



Property Tax Newsletter

June 1999

In This Issue . . .

- 1999 Property Tax Legislation**
- E-Mail Addresses Wanted**
- Address for NDSU**
- Upcoming Appraisal Courses**

1999 Property Tax Legislation

The following summary describes the 1999 legislative changes that affect real property assessments and taxation. Several bills became effective for the 1999 assessment. Note the effective date listed beside each bill number. A copy of a bill may be obtained by accessing the State of North Dakota web site (<http://www.state.nd.us/>); Legislative; 56th Legislative Assembly (1999); Bills, Resolutions, and Journals; House Bills/Senate Bills; and the specific bill number. Click on the bill number with the word "enrollment" beside it.

HB 1044: Effective August 1, 1999

Amends various sections of the North Dakota Century Code (N.D.C.C.) to correct twentieth century statutory references and remove other archaic and gender specific language, e.g., removes gender references such as "his" to "the assessor," "the auditor," etc. Removes the numbers "19" in front of the line intended to identify the specific year (allows for listing of a year in 2000).

HB 1045: Effective August 1, 1999

Makes grammatical changes to N.D.C.C. § 40-57.1-05, regarding reapplication for tax exemption. Deletes the provisions in N.D.C.C. § 57-15-08 for a one-mill band levy and a four-mill public library levy in addition to the city general fund levy. Adds a new subsection to N.D.C.C. § 57-15-10 to provide for a one-mill city band levy. There is already a provision in N.D.C.C. § 57-15-10 for a public library levy. Makes many technical and style changes to other sections of the N.D.C.C.

HB 1050: Effective August 1, 1999

Re-authorizes a regulatory review commission to review the operation and effect of North Dakota telecommunications law and report to the legislative council in 2000 and 2002.

HB 1052: Effective January 1, 2000

Amends N.D.C.C. § 57-02-08.1. Increases the income limitation for the homeowner's homestead credit and renter's refund from \$13,500 to \$14,000. Revises the schedule for income and credit levels as follows:

<u>Income</u>	<u>Percentage Reduction</u>	<u>Maximum Dollar Reduction</u>
\$ 0 - 8,000	100%	\$2,000
8,001 - 9,500	80%	1,600
9,501 - 11,000	60%	1,200
11,001 - 12,500	40%	800
12,501 - 14,000	20%	400

Effective for the homeowner property tax reductions beginning with year 2000 and renter refunds issued in 2001 for rents paid and income received in 2000.

HB 1053: Effective January 1, 1999

Amends N.D.C.C. § 57-02-08(15). Changes the definitions of "farm" and "farmer" to state that the farmer and spouse must have received 50 percent or more of their combined annual net income from farming activities during any of the three preceding calendar years. Clarifies that "farmer" includes a retired farmer. Includes in the definition of "farmer" a "beginning farmer" who has begun occupancy and operation of a farm within the three preceding calendar years, and who normally devotes the major portion of time to the activities of producing products of the soil, poultry, livestock, or dairy farming in such

products' unmanufactured state. Provides that for the farm residence exemption, a "retired farmer" or "beginning farmer" is not subject to the requirement that the farmer and spouse must not have had more than \$40,000 of nonfarm income during each of the three preceding calendar years.

HB 1054: Effective January 1, 1999

Amends N.D.C.C. § 57-02-08(15). Provides that any structure or improvement used primarily in connection with a retail or wholesale business other than farming is not exempt as a farm structure or improvement. Provides that "business other than farming" includes processing to produce a value-added physical or chemical change in an agricultural commodity beyond the ordinary handling of that commodity by a farmer prior to sale. Provides that the following factors may not be considered in application of the farm structure exemption:

- whether the farmer grows or purchases feed for animals raised on the farm;
- whether animals being raised on the farm are owned by the farmer;
- whether the farm's replacement animals are produced on the farm;
- whether the farmer is engaged in contract feeding of animals on the farm.

HB 1055: Effective January 1, 1999

Amends N.D.C.C. § 57-02-14 which provides for a separate listing of the descriptions and valuations of certain exempt property. Specifies that farm buildings and farm residences exempt from taxation are excluded from the requirement of N.D.C.C. § 57-02-14.

HB 1117: Effective August 1, 1999

Amends N.D.C.C. § 57-28-21. Removes the requirement that after real estate has been sold and a deed has been delivered to the purchaser, the county auditor must send to the state office of management and budget a copy of the resolution by which the county commissioners canceled from the record all general taxes and special assessments remaining of record against the property at the date of sale.

