



North Dakota Legislative Council

Prepared for the Government Finance Committee
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PROPERTY TAX INFORMATION

ESTIMATE TO REPLACE PROPERTY TAX REVENUE - INITIATED CONSTITUTIONAL AMENDMENT

On June 29, 2023, the Secretary of State approved for circulation a petition for an initiated constitutional amendment to prohibit political subdivisions from levying tax on real or personal property, except for tax levied for the payment of existing bonded indebtedness until paid.

If approved, the measure would become effective January 1, 2025; therefore, political subdivisions would no longer be allowed to levy property taxes beginning in 2025 payable in 2026. Based on estimates from the Tax Department presented to the Legislative Management in August 2024, the amount of property tax revenue that would need to be replaced in 2025 is \$1.575 billion per year, or \$3.150 billion per biennium.

The state already provides state funding to reduce property taxes of certain eligible residents under the homestead tax credit program, the disabled veterans credit program, and the primary residence credit program. For the 2023-25 biennium, the Legislative Assembly appropriated a total of \$194 million for these property tax credit programs. Deducting these amounts from the \$3.150 billion needed to replace property taxes would result in the need for an additional \$2.956 billion of state spending.

The 2023-25 biennium state budget totals \$19.6 billion, including \$6.1 billion from the general fund, \$7.2 billion of special funds, and \$6.3 billion of federal funds. The estimated \$2.956 billion of additional state spending needed to replace property tax revenues would be equivalent to 48.4 percent of the 2023-25 biennium general fund budget or 15.1 percent of the total 2023-25 biennium state budget.

HISTORICAL PROPERTY TAXES

The schedule below provides information on property (ad valorem) taxes levied by classification from 1991 to 2022.

Statewide Property (Ad Valorem) Taxes Levied ¹										
Year	Agricultural Property	Residential Property	Commercial Property	Centrally Assessed Property ²	Other ³	Total Collections	Collections		Consumer Price Index ⁴	
							Annual Percentage Increase	Cumulative Percentage Increase	Annual Percentage Increase	Cumulative Percentage Increase
1991	\$110,813,087	\$116,303,900	\$84,447,361	\$23,936,553	\$0	\$335,500,901				
1992	\$113,707,140	\$124,071,907	\$89,570,232	\$24,618,897	\$0	\$351,968,176	4.91%	4.91%	3.60%	3.60%
1993	\$117,612,200	\$131,396,788	\$93,192,464	\$25,396,637	\$0	\$367,598,089	4.44%	9.57%	3.07%	6.78%
1994	\$121,706,910	\$140,990,862	\$96,838,072	\$28,443,569	\$0	\$387,979,413	5.54%	15.64%	3.04%	10.03%
1995	\$128,744,840	\$152,172,068	\$102,501,325	\$24,934,982	\$0	\$408,353,215	5.25%	21.71%	2.95%	13.28%
1996	\$136,200,330	\$160,879,642	\$104,802,388	\$25,794,787	\$0	\$427,677,147	4.73%	27.47%	3.42%	17.15%
1997	\$141,712,721	\$170,682,809	\$109,042,133	\$26,144,611	\$0	\$447,582,274	4.65%	33.41%	3.07%	20.75%

