North Dakota Century Code is~~
28 ~~amended and reenacted as follows:~~

~~57-15-02.2. Estimated property tax, square footage tax, and budget and proposed square footage tax rate 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, proposed square footage tax rates for property subject to the tax under section 18 of this Act, and the date, time, and location of the taxing district's public hearing on its property tax levy and square footage tax rates, 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 or square footage tax 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 subject to ad valorem taxation with a total estimated property tax of at least one hundred dollars and the owner of each parcel of taxable property subject to the square footage tax under section 18 of this Act. The text of the notice must contain the following information:~~

~~a. For property subject to ad valorem taxation:~~

~~(1) 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;~~

~~b.(2) The true and full value of the property based on the best information available;~~

~~c.(3) 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;~~

- 1 ~~_____ d.(4) A column indicating the difference between the taxing district's total levy~~
2 ~~_____ from the previous year and the taxing district's estimated levy with the word~~
3 ~~_____ "INCREASE" printed in boldface type if the proposed tax levy is larger in~~
4 ~~_____ dollars than the levy in dollars in the previous year;.~~
- 5 ~~_____ e.(5) Information identifying the estimated property tax savings that will be~~
6 ~~_____ provided pursuant to section 57-20-07.1 based on the best information~~
7 ~~_____ available;.~~
- 8 ~~_____ b. For property subject to the square footage tax under section 18 of this Act:~~
- 9 ~~_____ (1) The date, time, and location of the public budget and square footage tax~~
10 ~~_____ rate hearing for each of the taxing districts in which the property owner's~~
11 ~~_____ parcel is located and the location at which the taxing district's budget is~~
12 ~~_____ available for review.~~
- 13 ~~_____ (2) The preliminary land square footage and structure square footage tax rates~~
14 ~~_____ for residential property under section 18 of this Act.~~
- 15 ~~_____ (3) The total land square footage and structure square footage for each parcel~~
16 ~~_____ of land.~~
- 17 ~~_____ (4) Beginning in taxable year 2027:~~
- 18 ~~_____ (a) A column showing the actual land square footage and structure~~
19 ~~_____ square footage tax rates to be applied against the square footage of~~
20 ~~_____ the parcel by the taxing district that levied taxes against the parcel in~~
21 ~~_____ the immediately preceding taxable year and a column showing the~~
22 ~~_____ proposed land square footage and structure square footage tax rates~~
23 ~~_____ to be applied against the square footage of the parcel by the taxing~~
24 ~~_____ district levying tax in the taxable year for which the notice applies.~~
- 25 ~~_____ (b) A column indicating the difference between the taxing district's actual~~
26 ~~_____ land square footage and structure square footage tax rates in the~~
27 ~~_____ previous year and the taxing district's proposed land square footage~~
28 ~~_____ and structure square footage tax rates with the word "INCREASE"~~
29 ~~_____ printed in boldface type if the proposed square footage rate is larger~~
30 ~~_____ than the actual square footage rate in the previous year.~~

1 ~~_____ f.c. A statement that there will be an opportunity for citizens to present oral or written~~
2 ~~comments regarding each taxing district's property tax levy; and proposed square~~
3 ~~footage tax rates.~~

4 ~~_____ g.d. The actual amount of the special assessment installment payable against the~~
5 ~~parcel in the immediately preceding taxable year.~~

6 ~~_____ 3. Delivery of written notice under this section must be by personal delivery to the~~
7 ~~property owner, mail addressed to the property owner at the property owner's~~
8 ~~last-known address, or electronic mail to the property owner directed with verification~~
9 ~~of receipt to an electronic mail address at which the property owner has consented to~~
10 ~~receive notice. If a parcel of taxable property is owned by more than one owner, notice~~
11 ~~must be sent to only one owner of the property. Failure of an owner to receive a notice~~
12 ~~under this section will not relieve the owner of ad valorem property tax or square~~
13 ~~footage tax liability or modify the qualifying date under section 57-20-09 for which an~~
14 ~~owner may receive a discount for early payment of tax.~~

15 ~~_____ 4. The tax commissioner shall prescribe suitable forms for written notices under this~~
16 ~~section.~~

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

21 ~~_____ **SECTION 29.** A new section to chapter 57-15 of the North Dakota Century Code is created~~
22 ~~and enacted as follows:~~

23 ~~_____ **Application of mill levy limitation and levy authority provisions.**~~

24 ~~_____ Provisions of this chapter which provide mill levy limitations or mill levy authority calculated~~
25 ~~as a specific number of mills of taxable valuation of property in a taxing district are applicable to~~
26 ~~ad valorem tax levies and do not apply to the square footage tax levied by the governing board~~
27 ~~of a taxing district pursuant to section 18 of this Act.~~

