



NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER PROPERTY TAX NEWSLETTER

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2017 Property Tax Legislation

Following is a summary of 2017 legislative changes that affect real property assessments and taxation in North Dakota. Some of the bills contain provisions that are not related to property tax. Those provisions are not included here. Note the effective date listed with each bill. For copies of the bills themselves, go to sos.nd.gov/legislative-bills-and-information.

HB 1005. Production Limit for Sharing Allocations for Coal

- Subdivision b of subsection 2 of North Dakota Century Code (N.D.C.C.) § 57-62-02 section 4 reduces the production limit of coal severed that is required to be shared with a county within fifteen miles of the tipple of the active coal mine. The production limit through calendar year 2017 is 3,400,000. For calendar years after 2017, the production limit is 3,000,000.
- Effective for taxable years after August 1, 2017.

HB 1015. Property Tax Incentives

- N.D.C.C. § 40-05-24 exempts tax increment finance development agreements and amendments to the development agreements entered into before August 1, 2017, from the new requirements adopted for granting tax incentives by cities.
- N.D.C.C. § 57-20-04 creates additional reporting from the county auditor due to the tax department by December 31 each year. The report shall contain taxable value and levy detail necessary to prepare a report that identifies property tax increases. The tax commissioner shall prepare a statewide report by taxing district and provide said report to legislative management by April 1 of each year.
- Effective for taxable years after August 1, 2017.

HB 1219. Process for Converting Manufactured Housing to Real Property

- The amendment to Section 1, subsection 9 of N.D.C.C. § 39-05-22 now provides that the surrendered certificates of title and records referred to in subsections 6, 7 and 8 must be maintained permanently and will be search able on a website to confirm the status of a manufactured home as real estate under subsection 6 of N.D.C.C. § 47-10-27.
- The amendment to Section 2 of N.D.C.C. § 47-01-03 is updated to include the correct applicable section of subsection 6 of N.D.C.C. § 47-10-27 instead of subsections 1 through 3 of N.D.C.C. § 39-05-35.
- Subsection 1 of N.D.C.C. § 47-10-27 is amended to read a manufactured home is real property if it is affixed to real property and connected to residential utilities. Attachment according to state and local building codes and manufacturer’s specifications as provided in title 24, Code of Federal Regulations, part 3285 has been removed from North Dakota Century Code.

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- Section 4, subsection 7 of N.D.C.C. § 47-10-27 is amended to include that the department of transportation has no further authority or jurisdiction over the conveyance or encumbrance of the manufactured home when the requirements of subsection 6 are met and the manufactured home is deemed real property.
- Section 5, subsection 8 of N.D.C.C. § 47-10-27 is amended to remove language that a conveyance or encumbrance of interest in a manufactured home may only be made under the provisions of N.D.C.C. 39-05.
- Effective for taxable years beginning after August 1, 2017.

HB 1250 – Property Sales Price Disclosures

- Section 1 amends N.D.C.C. § 11-18-02.2 regarding statements of full consideration to be filed with the county recorder. Any grantee or grantee’s authorized agent who presents a deed in the office of the county recorder shall certify on the face of the deed any one of the following: 1. a statement of full consideration paid for the property or 2. a statement designating one of exemptions under N.D.C.C. § 11-18-02.2(7). Any party that files an affidavit of affixation to real property of a manufactured home in the office of the county recorder, in accordance with N.D.C.C. § 47-10-27, and who acquired the manufactured home before the affixation of the manufactured home to real property shall present the affidavit of affixation and a statement of the full consideration paid for the manufactured home before the affixation.
- Section 2 amends N.D.C.C. § 47-10-27(3)(a)(8) and provides that the requirements in N.D.C.C. § 11-18-02.2, be met for manufactured homes before the affixation to real property.
- Effective Date August 1, 2017.