HB 1196: Effective January 1, 1999

Amends N.D.C.C. §§ 57-15-14.2(1) and 57-15-17.1. Allows school districts to levy up to 15 mills for removal or abatement of asbestos in school buildings and for providing an alternative education program. Up to 10 mills of the 15-mill levy may be placed in a separate alternative education program fund. The fund cannot be used to construct or remodel facilities.

HB 1201: Effective August 1, 1999

Provides that a rural fire protection district may organize a firefighters relief association. Does not provide for a tax levy in addition to the general fund levy. Replaces the term "firemen's" with "firefighters" in applicable statutes. Amends and adds various provisions concerning a firefighters relief association.

HB 1271: Effective August 1, 1999

Creates a new section to N.D.C.C. ch. 57-02. Provides that income and expense information provided by commercial property owners for assessment purposes is confidential, unless directed otherwise by judicial order or as otherwise provided by law. Does not prohibit publication of statistics classified to prevent the identification of a particular property, or disclosure of information when the owner or occupant has brought an action to set aside or review the assessment.

HB 1275: Various effective dates (see the bill)

Amends various sections of the N.D.C.C. relating to the duties, responsibilities, and funding of Clerks of District Court. Replaces the Clerk of District Court with the Register of Deeds, or a different official designated by the Board of County Commissioners, for receipt of an undertaking for payment of personal property taxes or receipt of a notice of delinquent taxes with regard to a tax debtor who has moved to the county.

HB 1281: Effective April 9, 1999

Creates new sections and a new chapter to N.D.C.C. Title 61 relating to State Water Commission bonding authority, guarantees of evidences of indebtedness, and creation of an irrigation district finance program. Amends various sections relating to guarantees of evidences of indebtedness by the State Water Commission. Provides that all property of the North Dakota irrigation district finance program is exempt from all state, county, and municipal taxes as an instrumentality of the state.

HB 1342: Effective January 1, 1999

Amends N.D.C.C. § 57-23-04(1)(g). Allows an abatement for damage to a building, mobile home, structure, or other improvement caused by natural disaster.

HB 1351: Effective August 1, 1999

Amends N.D.C.C. § 57-02-08(37). Provides that the governing body of a city or county may grant a property tax exemption for fixtures, buildings, and improvements used primarily as an adult day care center.

HB 1363: Effective January 1, 1999

Amends N.D.C.C. § 57-02-08(15)(b)(3). Provides that for purposes of the farm residence exemption, depreciation expenses from farming activities which have been deducted in computing taxable income must be included in “net income from farming activities.”

HB 1375: Effective January 1, 1999

Creates N.D.C.C. § 39-18-03.2 and amends N.D.C.C. §§ 57-40.3-01(2), 57-55-10(2). Makes permanent a provision that the owner of a park model trailer must pay a fee of \$20 per year to the Department of Transportation to qualify for exemption from the mobile home tax. Includes “park model trailer” in the definition of “motor vehicle.” Exempts a park model trailer from the mobile home tax if it is used only for seasonal or recreational living quarters and not as a primary residence, is located in a trailer park or campground, and the owner has paid a park model trailer fee.

HB 1446: Effective January 1, 1999

Amends N.D.C.C. §§ 11-11-17, 24-06-14 and 57-15-22. Provides that the total tax levied by county commissioners in any unorganized township for the construction, maintenance, and improvement of any roads and bridges may not exceed 18 mills or the amount in dollars that the township would have been entitled to levy under N.D.C.C. § 57-15-01.1 if the township had remained organized. Provides for appointment of a district overseer of highways’ duties in unorganized territory.

HB 1456: Effective January 1, 1999

Amends N.D.C.C. § 40-57.1-03. Removes the language “upon which initial construction is begun after June 30, 1994” concerning projects eligible to make payments in lieu of taxes.

Amends N.D.C.C. §§ 57-02.2-02 and 57-02.2-03. Provides that an addition to an existing building or structure qualifies for the exemption of improvements to commercial and residential buildings. Provides that qualifying improvements may be exempt for up to five years.

HB 1492. Effective January 1, 1999

Provides for renaissance zones in cities. Provides for property tax and income tax exemptions for up to five years and income tax credits for a maximum of five years for investments in renaissance zones. Properties located in a zone project that are eligible for the property tax exemption, and the period of time in which the exemption begins include:

- Single-family residential buildings purchased as the

primary place of residence of an individual. The exemption begins with the taxable year following the date of acquisition.