28 ~~_____ **SECTION 30. AMENDMENT.** Section 57-15-05 of the North Dakota Century Code is~~
29 ~~amended and reenacted as follows:~~

1 — ~~**57-15-05. County tax levy.**~~

2 — ~~1. The board of county commissioners, in levying county taxes, including square footage~~
3 ~~taxes levied by the board of county commissioners under section 18 of this Act and~~
4 ~~ad valorem taxes, is limited to the amount necessary to meet the appropriations~~
5 ~~included in the county budget for the ensuing fiscal year, and to provide a reserve fund~~
6 ~~as limited in this chapter, together with a tax sufficient in amount to pay the interest on~~
7 ~~the bonded debt of the county and to provide a sinking fund to pay the principal at~~
8 ~~maturity.~~

9 — ~~2. The county budget shall show the complete expenditure program of the county for the~~
10 ~~ensuing fiscal year and the sources of revenue from which it is to be financed.~~

11 — ~~**SECTION 31. AMENDMENT.** Section 57-15-07 of the North Dakota Century Code is~~
12 ~~amended and reenacted as follows:~~

13 — ~~**57-15-07. City tax levies.**~~

14 — ~~The governing body, in levying city taxes, including square footage taxes levied by the~~
15 ~~governing body under section 18 of this Act and ad valorem taxes, is limited by the amount~~
16 ~~necessary to meet the appropriations included in the city budget for the ensuing fiscal year and~~
17 ~~to provide a reserve fund as limited in this chapter, together with a tax sufficient in amount to~~
18 ~~pay the interest on the bonded debt of the municipality, and to provide a sinking fund to pay the~~
19 ~~principal at maturity.~~

20 — ~~**SECTION 32. AMENDMENT.** Section 57-15-11 of the North Dakota Century Code is~~
21 ~~amended and reenacted as follows:~~

22 — ~~**57-15-11. Park district tax levies.**~~

23 — ~~The board of park commissioners, in levying park district taxes, including square footage~~
24 ~~taxes levied by the governing body under section 18 of this Act and ad valorem taxes, is limited~~
25 ~~by the amount necessary to meet the appropriations included in the park district budget for the~~
26 ~~ensuing fiscal year, and to provide a reserve fund as limited in this chapter, together with a tax~~
27 ~~sufficient in amount to pay the interest on the bonded debt of the municipality and to provide a~~
28 ~~sinking fund to pay the principal at maturity.~~

29 — ~~**SECTION 33. AMENDMENT.** Section 57-15-13 of the North Dakota Century Code is~~
30 ~~amended and reenacted as follows:~~

1 ~~— **57-15-13. School district tax levies.**~~

2 ~~— 1. School district taxes must be levied by the governing body of each school district on or~~
3 ~~before the tenth day of August of each year.~~

4 ~~— 2. The governing body of the school district may increase or decrease its tax levy and~~
5 ~~budget for the current fiscal year on or before the tenth day of October of each year~~
6 ~~but the certification must be filed with the county auditor within the time limitations~~
7 ~~under section 57-15-31.1.~~

8 ~~— 3. Taxes for school district purposes must be based upon an itemized budget statement~~
9 ~~which must show the complete expenditure program of the district for the current fiscal~~
10 ~~year and the sources of the revenue from which it is to be financed.~~

11 ~~— 4. The school board of each public school district, in levying taxes, including square~~
12 ~~footage taxes levied by the school board under section 18 of this Act and ad valorem~~
13 ~~taxes, is limited by the amount necessary to be raised for the purpose of meeting the~~
14 ~~appropriations included in the school budget of the current fiscal year, and the sum~~
15 ~~necessary to be provided as an interim fund, together with a tax sufficient in amount to~~
16 ~~pay the interest on the bonded debt of the district and to provide a sinking fund to pay~~
17 ~~and discharge the principal thereof at maturity.~~

18 ~~— **SECTION 34. AMENDMENT.** Section 57-15-31 of the North Dakota Century Code is~~
19 ~~amended and reenacted as follows:~~

20 ~~— **57-15-31. Determination of ad valorem property tax levy.**~~

21 ~~— 1. The amount of ad valorem property taxes to be levied by any county, city, township,~~
22 ~~school district, park district, or other municipality authorized to levy taxes must be~~
23 ~~computed by deducting from the amount of estimated expenditures for the current~~
24 ~~fiscal year as finally determined, plus the required reserve fund determined upon by~~
25 ~~the governing board from the past experience of the taxing district, the total of the~~
26 ~~following items:~~

