

TAXATION

CHAPTER 805

HOUSE BILL NO. 1671

(Kloubec)

(Approved by the Committee on Delayed Bills)

ASSESSMENT OF PLATTED AGRICULTURAL LAND

AN ACT to amend and reenact subsection 11 of section 57-02-01 and section 57-02-27 of the North Dakota Century Code, relating to the definition of "agricultural property" and to the assessment of platted agricultural land; to provide limitations for the administration of this Act for 1981; to provide an effective date; and to declare an emergency.

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

SECTION 1. AMENDMENT. Subsection 11 of section 57-02-01 of the 1981 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

11. "Agricultural property" means unplatted lands which are used for raising agricultural crops or grazing farm animals but shall not include platted, except lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals.

* SECTION 2. AMENDMENT. Section 57-02-27 of the 1981 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-02-27. PROPERTY TO BE ASSESSED AT A PERCENTAGE OF FULL VALUE - CLASSIFICATION OF PROPERTY - LIMITATION ON ASSESSMENT OF ANNEXED AGRICULTURAL LANDS. All property subject to taxation based on the value thereof shall be assessed as follows:

1. All residential property to be assessed at nine percent of true and full value. If any property is used for both residential and nonresidential purposes, the assessment shall be prorated accordingly.

* NOTE: Section 57-02-27 was also amended by section 4 of House Bill No. 1674, chapter 806.

2. All agricultural property to be assessed at ten percent of true and full value as determined pursuant to section 57-02-27.2.
3. All commercial and railroad property to be assessed at ten percent of true and full value.
4. All centrally assessed property, except railroad property, to be assessed at fourteen percent of true and full value for the 1981 property tax year, thirteen percent of true and full value for the 1982 property tax year, twelve percent of true and full value for the 1983 property tax year, eleven percent of true and full value for the 1984 property tax year, and ten percent of true and full value for all property tax years beginning on or after January 1, 1985.

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

SECTION 3. LIMITATION ON ADMINISTRATION OF ACT FOR 1981. An assessment made for 1981 on platted land may be changed as provided in this Act only if the owner of the platted land files an application for abatement pursuant to chapter 57-23. County auditors and other taxing officials shall not compute tax bills or take any other action for 1981 as a result of this Act except as is necessary to grant abatements.

SECTION 4. EFFECTIVE DATE. The provisions of this Act shall be effective for all taxable years beginning on or after January 1, 1981, but if this Act does not become effective before January 1, 1982, the provisions of this Act shall be effective for all taxable years beginning on or after January 1, 1982.

SECTION 5. EMERGENCY. This Act is hereby declared to be an emergency measure and shall be in effect from and after its passage and approval.

Approved November 20, 1981

CHAPTER 806

HOUSE BILL NO. 1674

(Representative Dan Olson)

(Senators Lips, Lodoen)

(Approved by the Committee on Delayed Bills)

"ASSESSED VALUATION" DEFINED

AN ACT to create and enact a new subsection to section 57-02-01 of the North Dakota Century Code, relating to the definition of assessed valuation; to amend and reenact subsection 2 of section 15-60-03, subsection 4 of section 21-03-01, sections 57-02-27, 57-02-28, and 57-55-04 of the North Dakota Century Code, relating to the value of property for purposes of taxation and for determining indebtedness limitations of political subdivisions, the basis for the computation of taxes, and the taxation of mobile homes; to provide limitations; to provide an effective date; and to declare an emergency.

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

SECTION 1. AMENDMENT. Subsection 2 of section 15-60-03 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

2. The board shall have no power at any time or in any manner to pledge the credit or taxing power of the state or any other school districts. No obligations or debts of the board shall be deemed to be obligations of the state or any other school districts, and the state or any other school districts shall not be liable for the payment of principal or interest on such obligations. The board shall at no time enter into any contract with a school district under the provisions of this chapter, unless such school district is at that time annually levying a sufficient mill levy which the board has determined will provide for repayment of the contracted loan within twenty years after the initial payment from the state school construction fund to the school district, but a school district shall not borrow more than thirty percent of the taxable valuation of the district from the fund and shall not be permitted to levy less than ten mills for the maintenance of a building fund. The levy required by this section for repayment must be maintained over the life of

the contract with the board, and the school district must have at the time of the loan an existing indebtedness to the maximum limit permitted by law. In determining whether a school district has an existing indebtedness to the maximum limit permitted by law for purposes of this section, the value of taxable property means twice the net taxable value of all taxable property in the school district rather--than-six-times-such-value-as-provided-in subsection 4 of section 21-03-01.

