NORTH DAKOTA
Brian Kroshus, Tax Commissioner

PROPERTY TAX EXEMPTION FOR BUILDERS OF CERTAIN NEW SINGLE FAMILY RESIDENTIAL PROPERTIES

North Dakota Century Code (N.D.C.C.) § 57-02-08(42) provides a discretionary exemption for certain new single family residential properties from property taxes for the taxable year in which construction began and the next two taxable years, if the property remains owned by the builder, remains unoccupied, and other conditions are met. Whether or not to offer the exemption is at the discretion of the governing body. "Single family residential property" includes condominiums and townhouses.

Governing Body Must Pass Resolution

1. The city or county governing body must pass a resolution indicating that the exemption will be allowed for the property located within its jurisdiction. Each city has jurisdiction over property within that city and the county has jurisdiction over all property not located within an incorporated city.
2. There is no statutory limit on the true and full value of improvements that may be exempted. Land is taxable.
3. The value of improvements allowed by the resolution is exempt for the taxable year in which construction began and the next two taxable years if the property remains owned by the builder, remains unoccupied, and other conditions are met.
4. The governing body may limit or impose conditions on the exemption, including limitations on the time during which an exemption is allowed and on the dollar value of the exemption. [See Attorney General's Letter Opinion 2009-L-13.]
5. The governing body need pass only one resolution to allow the exemption.
6. Once the governing body has passed the resolution, there can be no discretion on its part regarding who shall receive the exemption if the requirements set out in the statute and the resolution are met.
7. The resolution may be rescinded or amended at any time.

Ownership Requirements

8. The property must remain owned by the builder and unoccupied.
9. A builder is eligible for exemption of no more than ten properties in a taxable year within each jurisdiction that has approved the exemption. A "property" means a single unit that is intended for occupancy by one family.
10. "Builder" includes an individual who builds that individual's own residence.

Properties That Are Eligible

11. All new single family residential property constructed after passage of the resolution is eligible.
12. Outbuildings and other improvements normally associated with residential living are included in the exemption.
13. The residence must qualify for the exemption in order for outbuildings and other improvements to qualify. For example, if a residence was built in 2022 and a garage was built on the same description after January 1, 2023, the garage would qualify because the residence qualified. The garage would be exempt as long as the residence qualified for exemption.

14. Modular and other off-site-built residences are eligible for the exemption. The taxable year in which construction of an off-site-built residence began is the year in which construction of the foundation began.

Additional Conditions

15. General taxes and installments of special assessments on the property may not be delinquent.
16. If the current year's tax has not been paid, either the assessor or the county auditor may file an application for abatement pursuant to N.D.C.C. § 57-23-05.
17. If an abatement will result in a refund of a tax or compromise of a tax, the person claiming the exemption may file an application for abatement pursuant to N.D.C.C. Ch. 57-23.