27 ~~— a. The available surplus consisting of the free and unencumbered cash balance;~~

28 ~~— b. Estimated revenues from sources other than direct ad valorem property taxes,~~
29 ~~including the amount of square footage taxes levied under section 18 of this Act;~~

30 ~~— c. The total estimated collections from tax levies for previous years;~~

31 ~~— d. Expenditures that must be made from bond sources;~~

1 ~~_____ e. The amount of distributions received from an economic growth increment pool~~
2 ~~under section 57-15-61; and~~

3 ~~_____ f. The estimated amount to be received from payments in lieu of taxes on a project~~
4 ~~under section 40-57.1-03.~~

5 ~~_____ 2. Allowance may be made for a permanent delinquency or loss in tax collection not to~~
6 ~~exceed five percent of the amount of the levy.~~

7 ~~_____ **SECTION 35. AMENDMENT.** Section 57-15-31.1 of the North Dakota Century Code is~~
8 ~~amended and reenacted as follows:~~

9 ~~_____ **57-15-31.1. Deadline date for amending budgets and certifying taxes.**~~

10 ~~_____ 1. No taxing district may certify any taxes, including ad valorem tax and square footage~~
11 ~~tax levied under section 18 of this Act, or amend its current budget and no county~~
12 ~~auditor may accept a certification of taxes, including ad valorem tax and square~~
13 ~~footage tax levied under section 18 of this Act, or amended budget after the tenth day~~
14 ~~of October of each year if such certification or amendment results in a change in the~~
15 ~~amount of tax levied.~~

16 ~~_____ 2. The current budget, except for property taxes and square footage tax under section 18~~
17 ~~of this Act, may be amended during the year for any revenues and appropriations not~~
18 ~~anticipated at the time the budget was prepared.~~

19 ~~_____ **SECTION 36. AMENDMENT.** Section 57-20-01 of the North Dakota Century Code is~~
20 ~~amended and reenacted as follows:~~

21 ~~_____ **57-20-01. Real and personal property taxes – When due and delinquent – Penalties.**~~

22 ~~_____ 1. All real and property taxes, including ad valorem taxes and square footage taxes levied~~
23 ~~under section 18 of this Act, all personal property taxes, and yearly installments of~~
24 ~~special assessment taxes become due on the first day of January following the year~~
25 ~~for which the taxes were levied.~~

26 ~~_____ 2. The first installment of real estate taxes, including ad valorem taxes and square~~
27 ~~footage taxes levied under section 18 of this Act, all personal property taxes, and~~
28 ~~yearly installments of special taxes become delinquent after the first day of March~~
29 ~~following and, if not paid on or before said date, are subject to a penalty of three~~
30 ~~percent, and on May first following an additional penalty of three percent, and on July~~

1 first following an additional three percent, and an additional penalty of three percent on
2 October fifteenth following.

3 ~~3.~~ From and after January first of the year following the year in which the taxes become
4 due and payable, simple interest at the rate of twelve percent per annum upon the
5 principal of the unpaid taxes on personal property must be charged until the taxes and
6 penalties are paid, with the interest charges to be prorated to the nearest full month for
7 a fractional year of delinquency.

8 ~~4.~~ The second installment of real estate taxes, including ad valorem taxes and square
9 footage taxes levied under section 18 of this Act, becomes delinquent after October
10 fifteenth, and, if not paid on or before that date becomes subject to a penalty of six
11 percent.

12 ~~SECTION 37. AMENDMENT.~~ Section 57-20-01.1 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 ~~57-20-01.1. Extension of due date for property taxes when county treasurer's office is~~
15 ~~closed.~~

16 ~~When the due date for full or installment payment of any property taxes, including~~
17 ~~ad valorem taxes and square footage taxes levied under section 18 of this Act, or special~~
18 ~~assessments falls on a day on which the county treasurer's office is not open for business, the~~
19 ~~payment may be made on the first day following on which the office is open without penalty or~~
20 ~~loss of discount.~~

21 ~~SECTION 38. AMENDMENT.~~ Section 57-20-02 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 ~~57-20-02. Tax list made out by county auditor.~~

24 ~~1.~~ As soon as practicable after the taxes, including ad valorem taxes and square footage
25 taxes levied under section 18 of this Act, are levied, and after the levies of the several
26 taxing districts within the county have been certified, the county auditor shall make out
27 the tax lists according to the prescribed form to correspond with the assessment
28 districts of the county.