SECTION 2. AMENDMENT. Subsection 4 of section 21-03-01 of the 1981 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

4. "Value of taxable property" or "the assessed valuation" of a municipality shall mean six-times-the-net the assessed value of all taxable property in such municipality as determined pursuant to section--57-02-28;--provided;--that these--terms--may-never-mean-more-than-market-value-of-the property chapter 57-02.

SECTION 3. A new subsection to section 57-02-01 of the 1981 Supplement to the North Dakota Century Code is hereby created and enacted to read as follows:

"Assessed valuation" means fifty percent of the true and full value of property.

* SECTION 4. AMENDMENT. Section 57-02-27 of the 1981 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-02-27. PROPERTY TO BE ASSESSED VALUED AT A PERCENTAGE OF FULL ASSESSED VALUE - CLASSIFICATION OF PROPERTY - LIMITATION ON ASSESSMENT VALUATION OF ANNEXED AGRICULTURAL LANDS. All property subject to taxation based on the value thereof shall be assessed valued as follows:

1. All residential property to be assessed valued at nine percent of true-and-full assessed value. If any property is used for both residential and nonresidential purposes, the assessment valuation shall be prorated accordingly.
2. All agricultural property to be assessed valued at ten percent of true-and--full assessed value as determined pursuant to section 57-02-27.2.
3. All commercial and railroad property to be assessed valued at ten percent of true-and-full assessed value.
4. All centrally assessed property, except railroad property, to be assessed valued at fourteen percent of true-and-full assessed value for the 1981 property tax year, thirteen percent of true-and--full assessed value for the 1982

* NOTE: Section 57-02-27 was also amended by section 2 of House Bill No. 1671, chapter 805.

property tax year, twelve percent of ~~true--and--full~~ assessed value for the 1983 property tax year, eleven percent of ~~true--and--full~~ assessed value for the 1984 property tax year, and ten percent of ~~true--and--full~~ assessed value for all property tax years beginning on or after January 1, 1985.

The resulting amounts shall be known as the assessed taxable or net assessed valuation. In determining the ~~true-and-full~~ assessed value of real and personal property, except agricultural property, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall he adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but he shall value each article or description by itself, and at such sum or price as he believes the same to be fairly worth in money. In assessing any tract, or lot of real property, there shall be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the value of crops growing upon cultivated lands. In valuing any real property upon which there is a coal or other mine, or stone or other quarry, the same shall be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted shall constitute agricultural property and be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Such valuation shall be uniform with the valuation of adjoining unannexed agricultural land.

SECTION 5. AMENDMENT. Section 57-02-28 of the 1981 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-02-28. BASIS FOR COMPUTATION OF TAX. The value of all property subject to a general property tax, ~~not-exempted-by-law--nor subject--to--any--gross--sales--or--other--lieu--tax,--to--be--used--in--the computation--of--the--tax--levied--for--the--payment--of--any--bonded--or improvement--warrant--indebtedness--shall--be--the--assessed--valuation thereof,--but--the--net--value--of--such--property~~ to be used in the computation of all ~~other~~ taxes levied thereon shall be fifty-percent of the assessed valuation thereof and the resulting amount shall be known--as--the its taxable or net assessed valuation as computed pursuant to section 57-02-27. ~~Assessors and boards of review shall assess--and--return--all--taxable--property--at--its--assessed--valuation, and--the--county--auditor,--after--equalization--by--the--state--board--of equalization,--shall--make--the--computation--necessary--to--ascertain--said fifty-percent--value.~~

SECTION 6. AMENDMENT. Section 57-55-04 of the 1981 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-55-04. TAXES - HOW DETERMINED - DISBURSEMENT. The tax for each mobile home shall be determined by the director of tax equalization by placing an evaluation on such mobile home based upon its ~~true-and-fair~~ assessed value and by adjusting the valuation of the mobile home by the percentage provided in section 57-02-27 to determine its assessed taxable valuation pursuant to standards and guides as determined by the state tax commissioner and applying such evaluation to the preceding year's total mill levies applying to property within the taxing district wherein the mobile home is located. If a mobile home is acquired or moved into this state during the calendar year, and a tax decal has not been previously issued on such mobile home in this state for such year, the tax shall be determined by computing the remaining number of months of the current year to the nearest full month and multiplying such number by one-twelfth of the amount which would be due for the full year. The taxes collected pursuant to the provisions of this chapter shall be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 7. LIMITATIONS. The definition of "assessed valuation" in section 3 of this Act shall not apply to sections 4-16-02, 11-11-24, 11-29-05, 23-14-11, 23-18-01, 23-18-02, 23-18-03, 24-05-01, 40-48-07, 40-55-08, subsections 20 and 22 of section 57-02-08, and section 57-02-08.1, and the meaning of the term "assessed valuation" in these sections is the meaning of such term prior to the enactment of this Act.