- Buildings, structures, fixtures, and improvements purchased by a business for any business purpose, excluding investment. The exemption begins in the year of the investment.
- Buildings, structures, fixtures, and improvements to residential or commercial property if the property was purchased solely for investment purposes. The exemption begins with the taxable year following the date of acquisition.

Provides for establishment of a renaissance fund corporation in each city with a designated renaissance zone. Designates the office of intergovernmental assistance to administer the program.

SB 2006: Effective July 1, 1999

Provides the appropriation for the Office of State Tax Commissioner. Provides the appropriation for grants for renter refunds and reimbursement to political subdivisions for the property tax credit for persons with limited income who are age 65 and older or permanently and totally disabled.

SB 2015: Effective July 1, 1999, etc. (see the bill)

Amends various sections of N.D.C.C. ch. 57-34 pertaining to the telecommunications gross receipts tax.

SB 2023: Effective July 1, 1999, etc. (see the bill)

Provides appropriations for the State Water Commission and the Public Service Commission, and provides for a study by the State Engineer of the feasibility and desirability of constructing dams and other impoundments in the Pembina River Watershed.

SB 2051: Effective August 1, 1999

Amends N.D.C.C. § 40-57.1-03. Requires the governing board of a municipality to include, as nonvoting ex officio members, a representative appointed by the school board of each affected school district and a representative appointed by the board of township supervisors of each affected township during the negotiation and deliberation of a property tax exemption or the option to make payments in lieu of taxes for a new or expanding business.

SB 2052: Effective January 1, 1999

Amends N.D.C.C. § 57-02-27.2. Establishes "inundated agricultural land" as a new category or subclass of

agricultural property. Defines "inundated agricultural land" as agricultural property which is inundated to an extent making it unsuitable for growing crops or grazing farm animals for a full growing season or more. Requires the Board of County Commissioners to approve that subclassification before all or any part of a parcel may be categorized as inundated agricultural land for the taxable year. Requires NDSU to value inundated agricultural lands at 10 percent of the average agricultural value of noncropland for the county.

SB 2054: Effective January 1, 1999

Amends N.D.C.C. § 57-02-27.2. Requires inclusion of a production cost factor in the formula for valuation and assessment of agricultural land for property tax purposes and sets out the required calculations.

SB 2100: Effective January 1, 1999

Amends N.D.C.C. § 57-15-01.1. Removes the reference to personal property tax on fireworks. Deletes a duplicate reference to mill levy limitations.

SB 2101: Effective January 1, 1998

Amends N.D.C.C. §§ 57-34-03(2), 57-34-05. Defines "net gross receipts tax revenues" as gross receipts tax revenues minus any refunds paid under N.D.C.C. § 57-34-03. Provides that on or before March 1 of each year the tax commissioner must certify to the state treasurer the amount due each county, and the state treasurer must remit that amount to each county treasurer not later than the tenth working day in March of each year.

SB 2105: Effective February 18, 1999

Provides for allocation by the State Treasurer of unexpended state aid distribution fund revenue in a single quarterly allocation according to the formula contained in N.D.C.C. § 57-39.2-26.1, and declares an emergency.

SB 2162: Effective August 1, 1999

Amends N.D.C.C. § 57-15-14.2. Contains numerous provisions relating to school districts, programs, finance, and a legislative council study. Provides that the 15-mill levy authorized for removal and abatement of asbestos substances in school buildings may also be used for any remodeling required to meet specifications set by the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities and any remodeling required to meet requirements set by the State Fire Marshal during the inspection of a public school. Provides that all revenue accruing from up to five mills of the 15-mill levy must be placed in a separate fund known as the required remodeling

fund. Any funds remaining in the required remodeling fund after completion of the remodeling projects must be transferred to the school district general fund upon the order of the school board.

SB 2215: Effective August 1, 1999

Amends N.D.C.C. § 57-15-06.7(11) and various sections in Title 15. Repeals the 5-mill county levy in aid of a junior college or an off-campus educational center of a state-supported institution of higher education. Contains other provisions relating to the State Board of Higher Education and jurisdiction over junior colleges.