29 ~~2.~~ The ad valorem tax percentage rate necessary to raise the required amount of the
30 various taxes must be calculated on the taxable valuation of property after equalization
31 by the state board of equalization, but no ad valorem tax rate may be used which

1 results in any fraction of less than one-half of one-tenth of a mill, and in extending any
2 tax, it, whenever it amounts to the fractional part of a cent, must be made one cent.

3 ~~— **SECTION 39. AMENDMENT.** Section 57-20-03 of the North Dakota Century Code is~~
4 ~~amended and reenacted as follows:~~

5 ~~— **57-20-03. Form of tax list.**~~

6 ~~— 1. The tax list must be made out to correspond with the assessment books with respect~~
7 ~~to ownership and description of property, with columns for the valuation, square~~
8 ~~footage, and for the various items of tax included in the total amount of all taxes set~~
9 ~~down opposite such description of property.~~

10 ~~— 2. The amounts of special taxes must be entered in appropriate columns, but the general~~
11 ~~taxes and square footage taxes, if appropriate, may be shown by entering the rate of~~
12 ~~each tax at the head of the proper column without extending the same, in which case~~
13 ~~a schedule of the rates of such taxes must be made on the first page of each tax list.~~

14 ~~— 3. The tax lists also must show, in a separate column, the years for which a tax lien has~~
15 ~~been foreclosed upon any piece or parcel, if the same has not been redeemed or~~
16 ~~deeded for such taxes.~~

17 ~~— **SECTION 40. AMENDMENT.** Section 57-20-04 of the North Dakota Century Code is~~
18 ~~amended and reenacted as follows:~~

19 ~~— **57-20-04. Abstract of tax list to be sent to tax commissioner -- Reports.**~~

20 ~~— 1. The county auditor, on or before December thirty-first following the levy of the taxes,~~
21 ~~shall prepare and transmit to the tax commissioner a complete abstract of the tax list~~
22 ~~of the auditor's county.~~

23 ~~— 2. In addition to the tax list required in subsection 1, the county auditor, on or before~~
24 ~~December thirty-first following the levy of the taxes, shall prepare and transmit to the~~
25 ~~tax commissioner a report providing, for property subject to ad valorem taxation, each~~
26 ~~taxing district's property valuation and property tax levy, for property subject to a~~
27 ~~square footage tax under section 18 of this Act, each taxing district's square footage,~~
28 ~~square footage tax rates, and square footage tax levy, and any other information the~~
29 ~~tax commissioner deems necessary to prepare the report required in subsection 3. For~~
30 ~~taxing districts with property in more than one county, information must be collected~~

1 and transmitted by the county auditor of the county in which the main office of that
2 taxing district is located.

3 ~~3. The tax commissioner shall compile information received from the county auditors in~~
4 ~~subsection 2 and prepare a statewide report of ad valorem property tax and square~~
5 ~~footage tax increase. The report must include the annual increase in ad valorem~~
6 ~~property taxes and square footage taxes levied by each taxing district of the state after~~
7 ~~adjusting for property that was not taxable in the preceding year and property that is~~
8 ~~no longer taxable which was taxable in the preceding year. The report must be~~
9 ~~provided to the legislative management by April first of each year.~~

10 ~~4. The tax commissioner shall prescribe the form and manner of providing the reports~~
11 ~~and certifications required under this section.~~

12 ~~5. On or before December 31, 2017, the county auditor shall provide a report to the tax~~
13 ~~commissioner providing the information identified in subsection 2 for the 2015 and~~
14 ~~2016 tax years.~~

15 ~~**SECTION 41. AMENDMENT.** Section 57-20-07.1 of the North Dakota Century Code is~~
16 ~~amended and reenacted as follows:~~

17 ~~**57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.**~~

18 ~~1. On or before December twenty-sixth of each year, the county treasurer shall mail aan~~
19 ~~ad valorem or square footage real estate tax statement to the owner of each parcel of~~
20 ~~real property at the owner's last-known address. The form of the ad valorem or square~~
21 ~~footage real estate tax statement to be used in every county must be prescribed and~~
22 ~~approved for use by the tax commissioner. The statement must be provided in a~~
23 ~~manner that allows the taxpayer to retain a printed record of the obligation for payment~~
24 ~~of ad valorem or square footage taxes and special assessments as provided in the~~
25 ~~statement. If a parcel of real property is owned by more than one individual, the county~~
26 ~~treasurer shall send only one statement to one of the owners of that property.~~
27 ~~Additional copies of the tax statement will be sent to the other owners upon their~~
28 ~~request and the furnishing of their names and addresses to the county treasurer. The~~
29 ~~tax statement must:~~