HB 1253. Voluntary Property Transfers Between School Districts

- N.D.C.C. § 15.1-12 Section 1. Creates and enacts the hearing process for voluntary transfers of property to school districts. The bill outlines the process of the transfer; initiating the voluntary transfer by local school districts, steps for the county superintendent after receipt of the necessary documents by the school district, and a public hearing along with guidelines that the county committee shall consider.
- If the property transfer is approved, the county superintendent shall forward the required documents to the state board for final approval. If denied by the state board, the boards may jointly appeal the decision.
- The state board shall conduct a meeting to deny or approve the transfer. Unless, there was no opposition was presented at the local county committee, then the state board may grant final approval, without holding a meeting.
- If the property transfer includes land in more than one county, the county committee of which has the largest portion of land, will hold the responsibility of the public hearing.
- Any property transfer approved becomes effective on July following the approval.
- Effective August 1, 2017.

HB 1356. Exempt Sales Between Governmental Entities

- Section 1 amends N.D.C.C. § 11-18-02.2(7) and strikes that all sales to or from a government or governmental agency are exempt from recording a statement of full consideration.
- Effective for reports due after August 1, 2017.

SB 2031. Coal Conversion Tax

- Reenacts N.D.C.C. § 57-60-14, relating to the allocation of coal conversion tax revenue collections.
- Five percent of all funds allocated to the State General Fund will continue to be allocated to the Lignite Research fund without the original sunset date of July 31, 2018.
- Effective taxable years Continued Appropriation (August 1, 2018).



SB 2133. Coal Conversion Facilities Privilege Tax

- N.D.C.C. § 57-60-01 amends and reenacts the purpose of computing tax, “gross receipts” is amended to exclude only financial assistance, whether in the form of price guarantee payments or otherwise, provided by federal government or any agency of the federal government.
- N.D.C.C. § 57-60-02 changes the tax rate from 4.1% to 2% of gross receipts.
- N.D.C.C. § 57-60-02.1 adds a provision that if a coal conversion facility met the carbon dioxide recapture requirements prior to January 1, 2017 the facility may not claim the reduction going forward.
- Effective tax periods after June 30, 2017.

SB 2157. Record Retention for Cities

- Amends and reenacts subsection 2 of N.D.C.C. § 57-02-11 to allow any city that has a certified Class I assessor and which has been determined by the state supervisor of assessments to have enough sales for an adequate sales ratio study, may elect to maintain records required under this subsection on behalf of the county.
- Effective August 1, 2017.

SB 2160. Duties of Recorder

- Section 1 amends N.D.C.C. § 11-18-01 by striking the preparation, by a county recorder, of a security agreement abstract when a person requests the agreement and pays the required fee.
- Section 2 amends N.D.C.C. § 57-28-04 regarding the service of notice of foreclosure of lien. Strikes that the list requested by the auditor from the recorder and clerk of district court needs to be certified. Adds on or before June first, the county shall serve the notice of tax lien foreclosure personally residing upon the property, by certified mail, and anyone entitled to possession, as it may appear from the records provided by the recorder or the clerk of district court. If a mortgagee, lienholder, or other person entitled to notice under the subsection has an agent registered with the secretary of state for the purpose of accepting service, the notice required under the subsection must be served on that registered agent. The expense of foreclosure process under this chapter, in the amount of fifty dollars, or the actual cost, whichever is greater, must be added to the amount required to satisfy the lien.
- Effective Tax year after December 31, 2016.

SB 2166. Approval of Property Tax Incentives Granted by a City

- Amends and reenacts subsection 7 of N.D.C.C. §§ 40-57.1-03 and 40-58-20.2, subsection 2 of N.D.C.C. § 40-63-01, and subsection 3 of N.D.C.C. § 54-35-26.
- Section 1 requires cities granting property tax incentives lasting longer than five years to provide the chairman of the county commission and the president of any affected school district a letter outlining the terms of any proposed property tax incentive. The county commission and school district shall notify the city in writing whether the county or school district elects to participate in granting the property tax incentive.
- Section 2 reinforces the requirements of a city to provide notice to the county commission and school district outlined in Section 1.
- Section 3 reinforces the requirements of a city to provide notice to the county commission and school district outlined in Section 1.
- Section 4 expands the requirement of evidence of community support and commitment from governing bodies of the county and school districts impacted by a proposed property tax incentive.
- Section 5 removes study language pertaining to “state imposed tax aspects” of an economic development tax incentive to include all economic development incentives and adds sales and use tax exemptions to the list of tax incentives to be studied.
- Section 6 adds study language for property tax impacts from city growth and development.
- Section 7 adds study language for the application of property tax incentives, including benefits received by properties located in both a tax increment financing district and a renaissance zone.
- Effective taxable years beginning after August 1, 2017.

