

HOUSE BILL NO. 1084

Introduced by

Education Committee

(At the request of the Board of University and School Lands)

1 A BILL for an Act to amend and reenact section 15-08-26 of the North Dakota Century Code,
2 relating to depreciation of school trust land surface improvement costs.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 15-08-26 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **15-08-26. Removal of or payment for improvements upon termination of lease.**

7 The lessee of any lands under the control of the board of university and school lands, within
8 one hundred twenty days after the expiration date or cancellation date of a lease may remove
9 any nonpermanent improvements placed upon ~~such~~ the lands by the lessee if ~~such~~ the removal
10 can be accomplished without material damage to the land. Permanent improvements may not
11 be placed on the land without written consent of the commissioner of university and school
12 lands. A lessee requesting a permit to place permanent improvements on the land shall
13 complete an application form prepared by the commissioner. ~~If a lessee desires payment for~~
14 ~~any approved permanent improvements, the commissioner shall determine the cost and may~~
15 ~~require the lessee to submit all documentation deemed necessary by the commissioner.~~ The
16 cost of completing the permanent improvement is the lessee's expense. The commissioner
17 may approve depreciation of all or a portion of the cost of the permanent improvement over a
18 period not to exceed ten years. The commissioner may also require the lessee to submit all
19 documentation deemed necessary by the commissioner to determine the cost. The cost may
20 not include any reimbursements to the lessee ~~and may be depreciated over a period not to~~
21 ~~exceed ten years.~~ The next lessee or purchaser, in addition to paying the purchase price or
22 rental of the land, shall pay to the preceding lessee the undepreciated cost, if any. The
23 commissioner may cancel any undepreciated cost of constructing a permanent improvement if
24 the lessee fails to offer the minimum bid for the land and the land is not leased at the next

1 auction at which the land is offered or if the lessee fails to comply with the conditions of the
2 lease agreement.

3 Permanent improvements placed on the property must be deemed the property of the
4 state. For purposes of this section, permanent improvements include ~~such things as~~ buildings,
5 wells, dams, waterholes, waterlines, and trees and nonpermanent improvements include ~~such~~
6 ~~things as~~ fences, corrals, water tanks, and feed bunks.