30 ~~a. For property subject to ad valorem tax:~~

- 1 ~~_____ (1) Include a dollar valuation of the true and full value as defined by law of the~~
2 ~~property and the total mill levy applicable.~~
- 3 ~~_____ b. (2) Include, or be accompanied by a separate sheet, with three columns-~~
4 ~~showing, for the taxable year to which the tax statement applies and the two~~
5 ~~immediately preceding taxable years, the property tax levy in dollars against~~
6 ~~the parcel by the county and school district and any city or township that~~
7 ~~levied taxes against the parcel.~~
- 8 ~~_____ c. (3) Provide information identifying the property tax savings provided by the~~
9 ~~state of North Dakota. The tax statement must include a line item that is~~
10 ~~entitled "legislative tax relief" and identifies the dollar amount of property tax~~
11 ~~savings realized by the taxpayer under chapter 50-34 for taxable years~~
12 ~~before 2019, chapter 50-35 for taxable years after 2018, and chapter-~~
13 ~~15.1-27.~~
- 14 ~~_____ (1)(a) For purposes of this subdivision, legislative tax relief under chapter-~~
15 ~~15.1-27 is determined by multiplying the taxable value for the taxable~~
16 ~~year for each parcel shown on the tax statement by the number of~~
17 ~~mills of mill levy reduction grant under chapter 57-64 for the 2012-~~
18 ~~taxable year plus the number of mills determined by subtracting from~~
19 ~~the 2012 taxable year mill rate of the school district in which the parcel~~
20 ~~is located the lesser of:~~
- 21 ~~_____ (a)[1] Fifty mills; or~~
- 22 ~~_____ (b)[2] The 2012 taxable year mill rate of the school district minus sixty-~~
23 ~~mills.~~
- 24 ~~_____ (2)(b) Legislative tax relief under chapter 50-35 is determined by multiplying~~
25 ~~the taxable value for the taxable year for each parcel shown on the~~
26 ~~tax statement by the number of mills of relief determined by dividing~~
27 ~~the amount calculated in subsection 1 of section 50-35-03 for a~~
28 ~~human service zone by the taxable value of taxable property in the~~
29 ~~zone for the taxable year.~~
- 30 ~~_____ b. For property subject to the square footage tax under section 18 of this Act:~~

1 ~~———— (1) Include the total land square footage and structure square footage for the~~
2 ~~parcel of land and the the land square footage and structure square footage~~
3 ~~tax rates applicable to the parcel of land.~~

4 ~~———— (2) For taxable year 2027, include, or be accompanied by a separate sheet,~~
5 ~~with two columns showing, for the taxable year to which the tax statement~~
6 ~~applies and the immediately preceding taxable year, the square footage tax~~
7 ~~levy in dollars against the parcel by the county and school district and any~~
8 ~~city or township that levied taxes against the parcel.~~

9 ~~———— (3) For taxable years after 2027, include, or be accompanied by a separate~~
10 ~~sheet, with three columns showing, for the taxable year to which the tax~~
11 ~~statement applies and the two immediately preceding taxable years, the~~
12 ~~square footage tax levy in dollars against the parcel by the county and~~
13 ~~school district and any city or township that levied taxes against the parcel.~~

14 ~~—— 2.—— Failure of an owner to receive a statement will not relieve that owner of liability, nor~~
15 ~~extend the discount privilege past the February fifteenth deadline.~~

16 ~~—— **SECTION 42. AMENDMENT.** Section 57-20-09 of the North Dakota Century Code is~~
17 ~~amended and reenacted as follows:~~

18 ~~—— **57-20-09. Discount for early payment of tax.**~~

19 ~~—— 1.—— Except as provided in section 57-20-21.1, the county treasurer shall allow a five-~~
20 ~~percent discount to all taxpayers who shall pay all of the ad valorem or square footage~~
21 ~~real estate taxes levied on any tract or parcel of real property in any one year in full on-~~
22 ~~or before February fifteenth prior to the date of delinquency. Such~~

23 ~~—— 2.—— The discount applies to all general real estate taxes, including ad valorem taxes and~~
24 ~~square footage taxes levied under section 18 of this Act, levied for state, county, city,~~
25 ~~township, school district, fire district, park district, and any other taxing districts but~~
26 ~~does not apply to personal property taxes or special assessment installments.~~

27 ~~—— 3.—— Whenever the board of county commissioners, by resolution, determines that an~~
28 ~~emergency exists in the county by virtue of weather or other catastrophe, it may~~
29 ~~extend the discount period for an additional thirty days.~~