1998	\$145,916,895	\$183,064,621	\$116,606,816	\$19,615,064	\$0	\$465,203,396	3.94%	38.66%	3.15%	24.55%
1999	\$146,637,400	\$196,890,286	\$122,113,936	\$20,552,642	\$0	\$486,194,264	4.51%	44.92%	3.00%	28.28%
2000	\$149,034,306	\$205,319,324	\$130,113,744	\$24,565,347	\$0	\$509,032,721	4.70%	51.72%	2.96%	32.09%
2001	\$151,853,487	\$215,069,030	\$137,248,041	\$28,459,117	\$0	\$532,629,675	4.64%	58.76%	3.46%	36.65%
2002	\$158,940,830	\$229,596,957	\$143,684,077	\$28,530,045	\$0	\$560,751,909	5.28%	67.14%	4.30%	42.53%
2003	\$168,055,565	\$240,356,676	\$147,516,626	\$30,483,150	\$0	\$586,412,017	4.58%	74.79%	2.67%	46.33%
2004	\$161,953,061	\$266,488,154	\$157,685,527	\$31,938,951	\$0	\$618,065,693	5.40%	84.22%	2.08%	49.38%
2005	\$168,453,386	\$291,971,255	\$167,020,373	\$32,344,362	\$0	\$659,789,376	6.75%	96.66%	3.01%	53.87%
2006	\$177,233,697	\$316,413,578	\$179,826,255	\$32,954,091	\$0	\$706,427,621	7.07%	110.56%	2.61%	57.88%
2007	\$180,947,199	\$336,624,504	\$191,160,716	\$31,808,319	\$0	\$740,540,738	4.83%	120.73%	4.24%	64.57%
2008	\$183,870,522	\$357,032,749	\$201,590,660	\$33,904,544	\$0	\$776,398,475	4.84%	131.41%	2.86%	69.28%
2009	\$154,226,316	\$312,178,137	\$177,214,389	\$35,130,536	\$0	\$678,749,378	(12.58%)	102.31%	1.67%	72.11%
2010	\$164,735,328	\$325,084,844	\$186,797,427	\$45,370,645	\$0	\$721,988,244	6.37%	115.20%	(0.35%)	71.51%
2011	\$174,002,746	\$336,437,482	\$197,411,862	\$49,916,914	\$0	\$757,769,004	4.96%	125.86%	0.76%	72.81%
2012	\$199,229,321	\$348,032,395	\$215,504,561	\$52,175,628	\$0	\$814,941,905	7.54%	142.90%	2.02%	76.30%
2013	\$186,717,458	\$328,083,366	\$216,720,689	\$54,712,307	\$0	\$786,233,820	(3.52%)	134.35%	2.27%	80.30%
2014	\$206,155,905	\$356,180,794	\$254,085,919	\$61,869,871	\$0	\$878,292,489	11.71%	161.79%	2.57%	84.94%
2015	\$217,786,259	\$384,109,358	\$278,367,059	\$67,791,453	\$11,191,728	\$959,245,857	9.22%	185.91%	2.98%	90.45%
2016	\$229,094,285	\$410,862,172	\$300,735,020	\$70,323,459	\$13,632,803	\$1,024,647,739	6.82%	205.41%	3.28%	96.70%
2017	\$220,616,240	\$419,181,429	\$306,240,386	\$76,924,258	\$11,746,494	\$1,034,708,807	0.98%	208.41%	3.52%	103.63%
2018	\$229,295,250	\$441,459,955	\$316,901,532	\$80,782,890	\$11,958,507	\$1,080,398,134	4.42%	222.03%	3.13%	110.00%
2019	\$238,800,139	\$461,596,707	\$335,418,812	\$87,904,871	\$10,253,694	\$1,133,974,223	4.96%	237.99%	3.37%	117.07%
2020	\$246,173,175	\$482,186,895	\$350,175,406	\$92,904,897	\$11,149,783	\$1,182,590,156	4.29%	252.48%	3.31%	124.24%
2021	\$249,305,547	\$512,659,868	\$365,381,415	\$94,265,984	\$9,749,157	\$1,231,361,971	4.12%	267.02%	1.47%	127.53%
2022	\$250,636,622	\$563,106,738	\$391,506,881	\$96,985,242	\$8,565,123	\$1,310,800,606	6.45%	290.70%	4.74%	138.32%

¹The amounts shown reflect information from the Property Tax Statistical Reports prepared by the Tax Department. The amounts shown do not include special taxes (payments in lieu of taxes; mobile home taxes; electric generation, distribution, and transmission taxes; and forest stewardship taxes) and special assessments.

²The amounts shown for centrally assessed property include railroad property; pipeline property; and electric, gas, and heating property.

³The amounts shown for other include city tax increment financing and city fire protection taxes.

⁴The amounts used to calculate the cumulative increase for the consumer price index reflect the index for the shelter category in United States cities for all urban consumers without seasonal adjustments based on annual increases as of February of each year since property values are determined in February.