

Sixty-first
Legislative Assembly
of North Dakota

SENATE BILL NO. 2437

Introduced by

Senator O'Connell

1 A BILL for an Act to provide for payment of a share of property taxes on land by the owners of
2 severed mineral interests if a producing oil or gas well is generating royalty payments to those
3 owners; and to provide an effective date.

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

5 **SECTION 1. Property tax payments by owners of severed mineral interests**
6 **receiving oil or gas royalty payments.** An owner of severed mineral interests who is
7 receiving royalty payments for production of oil or gas, or both, from that mineral interest during
8 a taxable year shall pay to the county auditor an amount equal to fifty percent of the property
9 taxes paid or payable on the land, not including any improvements, overlying the mineral
10 interests for that taxable year. The owners of severed minerals are jointly and severably liable
11 for the payment required by this section. All provisions of law governing property taxes apply to
12 the payments required by this section including the discount for early payment of property
13 taxes, deadlines for payment, penalties, interest, liens, and tax foreclosure. If the mineral
14 interest is subject to tax foreclosure for failure to make the payments required by this section,
15 the owner of the surface estate overlying the mineral interests must be given the right of first
16 refusal to acquire the mineral interest through tax foreclosure. Any amounts collected by the
17 county auditor under this section shall be paid to the surface owner of the lands overlying the
18 mineral interests as a refund of property taxes paid.

19 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
20 December 31, 2008.