30 ~~—— **SECTION 43. AMENDMENT.** Section 57-20-10 of the North Dakota Century Code is~~
31 ~~amended and reenacted as follows:~~

1 ~~— **57-20-10. Installment payments of real estate tax.**~~

2 ~~— RealAd valorem and square footage real estate taxes, either current or delinquent, may be~~
3 ~~paid in installments of not less than ten percent of the amount of the tax, plus penalty and~~
4 ~~interest if any, but each such installment in no event may be less than ten dollars. Credit must~~
5 ~~be given on the tax records for the installment payments so made, and penalty and interest~~
6 ~~must be computed only upon the balance of the tax remaining unpaid.~~

7 ~~— **SECTION 44. AMENDMENT.** Section 57-20-21.1 of the North Dakota Century Code is~~
8 ~~amended and reenacted as follows:~~

9 ~~— **57-20-21.1. Priority for delinquent taxes.**~~

10 ~~— 1. When payment is made for any real or personal property taxes, including ad valorem~~
11 ~~taxes and square footage taxes levied under section 18 of this Act, or special~~
12 ~~assessments, payments must be applied first to the oldest unpaid delinquent taxes or~~
13 ~~special assessments due, if any, shown to exist upon the property for which the tax~~
14 ~~payments are made, including any penalty and interest.~~

15 ~~— 2. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply~~
16 ~~to payment of taxes made on property upon which tax payments are delinquent.~~

17 ~~— **SECTION 45. AMENDMENT.** Subdivision a of subsection 1 of section 57-23-04 of the North~~
18 ~~Dakota Century Code is amended and reenacted as follows:~~

19 ~~— a. When an error has been made in any identifying entry or description of the~~
20 ~~property, in entering the valuation or square footage thereof, or in the extension~~
21 ~~of the tax, to the injury of the complainant.~~

22 ~~— **SECTION 46. AMENDMENT.** Section 57-23-06 of the North Dakota Century Code is~~
23 ~~amended and reenacted as follows:~~

24 ~~— **57-23-06. Hearing on application.**~~

25 ~~— 1. Within ten days after receiving an application for abatement, the city auditor or the~~
26 ~~township clerk shall give the applicant a notice of a hearing to be held before the~~
27 ~~governing body of the city or township, or such other committee as it may designate, in~~
28 ~~which the assessed property is located. Said hearing must be set for no more than~~
29 ~~sixty days after the date of the notice of hearing, and in any event, must be held before~~
30 ~~the recommendations provided for in subsection 2 are made. The applicant may~~
31 ~~waive, in writing, the hearing before such governing body or designated committee at~~

1 any time before the hearing. Any recommendations provided for in subsection 2 must
2 be transmitted to the county auditor no more than thirty days after the date set for the
3 hearing. The provisions of this subsection do not apply to applications for abatement
4 pursuant to section 57-02-08.2.

5 ~~2.~~ At the next regular meeting of the board of county commissioners following the filing of
6 an application for abatement or, if forthcoming, at the next regular meeting of the
7 board of county commissioners following transmittal of the recommendations of the
8 governing body of the municipality, the applicant may appear, in person or by a
9 representative or attorney, and may present such evidence as may bear on the
10 application. The applicant shall furnish any additional information or evidence
11 requested by the board of county commissioners. The recommendations of the
12 governing body of the municipality in which such assessed property is located must be
13 endorsed upon or attached to every application for an abatement or refund, and the
14 board of county commissioners shall give consideration to such recommendations.
15 The board of county commissioners, by a majority vote, either shall approve or reject
16 the application, in whole or in part. If rejected, in whole or in part, a written explanation
17 of the rationale for the decision, signed by the chairman of the board, must be
18 attached to the application, and a copy thereof must be mailed by the county auditor to
19 the applicant at the post-office address specified in the application.

20 ~~3.~~ At a hearing before the board of county commissioners on an application for
21 abatement, the applicant or the applicant's representative or attorney is limited to the
22 relief claimed in the application for abatement submitted to the board of county
23 commissioners. The applicant or applicant's representative or attorney may not submit
24 evidence during a hearing on an application for abatement suggesting a lower
25 valuation, a lower square footage determination, a lower square footage tax rate, a
26 lower tax levy, or a different taxable status than was requested in the application for
27 abatement submitted to the board of county commissioners.