SECTION 8. EFFECTIVE DATE. The provisions of this Act shall be effective for assessments of property made on or after January 1, 1982.

SECTION 9. EMERGENCY. This Act is hereby declared to be an emergency measure and shall be in effect from and after its passage and approval.

Approved November 20, 1981

CHAPTER 807

HOUSE BILL NO. 1672

(Representatives Strinden, Olafson, A. Olson)

(Senators Tallackson, Vosper)

(Approved by the Committee on Delayed Bills)

"ANNUAL GROSS RETURN" DEFINED

AN ACT to amend and reenact section 57-02-27.2 of the North Dakota Century Code, relating to the valuation and assessment of agricultural lands; to provide an effective date; and to declare an emergency.

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

SECTION 1. AMENDMENT. Section 57-02-27.2 of the 1981 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-02-27.2. VALUATION AND ASSESSMENT OF AGRICULTURAL LANDS. "True and full value" of agricultural lands shall be their agricultural value for the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04. Agricultural value shall be defined as the "capitalized average annual gross return". The "annual gross return" shall be determined from crop share rent, cash rent, or a combination thereof reduced by estimated property taxes and crop marketing expenses incurred by farmland owners renting their lands on a cash or crop share basis. For purposes of this section, "annual gross return" for cropland used for growing crops other than sugar beets and potatoes means thirty percent of annual gross income produced, "annual gross return" for cropland used for growing sugar beets and potatoes means twenty percent of annual gross income produced, and "annual gross return" for land used for grazing farm animals means fifty percent of an amount determined to represent the annual gross income potential of the land which would be produced if the land were used for the growing of hay. The "average annual gross return" for each county shall be determined as follows:

1. Take the annual gross returns for the most recent six years immediately preceding the current year for which data is available and discard the highest and lowest annual gross returns of the six.

2. Of the four annual gross return figures remaining, determine the sum of the following:
 - a. Four times the annual gross return figure for the greatest figure; plus,
 - b. Three times the annual gross return figure for the second greatest figure; plus,
 - c. Two times the annual gross return figure for the third greatest figure; plus,
 - d. The annual gross return figure for the smallest figure.
3. Divide the figure arrived at in subsection 2 by ten.

To find the "capitalized average annual gross return" for years after 1983, the average annual gross return shall be capitalized by a five-year average of the gross federal land bank mortgage rate of interest for North Dakota. The five-year average shall be computed from the most recent five years of the six years used in subsection 1 and the gross federal land bank mortgage rate of interest for each year shall be determined in the manner provided in section 20.2032A-4(e)(1) of the United States treasury department regulations for valuing farm real property for federal estate tax purposes, except that the interest rate shall not be adjusted as provided in paragraph (e)(2) of section 20.2032A-4. To find the "capitalized average annual gross return" for 1981, 1982, and 1983, the average annual gross return shall be capitalized at seven and one-half percent.

It shall be the duty of the agricultural economics department of North Dakota state university to compute annually an estimate of the average agricultural value per acre [.40 hectare] of agricultural lands on a statewide and on a countywide basis and to provide the tax commissioner with this information by December first of each year. Prior to January first of each year the tax commissioner shall provide to each county director of tax equalization this estimate of agricultural value for each county.

Prior to February first of each year the county director of tax equalization in each county shall provide to all assessors within the county an estimate of the average agricultural value of agricultural lands within each assessment district. Such estimate shall be based upon the average agricultural value for the county adjusted by the relative values of lands within each assessment district compared to the county average. In determining the relative value of lands for each assessment district compared to the county average, the county director of tax equalization shall, wherever possible, use soil type and soil classification data from detailed and general soil surveys. Where such data cannot be used, the county director of tax equalization shall use whatever previous assessment data is best suited to the purpose.

