Fifty-sixth Legislative Assembly of North Dakota

HOUSE BILL NO. 1084

Introduced by

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Education Committee

(At the request of the Board of University and School Lands)

- 1 A BILL for an Act to amend and reenact section 15-08-26 of the North Dakota Century Code,
- 2 relating to depreciation of school trust land surface improvement costs.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15-08-26 of the North Dakota Century Code is amended and reenacted as follows:

15-08-26. Removal of or payment for improvements upon termination of lease.

The lessee of any lands under the control of the board of university and school lands, within

one hundred twenty days after the expiration date or cancellation date of a lease may remove

any nonpermanent improvements placed upon such the lands by the lessee if such the removal

can be accomplished without material damage to the land. Permanent improvements may not

be placed on the land without written consent of the commissioner of university and school

12 lands. A lessee requesting a permit to place permanent improvements on the land shall

complete an application form prepared by the commissioner. If a lessee desires payment for

any approved permanent improvements, the commissioner shall determine the cost and may

require the lessee to submit all documentation deemed necessary by the commissioner. The

16 cost of completing the permanent improvement is the lessee's expense. The commissioner

may approve depreciation of all or a portion of the cost of the permanent improvement over a

18 period not to exceed ten years. The commissioner may also require the lessee to submit all

19 <u>documentation deemed necessary by the commissioner to determine the cost.</u> The cost may

20 not include any reimbursements to the lessee and may be depreciated over a period not to

21 exceed ten years. The next lessee or purchaser, in addition to paying the purchase price or

22 rental of the land, shall pay to the preceding lessee the undepreciated cost, if any. The

23 commissioner may cancel any undepreciated cost of constructing a permanent improvement if

24 the lessee fails to offer the minimum bid for the land and the land is not leased at the next

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- 1 <u>auction at which the land is offered or if the lessee fails to comply with the conditions of the</u>
- 2 <u>lease agreement</u>.
- 3 Permanent improvements placed on the property must be deemed the property of the
- 4 state. For purposes of this section, permanent improvements include such things as buildings,
- 5 wells, dams, waterholes, waterlines, and trees and nonpermanent improvements include such
- 6 things as fences, corrals, water tanks, and feed bunks.