28 ~~**SECTION 47. AMENDMENT.** Subsection 2 of section 57-28-03 of the North Dakota~~
29 ~~Century Code is amended and reenacted as follows:~~

1 ~~2. The amount of delinquent ad valorem property taxes, square footage taxes levied
2 under section 18 of this Act, and special assessments, with penalties, interest, and
3 foreclosure costs, for the tax year foreclosed.~~

4 ~~**SECTION 48. AMENDMENT.** Subdivision c of subsection 1 of section 57-28-20 of the North
5 Dakota Century Code is amended and reenacted as follows:~~

6 ~~c. Sold for less than the total amount of the taxes due, the treasurer shall write tax
7 receipts beginning with the earliest year and for as many subsequent years as
8 the proceeds realized from the sale will satisfy, and the remainder of any unpaid
9 general taxes, including ad valorem taxes and square footage taxes levied under
10 section 18 of this Act, or special assessments must be canceled by the board of
11 county commissioners.~~

12 ~~**SECTION 49. AMENDMENT.** Section 57-28-26 of the North Dakota Century Code is
13 amended and reenacted as follows:~~

14 ~~**57-28-26. Disposition of rental revenue.**~~

15 ~~1. All the net revenue from leases of property under this chapter and all federal payments
16 for property acquired by the county by tax deed must be paid into the county treasury.~~

17 ~~2. On or before January tenth in each year, the county treasurer shall apportion these
18 amounts received in the previous calendar year to the county, city, school district,
19 township, or other taxing districts in which the property is located in the proportion that
20 the previous year's general fund and square footage tax levy in the taxing district
21 bears to the total of general fund and square footage tax levies of all taxing districts in
22 which the property is located.~~

23 ~~**SECTION 50. AMENDMENT.** Section 57-55-01.2 of the North Dakota Century Code is
24 amended and reenacted as follows:~~

25 ~~**57-55-01.2. Statements of full consideration and square footage to be filed with
26 application for title to mobile homes -- Sales ratio study -- Penalty.**~~

27 ~~1. Any person who has purchased a mobile home and is applying for a title under section
28 39-18-03 shall present, with the application, a certified statement of the full
29 consideration paid for the mobile home and the square footage of the mobile home.~~

30 ~~2. The director of the department of transportation may not issue a certificate of title to
31 the mobile home until the certified statement is received. The director of the~~

1 department of transportation shall accumulate and at least monthly forward to the
2 state board of equalization a report containing the information filed in the director's
3 office pursuant to this section.

4 ~~3.~~ The state board of equalization shall prescribe the necessary forms for the statements
5 and reports to be used in carrying out the purposes of this section, and the forms must
6 contain a space for the explanation of special circumstances which may have
7 contributed to the amount of the consideration or square footage. The state board of
8 equalization shall furnish this information to the state tax commissioner who shall
9 conduct a sales ratio study to determine the proper assessment values of mobile
10 homes under this chapter.

11 ~~4.~~ Any person who, in the statement provided for in this section, willfully falsifies the
12 consideration paid for or square footage of the transferred mobile home is guilty of a
13 class B misdemeanor.

14 ~~**SECTION 51. AMENDMENT.**~~ Section 57-55-04 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 ~~**57-55-04. Taxes – How determined – Disbursement.**~~

17 ~~1.~~ The director of tax equalization shall determine the tax for each mobile home by
18 placing an evaluation ondetermining the square footage of the mobile home based
19 upon its assessed value and by adjusting the valuation of the mobile home by the
20 percentage provided in section 57-02-27 to determine its taxable valuation under
21 standards and guides determined by the state tax commissioner and applying that
22 evaluation the square footage to the preceding year's total mill levies
23 applying residential structure square footage tax rates determined under section 18 of
24 this Act which apply to property within the taxing district in which the mobile home is
25 located. The director of tax equalization may refer to the statement required under
26 section 57-55-01.2 to determine the square footage of the mobile home.

27 ~~2.~~ The county treasurer shall provide a tax statement for each mobile home subject to
28 taxation under this chapter, including:

29 ~~a.~~ For taxable year 2028, the tax statement must include two columns showing, for
30 the taxable year to which the tax statement applies and the immediately
31 preceding taxable year, the square footage tax levy in dollars against the mobile

~~home by the county and school district and any city or township that levied taxes against the mobile home.~~

~~b. For taxable years after 2028, the tax statement must include three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property square footage tax levy in dollars against the mobile home by the county and school district and any city or township that levied taxes against the mobile home.~~

~~3. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year.~~

~~4. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate square footage taxes for the preceding year are disbursed.~~

~~**SECTION 52. AMENDMENT.** Section 57-55-04.1 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**57-55-04.1. Procedure for abatement, refund, or compromise of tax.**~~