SB 2231: Effective August 1, 1999

Repeals N.D.C.C. § 11-13-10, which required the county auditor to certify abstracts of title and collect 25 cents for each abstract certified. Repeals N.D.C.C. § 11-14-05, which required the county treasurer to certify abstracts of title and collect 25 cents for each abstract certified.

SB 2246: Effective January 1, 1999

Amends N.D.C.C. §§ 40-24-16, 57-20-07.1, 57-20-08, 57-22-21(2). Provides that real estate tax statements must be provided in a manner that allows the property owner to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. Provides that the County Commissioners may direct the County Treasurer to give the County Auditor a receipt showing the name and address of the person who paid the tax. Removes the provision that the County Treasurer must give a receipt to the person who paid the tax. A copy of each receipt must be preserved in the Office of the County Treasurer.

SB 2334: Effective January 1, 1999

Creates, amends and repeals several sections of N.D.C.C. Removes references to tax sale proceedings and redemption. Enacts provisions for tax lien foreclosure and satisfaction of a tax lien. Provides for the County Treasurer to mail a notice of tax lien to the owner of land for which property taxes are delinquent. Provides that real estate acquired by the county by tax deed is deemed marketable if it meets the same conditions that real estate sold to the city must meet in order to be marketable. Provides that property tax proceedings relating to property taxes due or delinquent for any taxable year prior to 1999 are subject to provisions of law that were in effect December 31, 1998.

SB 2358: Effective July 1, 1999

Creates a new section to N.C.C.C. ch. 57-15, a new subsection to N.D.C.C. § 57-15-06.7, and amends

N.D.C.C. §§ 52-09-08(3) and 57-15-28.1(5). Provides that a county levying a tax for old-age and survivors' insurance, for social security, for an employee retirement program established by the governing body, for county automation and telecommunications, or for any combination of those purposes, may levy up to 30 mills. The portion of the levy for county automation and telecommunications may not exceed five mills.

SB 2382: Effective January 1, 1999

Amends N.D.C.C. §§ 57-15-06.7(25), 57-15-10(26) and 57-15-56(3). Increases the levy of a tax for programs and activities for senior citizens by a county or city from one to two mills. Provides that the levy may not be increased to more than one mill unless approved by a vote of a majority of the qualified electors of the county or city voting on the question.

E-Mail Addresses Wanted

More and more governmental offices are using computers and the availability of e-mail makes it more convenient and less expensive to communicate between offices. In the July 1998 Property Tax Newsletter a request was made for e-mail addresses from the offices of the city assessors, county auditors, tax directors, registers of deeds, and treasurers. We received several addresses from that request; however, if there are offices that installed e-mail or changed e-mail addresses since that date, please send the information to LuElla Wedge on the internet at lwedge@state.nd.us.

Current e-mail addresses for the Property Tax Division are as follows:

Barry Hasti	bhasti@state.nd.us
Charles Krueger	ckrueger@state.nd.us
Marcy Dickerson	mdickers@state.nd.us
LuElla Wedge	lwedge@state.nd.us
Ramona Wanner	rawanner@state.nd.us
Judy Brosz	jbrosz@state.nd.us

A listing of the compiled addresses will be available upon request.

Address for NDSU

County Directors of Tax Equalization need to submit the total number of acres of inundated agricultural land to NDSU and the Tax Commissioner's Office. The address for the Tax Commissioner's Office is listed below. The address for NDSU is:

Dwight Aakre
Agricultural Economics Dept.
NDSU
PO Box 5437
Fargo, ND 58105-5437

Upcoming Appraisal Courses

For assessment officials who need courses for certification, continuing education, and for those who want to expand their knowledge of the assessment process, the Office of State Tax Commissioner offers the following appraisal education through October 2000:

202	Agricultural Land Valuation	Sept. 27 - Oct.1, 1999
201-A	Residential Property Appraisal	Dec. 6 - 10, 1999
203-B	Commercial Cost Approach	Feb. 7 - 11, 2000
303	Teaching Appraisal Techniques	May 15 - 19, 2000
102	Principles & Theory of Value	Oct. 16 - 20, 2000

Need Assistance?

Please direct property tax questions or concerns to:

Office of State Tax Commissioner
Property Tax Division
600 E. Boulevard Ave.
Bismarck, ND 58505-0599
Phone: (701)328-3127
Toll free within state: 1-800-638-2901, option 5
Fax: (701)328-3700
E-mail: bhasti@state.nd.us
Website: <http://www.state.nd.us>