



# Guideline

## Property Tax Exemption of Improvements to Commercial & Residential Buildings

North Dakota Century Code § 57-02.2

July 2007

### Requirements

1. The governing body of the county, for property outside city limits, or the governing body of the city, for property within city limits, must pass a resolution to allow the exemption.
2. The governing body may limit or impose conditions upon exemptions, including limitations on the length of time during which an exemption is allowed, not exceeding five years. The requirements must be applied equitably to all applicants.
- \*3. The exemption is valid for the prescribed period and does not terminate upon the sale or exchange of the property. It is transferable to subsequent owners.
4. The resolution may be rescinded or amended at any time by the governing body of the county or city.

### Improvements that Qualify

5. Improvements to commercial or residential buildings or structures by renovation, remodeling, alteration or an addition may qualify for exemption.
  - a. Renovation - Restoring to a previous condition or to a good state of repair.
  - b. Remodeling - Changing the plan, form or style of a building, to correct functional deficiencies.
  - c. Alteration - Changing, modifying or varying; changing materially.
  - d. Addition - A structure attached to an existing building to increase its size.
6. A residential building must be 25 years old or older on the assessment date to qualify for the exemption. This provision does not apply to commercial buildings.
7. The renovation, remodeling or alteration of an apartment or residential building into a commercial building or structure is eligible for exemption, whether or not the apartment or residential building is 25 years old. However, if a commercial building is renovated, remodeled, or altered into an apartment or residential building, the commercial building must be 25 years old or older to qualify for the exemption.

## **Improvements that Do Not Qualify**

8. Improvements begun before the governing body passed the resolution do not qualify for exemption.
9. The complete replacement of one building with another building does not qualify for exemption.
10. A separate structure that is not attached to the existing building does not qualify for exemption.

## **Procedures**

11. The property owner files an application with the assessor of the assessment district where the property is located.
12. The assessor determines if the improvements qualify for exemption. The governing body of the county or city must approve the exemption before it becomes effective.
13. If the renovation, remodeling, alteration or addition qualifies, the last assessment on the building prior to the start of making the improvement remains for the prescribed period unless equalization or reevaluation of building values is necessary.
14. The exemption is effective beginning with the first assessment date following the date of commencement of making the improvements.
15. Land values may be changed on any assessment date when justified.

## **Appeal, Correction and Abatement**

16. The decision of the governing body regarding the exemption is subject to appeal, correction and abatement in the manner provided by law.
17. Appeal, correction and abatement procedures are available to the property owner even though an application for exemption was not filed prior to the current assessment date.
18. The abatement procedure is available to the property owner with regard to the value of the building prior to the renovation, remodeling, alteration or addition.