SB 2171. Sale of Property at Public Sale

- Amends N.D.C.C. § 11-27-02 relating to the notice requirements for the sale of property at a public sale.
- Section 1 amends N.D.C.C. § 11-27-02, Notice of sale when property sold at public sale. The amendment changes the publication of notice containing a description of the property to be sold and details of the sale, from three to two weeks. The amendment also requires that the notice must specify whether the bids are to be received at auction or as a sealed bid.
- Effective taxable years beginning after August 1, 2017.

SB 2200. County Commissioners Able to Levy Annual Tax

- Amends and reenact N.D.C.C. § 57-15-06.6, subsection 8 of N.D.C.C. § 57-15-10, and N.D.C.C. § 57-15-38.
- Section 1 adds the ability for the board of county commissioners to levy an annual tax not exceeding ten mills plus any-voter approved additional levy to acquiring and developing real estate, capital improvements, buildings, pavement, equipment and debt service associated with financing for county supported airports or airport authorities.
- Section 2 requires approval of sixty percent or more of electors for taxes levied for a capital improvements fund.
- Section 3 establishes how a capital improvements fund may be used and that a levy up to 10 mills may be created by approval of sixty percent or more of electors at a primary or general election.
- An additional ten mills may be levied for the capital improvements fund, for the purposes specified, when approved by sixty percent or more of the electors at a primary or general election.
- Acquiring and developing real estate, capital improvements, buildings, pavement, equipment and supporting debt service associated with financing for city supported airports or airport authorities is also added to the list on which items money in the capital improvements fund must be used as part of the amendment to N.D.C.C. § 57-15-38.
- Effective for taxable years beginning after January 1, 2017.

SB 2206. Transitions Funding Responsibility of County Social Services to the State

- Creates and enacts N.D.C.C. 50-34 and a new section to N.D.C.C. 57-20.
- Sections 1, 2, 3, 4, 5, 6, 7, and 8 address specifics relating to the human service programs and establishing formula and payments to counties.
- Sections 9 and 10 provide for calculations for the maximum mill levy worksheet for the human service levy.
- Section 11 suspends the human service levy authority for a county.
- Sections 12 and 13 provides for legislative tax relief to be included on the property tax statements.
- Section 14 provides a credit on the tax rate for certain electric payments in lieu of tax determined by human service funding and the total statewide ad valorem tax levied the prior taxable year. The tax commissioner shall annually calculate the amount of credit for each company entitled.
- Sections 15 and 16 suspend N.D.C.C. 50-03 and N.D.C.C. § 50-06-20.1 and N.D.C.C. 50-06.2-05 respectively.
- Section 17 repeals the state paid property tax credit.
- Section 18 proposes a study of the property tax system.
- Sections 19, 20, and 21 establish funding for the state's assumption of the human service costs, a transfer to the social service finance fund and an exemption from budget allotments.
- Effective date: various

SB 2222. County Auditor Responsibilities

- Amends and reenacts N.D.C.C. § 21-02-06
- Section 1 changes the date in which the county auditor certifies the amount of uncollected taxes remaining to the business manager of each school district from June 10th to July 10th.
- Effective date August 1, 2017.

SB 2283. Requirements for Person Claiming State or Local Tax Incentives

- Amends and reenacts a new section to N.D.C.C. 57-01.
- Section 1 requires that person has satisfied all state and local tax obligations owed to the state or political subdivision. A person claiming an incentive must provide documentation or property tax clearance from each county a person has fifty percent or more interest in a property.
- If a corporation or pass-through entity, officers, governors, managing members or partners charged with filing or paying taxes for the entity are subject to the same provisions as individuals.
- Failure to comply will disallow the person's state tax exemption or credit and allow the tax commissioner to audit and assess additional tax due.
- Effective date for incentives after July 31, 2017.