It shall be the duty of each local assessor to determine the relative value of each assessment parcel within his jurisdiction and to determine the agricultural value of each assessment parcel by adjusting the agricultural value estimate for the assessment district by the relative value of the parcel. Each parcel shall then be assessed according to the provisions in section 57-02-27. If either a local assessor or a township board of equalization develops an agricultural value for the lands in its assessment district differing substantially from the estimate provided by the county director of tax equalization, written evidence to support the change shall be provided to the county director of tax equalization.

SECTION 2. EFFECTIVE DATE. The provisions of this Act shall be effective for taxable years 1982 and 1983 and shall thereafter be of no effect.

SECTION 3. EMERGENCY. This Act is hereby declared to be an emergency measure and shall be in effect from and after its passage and approval.

Approved November 20, 1981

CHAPTER 808

HOUSE BILL NO. 1673
(Representative O. Hanson)
(Senator Sorum)

(Approved by the Committee on Delayed Bills)

FUEL TAX DISTRIBUTION TO TOWNSHIPS

AN ACT to amend and reenact section 57-50-01 of the North Dakota Century Code, relating to nonrefunded motor vehicle fuel and special fuel tax distributions to townships; and to declare an emergency.

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

SECTION 1. AMENDMENT. Section 57-50-01 of the 1981 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-50-01. REFUND OF TAX PROVIDED FOR - REDUCTION FOR AGRICULTURALLY DERIVED ALCOHOL MOTOR VEHICLE FUEL TAX FUND. Any person who shall buy or use any motor vehicle fuel as defined in subsection 2 of section 57-54-03, for agricultural or industrial purposes, except motor vehicle fuel used in motor vehicles operated or intended to be operated in whole or in part upon any of the public highways of the state of North Dakota on which the motor vehicle fuel tax has been paid, shall be reimbursed or repaid within the time hereinafter provided, the amount of such tax paid by him upon the presentation to and the approval of the tax commissioner of a claim for refund. Provided, however, the amount of the tax refund provided for in this section shall be reduced by one-eighth cent per gallon [3.79 liters], and the one-eighth cent per gallon [3.79 liters] withheld from the refund shall be deposited in the agriculturally derived alcohol motor vehicle fuel tax fund. Those persons who have a valid tax assignment permit issued by the state tax commissioner under the provisions of section 57-50-11.1 shall be charged one-eighth cent per gallon [3.79 liters] by the dealer and the one-eighth cent charge shall be remitted to the state tax commissioner by the dealer when the dealer submits the tax assigned invoices for credit. Those aviation gasoline fuel taxes collected, upon which no refund is claimed and those revenues remaining as unclaimed refunds under the provisions of the statutory refunds on aviation gasoline and aviation motor fuels are hereby appropriated, in accordance with the time limitations as provided by law, and used exclusively for construction, reconstruction, repair, maintenance, and operation of small landing strips near highways and communities

in this state and for the purchase of necessary land required therefor and shall be administered and expended by the state of North Dakota aeronautics commission for the above purpose.

The refunds provided under this section from July 1, 1981, through June 30, 1983, for all fuels taxed under chapters 57-52 and 57-54, except those fuels used in aircraft or with respect to refunds claimed under section 57-50-05, shall be reduced by one cent per gallon [3.79 liters]. This one cent per gallon [3.79 liters] not refunded during the period July 1, 1981, through June 30, 1983, shall be transferred to township road and bridge funds or to the appropriate county fund in the case of unorganized townships. Each township, or county in the case of unorganized townships, shall receive a sum based upon the proportionate number of miles [kilometers] of township roads within the organized or unorganized township as compared with the total number of miles [kilometers] of township roads in the state. These funds are to be used for the construction or maintenance of township roads and may not be used to purchase road building or road maintenance equipment. ~~No township, or county in the case of unorganized townships, shall receive any funds under this section unless that township is levying, for the current budget year, at least ninety-five percent of the mill levies authorized by law. If a township is not levying at the ninety-five percent level, the moneys to which they would be entitled under this section shall instead be deposited by the state treasurer in the highway tax distribution fund.~~ The state treasurer may adopt rules, pursuant to chapter 28-32, necessary to the administration of this allocation to townships during the 1981-1983 biennium.

SECTION 2. EMERGENCY. This Act is hereby declared to be an emergency measure and shall be in effect from and after its passage and approval.

Approved November 20, 1981