

PROPERTY TAX EXEMPTIONS CHRONOLOGY

This memorandum is intended to identify the original enactment of existing property tax exemptions under North Dakota and Dakota Territory law. It is not intended to trace each change made in each exemption. Some exemptions, such as those for farm residences and buildings, charitable organization property, and the homestead credit have been subject to dozens of legislative adjustments and court decisions. The objective of this memorandum is simply to chart the chronology of creation of property tax exemptions by ownership or use of property. From 1862 to 1969 personal property was subject to taxation. Personal property tax exemptions that existed during that time are omitted from this chronology.

1862

The first Dakota Territory Legislative Assembly enacted a property tax of 1.5 mills for Dakota Territory, 2 mills for counties, and 1 mill designated for roads and bridges. Property tax exemptions were provided for property of the United States, Dakota Territory, and political subdivisions and for cemeteries and land and buildings of literary and scientific institutions and benevolent, agricultural, and religious institutions.

1889

The Constitution of North Dakota as approved by the voters October 1, 1889, provided tax exemptions for property of the United States and the state of North Dakota and provided that "the Legislative Assembly shall by a general law exempt from taxation property used exclusively for school, religious, cemetery or charitable purposes"

1890

The first North Dakota Legislative Assembly created statutory property tax exemptions for:

1. All public schoolhouses, academies, colleges, institutions, and seminaries of learning, with the books and furniture therein, and the grounds attached to such buildings necessary for their proper occupancy, use and enjoyment, and not leased or otherwise used with a view to profit; houses used exclusively for public worship, and the lots or parts of lots upon which such houses are erected.
2. All lands used exclusively for burying grounds or cemeteries.
3. All property, whether real or personal, belonging exclusively to the state or to the United States.
4. All buildings belonging to the counties used for holding courts, for jails, for county offices, with the ground, not exceeding in any county 10 acres on which buildings are erected.

5. All lands, house and other buildings belonging to any county, township, or town used exclusively for the accommodation or support of the poor.
6. All buildings belonging to institutions of purely public charity, including public hospitals, Young Men's Christian Association buildings, together with the land actually occupied by such institutions, not leased or otherwise used with a view to profit; and all money and credits appropriated solely to sustaining, and belonging exclusively to such institutions; and all land owned and occupied by agricultural societies, not leased or used with a view to profit, not exceeding 80 acres.
7. All fire engines and other implements used for the extinguishment of fires, with the buildings used exclusively for the safe keeping thereof, and for the meeting of fire companies, whether belonging to any town or fire company organized therein.
8. All public market houses, public squares or other public grounds, town or township houses, or halls used exclusively for public purposes, and all works, machinery, or fixtures belonging to any town and used exclusively for conveying water to such town.
9. All public libraries and real and personal property belonging to or connected with the same.

1901

The Legislative Assembly restricted the exemption for religious property to one acre of property of a religious organization upon which there is a building used for religious services or upon which there is a dwelling and usual outbuildings, intended and ordinarily used for the residence of the minister in charge of services.

An exemption was created for property owned by charitable associations known as posts, lodges, chapters, councils, commanderies, consistories, and like organizations and associations not organized for profit used by them for places of meeting and conduct of business and ceremonies, provided that such property is used exclusively for such charitable purposes.

1911

An exemption was created for property of a nonprofit agricultural fair association.

1918

The voters approved several constitutional amendments at the November 5, 1918, general election. Among these were changes to the language of Section 176 to provide that property used

exclusively for school, religious, cemetery, charitable, or other public purposes shall be exempt from taxation. The language providing that the Legislative Assembly shall by law exempt these properties was eliminated. The 1918 constitutional amendments also amended Section 176 to provide that the legislature may by law exempt any or all classes of personal property from taxation and within the meaning of this section, fixtures, buildings, and improvements of every character upon land shall be deemed personal property.

1919

Enabled by the 1918 constitutional amendment to exempt buildings from property taxes, the Legislative Assembly in 1919 created an exemption for all structures and improvements on agricultural lands.

1923

An exemption was created for all land used as a public park or monument ground belonging to any military organization.

An exemption was created for National Guard armory and land or lots upon which it is situated.

1929

An exemption was created for property of a nonprofit corporation for promoting athletic and educational needs and uses at any state educational institution in this state.

An exemption was created for property of an institutional holding association, organized as a nonprofit corporation to build and manage, lease, or sell dormitories and appurtenances at state educational institutions.

1931

A property tax exemption was provided when telecommunications carriers were made subject to gross receipts taxes. In 1931 the tax and exemption was applied to mutual and cooperative telephone companies and was extended to all telecommunications carriers by 1999 legislation.

1935

An exemption was created for inundated and highway easement lands.

1937

An exemption was created for property owned by a housing authority.

1953

Oil and gas gross production tax was enacted in lieu of property taxes on oil and gas property interests.

1955

An exemption was created for homestead structures and improvements owned by a paraplegic disabled veteran or veteran awarded specially

adapted housing or an individual permanently and totally disabled and confined to a wheelchair.