SB 2288. Consolidated Taxpayer Notice

- Creates and enacts a new section to chapter 57-15.
- Section 1 establishes county budget meeting notice.
- Section 2 requires governing body of municipality to prepare a preliminary budget on or before August 10 each year.
- Section 3 preliminary budget statements from municipality to county auditor and sets hearing date no earlier than September 7, and provides hearing details to county auditor.
- For municipalities anticipating levying less than \$100,000 must publish notice of budget hearing once not less than six days before said hearing.
- Section 4 identifies the notice requirements of this law for the governing body budget hearing.
- Sections 5, 6, and 7 establish for taxation purposes, the following January 1, as the effective date for annexations.
- Section 8 changes language to be included on the notice of increased property assessment.
- Section 9 state board of equalization annual meeting to review centrally assessed property changed to its annual meeting in July.
- Section 10 establishes that tentative assessments for centrally assessed property must be prepared on or before June 15 each year, for review at the state board of equalization meeting on the second Tuesday of July.
- Sections 11 and 12 require that county auditors provide maps to railroad companies by February 1 of district boundaries and that railroad companies file by January 15 the business contact information of the company.
- Section 13 requires railroad companies to provide reports to the tax commissioner by April 1 of each year.
- Section 14 requires companies assessed under 57-06-06 to report to tax commissioner by April 15.
- Section 15 sets penalties for late reporting at 20% if not received by April 15 or opportunity to request extension from tax commissioner to May 1. The state board shall add an additional ten percent to the assessed value if reporting not received by June 1.
- Sections 16, 17, and 18 establish tentative assessments required by June 15 and that ten days' notice by mail be provided to each company.
- Section 19 requires county auditors to provide maps of district boundaries by January 1 of each year to centrally assessed companies and requires companies to provide a report with location of operative property to county auditors by February 15 of each year.
- Section 20 sets state board of equalization meeting to review centrally assessed property as the second Tuesday in July.
- Section 21 establishes requirements for the consolidated budget hearing notice and estimated tax statement.
- Section 22 sets school district deadline for establishing levy as August 10 each year.
- Section 23 repeals the county budget hearing requirement and prior truth in taxation requirements.
- Effective date for tax years after December 31, 2017.

SB 2304. Payment of Special Assessments

- Amends N.D.C.C. § 49-29-11
- Section 1 amends that all assessments for sidewalks must be payable in equal amounts not exceeding twenty years and must bear interest at an annual rate of not more than two percentage points above the average net annual interest rate on warrants for the total of the assessments remaining. Anyone may pay the sidewalk assessment in one single payment, and anyone who has paid one or more installments may pay the balance in one payment.
- Effective date August 1, 2017.

SB 2340. Fees Charged by Recorders for Document Requests

- Amends N.D.C.C. § 11-18-05
- Section 1 changes the fees charged by recorders to twenty dollars for documents containing one to six pages and sixty-five dollars for documents containing more than six pages plus three dollars for each additional page after the first twenty-five pages. Also, for all documents recorded that list more than ten, rather than five, sections of land, a fee of one dollar for each additional section can be collected. Three dollars of the fee for each instrument recorded must be placed in the document preservation fund.
- All forms to be recorded must have a font size equal to or larger than ten point Calibri, unless the form was issued by a government agency. A space of three inches must be provided on the first page, across the top, for the recorder's recording information. If said space is not provided, the recorder shall add a page in accordance with the fee structure.
- A request of more than ten previously recorded instruments will be charged a fee of twenty dollars for one to six pages, sixty-five dollars for documents containing more than six pages plus three dollars for each additional page after the first twenty-five pages and three dollars for each document number, book and page after the first ten instruments. Three dollars of the fee for each instrument recorded must be placed in the document preservation fund.

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