



NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER

GUIDELINE - PROPERTY TAX: EXEMPTION OF CERTAIN NEW SINGLE FAMILY, CONDOMINIUM, AND TOWNHOUSE RESIDENTIAL PROPERTIES

North Dakota Century Code (N.D.C.C.) § 57-02-08(35) provides a discretionary exemption for certain new single family residential properties and condominium and townhouse properties from property taxes for the first two taxable years after the taxable year in which construction is completed, the residence is owned and occupied for the first time, and other conditions are met. Whether or not to offer the exemption is at the discretion of the governing body.

Governing Body Must Pass Resolution

1. Before granting an exemption, the city governing body, for property located within a city, or the county governing body, for property outside city limits, must pass a resolution stating that the exemption will be allowed.
2. The maximum exemption allowed is \$150,000 of true and full valuation of improvements only. Land is taxable.
3. The value of improvements allowed by the resolution is exempt for a maximum of two years following the year in which construction was completed and the residence is owned and occupied for the first time, and other conditions are met.
4. The governing body may limit or impose conditions on the exemptions, including limitations on the length of time during which an exemption is allowed.
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 The resolution may be rescinded or amended at any time.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 be owned and occupied for the first time.
9. The property does not have to be occupied on the assessment date.

Properties That Are Eligible

10. All new single family residential property on which construction is completed after passage of the resolution is eligible when the residence is owned and occupied for the first time.
11. All new condominium and townhouse residential property on which construction is completed after passage of the resolution is eligible when the residence is owned and occupied for the first time.
12. Duplexes that have separate legal descriptions and owners are to be considered townhouses.
13. Outbuildings and other improvements normally associated with residential living are included in the exemption.

14. The residence must qualify for the exemption in order for outbuildings and other improvements to qualify. For example, if a residence was completed 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.
15. Modular and other off-site-built residences are eligible for the exemption. Completion of an off-site-built residence means the point in time at which the residence has been installed on the foundation and is approved for occupancy.

Additional Conditions

16. General taxes and installments of special assessments on the property may not be delinquent.
17. 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.
19. If an abatement will result in a refund of a tax or compromise of a tax, the person claiming exemption may file an application for abatement pursuant to N.D.C.C. Ch. 57-23.