1959

An exemption was created for structures and improvements owned and occupied as a home by a blind person.

1967

An exemption was created for structural improvements other than pavement or surfacing used as an automobile parking lot within a city.

1969

All personal property was exempted from property taxes except personal property assessed by the State Board of Equalization, property subject to a tax in lieu of ad valorem tax, and any kind of personal property, including mobile homes, subjected to a tax under any other provision of law.

An exemption was created for property of new and expanding businesses, which may be granted exemption or payments in lieu of taxes by the city or county.

The homestead credit was created to provide state payment of a portion of property taxes on the homestead of a person 65 years of age or older or permanently and totally disabled with qualifying income and assets.

1973

An exemption was created for improvements to commercial and residential buildings for a maximum exemption period of five years.

An exemption was created for tax increment financing district property, which is exempt from taxes on incremental value except for taxes of the city for deposit in the tax increment fund.

1975

An exemption was created for structures and improvements owned and occupied as a homestead by a paraplegic disabled person with limited income.

An exemption was created for equipment designed to provide heating, cooling, or electrical or mechanical power from solar, wind, or geothermal energy.

An exemption was created for coal conversion facilities, which were made subject to the coal conversion facilities privilege tax in lieu of property taxes.

1979

An exemption was created for structures and improvements owned by a cooperative or nonprofit corporation to furnish potable water to its members or customers for uses other than irrigation.

1980

The voters of the state approved a constitutional amendment to eliminate authority to levy property

taxes for state purposes. The amended provision previously allowed a levy up to four mills to defray state expenses plus an amount sufficient to pay the interest on the state debt. The one mill state levy for the state medical center adopted in 1948 was not affected by the 1980 measure.

1981

An exemption was created for property owned by city and leased to an institution of public charity and used for charitable purposes or subleased to a public school district for educational purposes.

An exemption was created for property, other than residential property, owned by a religious organization and leased to a public school district for educational purposes.

The homestead credit for special assessments was created to allow exemption and state payment of special assessments to be claimed by any person who qualifies for the homestead credit.

1983

An exemption was created for group homes owned by nonprofit corporations providing room and board, personal care, rehabilitation services, or supervision in a family environment and licensed by the appropriate North Dakota licensing authority.

An exemption was created to allow a city or county to grant exemption for up to \$150,000 of true and full value of new single-family and condominium and township residential property for up to two years.

1985

A statutory exemption was created for minerals in the earth which at the time of removal are subject to oil and gas, coal, or potash taxes.

An exemption was created for property used for athletic or recreational activities owned by a political subdivision and leased to a nonprofit corporation organized to promote public athletic or recreational activities.

A conditional wetlands exemption was created but is effective only if legislative appropriations have been made available to reimburse political subdivisions, which has never happened.

1987

An exemption was created for a building on state land used at least in part for academic or research purposes by students and faculty of a state institution of higher learning.

1989

An exemption was created for structures and improvements used for early childhood education or as an adult day care center but not used as a residence.

1991

An exemption was created for carbon dioxide pipeline property while under construction and for the first 10 years of operation.

An exemption was created for woodlands subject to the forest stewardship tax in lieu of property taxes.

1993

An exemption was created for pollution abatement improvements for agricultural or industrial facilities.

An exemption was created for the leasehold interest in state-owned property leased for pasture or grazing purposes or upon which payments in lieu of taxes are made by the state.

1999

An exemption was created for a building and associated land owned by Workforce Safety and Insurance.

An exemption was created which the city may grant for renaissance zone residential or commercial property purchased or rehabilitated as part of a renaissance zone project. The exemption may be granted for up to five years.

2002

Voters approved a constitutional amendment to Article X, Section 5, of the Constitution of North Dakota stating that real property used for conservation or wildlife purposes is not exempt from taxation unless an exemption is provided by the Legislative Assembly.

2003

An exemption was created for property owned by the state and held under a lease and any structure, fixture, or improvement located on that property used primarily for athletic and educational purposes at any state institution of higher education.

An exemption was created for new transmission line property not subject to a per mile tax under North Dakota Century Code Chapter 57-33.2 and initially placed in service after October 1, 2002. The exemption is a full exemption for one year, a declining exemption for three years, and a per mile tax after the fourth year of operation.

Property, including any possessory interest therein, relating to waterworks, mains, and water distribution systems leased to the state or a private entity operated by or providing services to a municipality or political subdivision or state agency or state citizens.

Property, including any possessory interest therein, relating to any sewage systems and facilities leased to the state or a private entity or operated by or providing services to a municipality or political subdivision or state agency or state citizens.

Property of the state, including any possessory interest therein, leased to a private entity under a long-term lease or leaseback transaction.

2009

An exemption was created for new single-family residential property for the year in which construction began and the next two years, if owned by the builder and unoccupied.

An exemption was created for the homestead of a disabled veteran based on the individual's total disability rating as determined by the United States Department of Veterans' Affairs.