

PROPERTY TAXES ON LEASED STATE LAND

This memorandum provides information regarding property taxes on agricultural land leased out by the state. Testimony was presented at the November 13-14, 2013, Government Services Committee meeting regarding the payment of property taxes on agricultural land leased out by the State Hospital. The testimony indicated property taxes were paid by the tenant of the cropland, but no property taxes were assessed for the hay land and pastureland. Committee members questioned why property taxes were paid on cropland leased out by the State Hospital but not on hay land or pastureland.

North Dakota Century Code Section 57-02-08 identifies property exempt from taxation, which includes "[t]he leasehold interest in property owned by the state which has been leased for pasture or grazing purposes . . . "

Based on the provisions of this section, hay land or pastureland leased out by the State Hospital is exempt from property taxes.