~~1. Any person having any estate, right, title, or interest in or lien upon any mobile home which has been assessed for taxation purposes pursuant to this chapter may apply for abatement, refund, or compromise, as the case may be, pursuant to chapter 57-23.~~

~~2. The application must be made in writing on the form prescribed by the tax commissioner and must be filed in triplicate with the county auditor of the county where the mobile home was assessed.~~

~~3. The county auditor shall promptly serve the county director of tax equalization with one copy of the application.~~

~~4. The abatement or compromise must be granted by the county commissioners if the facts upon which the application is based establish that the assessment contains error, or that the value placed upon square footage determination of the mobile home by the county director of tax equalization was excessive, or that the mobile home is exempt from taxation pursuant to section 57-55-10.~~

1 ~~5.~~ The decision of the county commissioners may be appealed in the manner provided
2 by law.

3 ~~SECTION 53. AMENDMENT.~~ Section 57-55-05 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 ~~57-55-05. Taxes in lieu of other property taxes.~~

6 ~~The taxes provided for in this chapter are in lieu of all property taxes, including ad valorem~~
7 ~~taxes and square footage taxes levied under section 18 of this Act, upon such mobile homes for~~
8 ~~the calendar year for which the tax permit is valid. However, such taxes may in no way be~~
9 ~~construed as exempting any mobile home owner from the requirements of registering such~~
10 ~~mobile home with the director of the department of transportation or securing license plates~~
11 ~~entitling such mobile home to be hauled upon the state's highways pursuant to section~~
12 ~~39-18-03.~~

13 ~~SECTION 54. AMENDMENT.~~ Section 61-24-09 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 ~~61-24-09. District budget -- Determination of amount to be levied -- Adoption of levy --~~
16 ~~Limitation.~~

17 ~~1.~~ In July of each year, the board of directors shall estimate and itemize all the expenses
18 and obligations of the district, including expenses of directors, expenses of operating
19 the office, debt service and retirement, and obligations and liabilities to the United
20 States for which provision must be made.

21 ~~2.~~ The board of directors may include in such budget funds deemed necessary to create
22 reserve funds to meet future payments under district contracts.

23 ~~3.~~ Upon the completion and adoption of such budget, the board of directors shall make a
24 tax levy, including ad valorem taxes and square footage taxes under section 18 of this
25 Act, in an amount sufficient to meet such budget. Such

26 ~~4.~~ The levy shall be in the form of a resolution, adopted by a majority vote of the
27 members of the board of directors of the district. Such

28 ~~5.~~ The resolution shall ~~must include an ad valorem~~ levy in mills, but not exceeding one
29 mill, ~~and a square footage tax levy~~ sufficient to meet all the expenses, obligations, and
30 liabilities of the district as provided in the budget.

1 ~~—SECTION 55. REPEAL.~~ Subsection 35 of section 57-02-08 of the North Dakota Century
2 Code is repealed.

3 ~~—SECTION 56. EFFECTIVE DATE.~~ Sections 1 through 5, 7 through 12, 14 through 49, and
4 54 and 55 of this Act are effective for taxable years beginning after December 31, 2025.
5 Section 6 of this Act is effective July 1, 2026. Sections 51, 52, and 53 of this Act are effective for
6 taxable years beginning after December 31, 2026.

7 **SECTION 1. LEGISLATIVE MANAGEMENT STUDY - PROPERTY TAX REFORM FOR**
8 **RESIDENTIAL PROPERTY.**

- 9 1. During the 2025-26 interim, the legislative management shall consider studying
10 property tax reform for residential property, including the feasibility of imposing
11 limitations on taxable valuation increases and of replacing the current property tax
12 structure for residential property with a price per square foot taxation method. The
13 study must include:
- 14 a. A review of the current property tax system for residential property, including
15 procedures for property assessment, the function of the equalization and
16 abatement process, and the process for determining taxing district budgets.
 - 17 b. Consideration of methods to limit the growth of residential property values,
18 including potential advantages and disadvantages for property owners and taxing
19 districts.
 - 20 c. Consideration of implementation and administration of a new taxation method
21 based on a price per square foot, the potential impact of the new taxation method
22 on taxpayers and taxing districts, potential unintended consequences related to a
23 transition from the current ad valorem taxation system to a new taxation method,
24 and potential approaches to mitigate unintended consequences related to the
25 transition to a new taxation method.
- 26 2. The legislative management shall report its findings and recommendations, together
27 with any legislation required to implement the recommendations, to the seventieth
28 legislative assembly.