

HOUSE BILL NO. 1175

Introduced by

Finance and Taxation Committee

(At the request of the Tax Commissioner)

1 A BILL for an Act to amend and reenact sections 11-13-12, 11-18-02, and 40-63-05,
2 subsection 4 of section 57-02-01, subsection 3 of section 57-02-08.3, and sections 57-06-19,
3 57-12-09, 57-14-08, and 57-55-01 of the North Dakota Century Code, relating to liens noted in
4 auditor's certificates on deeds and other instruments for the transfer of property, recording of
5 certain instruments related to the transfer of property affected by liens, the status of property tax
6 exemptions within renaissance zones, the definition of centrally assessed property, duties of
7 recorders regarding property upon which liens have been created under the homestead credit
8 for special exemptions, references to true and full value for ad valorem assessments, duties of
9 special assessors to notify real estate owners when reassessing land and improved property,
10 and the definition of utility services as applied to the taxation of mobile homes; to repeal
11 sections 57-06-17 and 57-45-03 of the North Dakota Century Code, relating to the allocation of
12 the assessment of operative property constituting a single and continuous property and the
13 furnishing of lists of lands added to or taken from tax rolls; and to provide an effective date.

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

15 **SECTION 1. AMENDMENT.** Section 11-13-12 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **11-13-12. Auditor's certificate of taxes and special assessments on deeds,**
18 **contracts for deed, plats, replats, and patents.**

19 1. Whenever a deed, contract for deed, or patent is presented to the county auditor
20 for transfer, the auditor shall ascertain from the books and records in the auditor's
21 office and in the office of the county treasurer whether there are delinquent taxes
22 ~~or~~, special assessments, or an unsatisfied lien created under section 57-02-08.3
23 against the land described in the instrument, or whether the land has been sold for
24 taxes.

- 1 a. If there are delinquent taxes ~~or~~, special assessments, or an unsatisfied lien
2 created under section 57-02-08.3 against lands described in the instrument,
3 the auditor shall certify the same. When the receipt of the county treasurer is
4 produced for the delinquent and current taxes or special assessments, the
5 auditor shall enter "Taxes and special assessments paid and transfer
6 accepted".
- 7 b. If the land described has been sold for taxes to a purchaser other than the
8 county, the auditor shall enter "Taxes paid by sale of the land described within
9 and transfer accepted".
- 10 c. If the instrument presented is entitled to record without regard to taxes, the
11 auditor shall enter "Transfer accepted".
- 12 d. Acceptances required under this subsection must be accompanied by the
13 auditor's signature.
- 14 2. Whenever a deed, contract for deed, or patent is presented to the county auditor
15 for transfer, the auditor shall ascertain from the books and records in the auditor's
16 office whether there are current taxes ~~or~~, current special assessments, or an
17 unsatisfied lien created under section 57-02-08.3 against the land described in the
18 instrument. If there are current taxes ~~or~~, current special assessments, or an
19 unsatisfied lien created under section 57-02-08.3 against the land described in the
20 instrument, the auditor shall place a statement on the instrument showing the
21 amount of any current taxes or current special assessments. When the receipt of
22 the county treasurer is produced showing payment of delinquent and current taxes
23 and special assessments, the auditor shall enter "Taxes and special assessments
24 paid and transfer accepted". For purposes of this subsection:
- 25 a. "Current special assessments" means special assessments that have been
26 certified to the county auditor for collection but are not yet delinquent and
27 have become due on the first day of January under section 57-20-01.
- 28 b. "Current taxes" means real estate taxes, as shown on the most recent tax list
29 prepared by the county auditor, which are not yet delinquent and have
30 become due on the first day of January under section 57-20-01.

1 subsection may not extend beyond five taxable years following the date of
2 acquisition or completion of rehabilitation.

3 2. A municipality may grant a partial or complete exemption from ad valorem taxation
4 on buildings, structures, fixtures, and improvements purchased or rehabilitated as
5 a zone project for any business or investment purpose. An exemption under this
6 subsection may not extend beyond five taxable years following the date of
7 purchase or completion of rehabilitation.

8 **SECTION 4. AMENDMENT.** Subsection 4 of section 57-02-01 of the North Dakota
9 Century Code is amended and reenacted as follows:

10 4. "Centrally assessed property" means all property ~~except railroad operating~~
11 ~~property~~, which is assessed by the state board of equalization ~~pursuant to~~ under
12 chapters 57-05, 57-06, and 57-32.

13 **SECTION 5. AMENDMENT.** Subsection 3 of section 57-02-08.3 of the North Dakota
14 Century Code is amended and reenacted as follows:

15 3. a. Any credit allowed under subsection 1, plus interest in the amount of nine
16 percent per year from June first of the year for which the special assessment
17 installment for which a credit is taken becomes payable, creates a lien in favor
18 of the state against the property upon which the special assessment credit is
19 allowed and remains a lien upon the property from the time the credit is
20 allowed until the lien is fully satisfied by depositing the amount of the lien in
21 the state general fund. If the amount of the lien exceeds the market value of
22 the property, the state may accept the amount of the market value of the
23 property as payment in full on the lien.

24 b. (1) Except as otherwise provided in this subdivision, a transfer of title to the
25 homestead because of sale, death, or otherwise may not be made
26 without the lien being satisfied. When a credit under subsection 1 is
27 allowed, the county auditor shall cause a notice of lien of record to be
28 filed against subject property with the recorder.

29 (2) The recorder may not record any deed for property on which the county
30 auditor has determined that there is an unsatisfied lien created under

1 this section, except for a transfer between spouses because of the
2 death of one of them as provided in paragraph 3.

3 (3) When a transfer occurs between spouses because of the death of one
4 of them, the lien allowed by this section need not be satisfied until the
5 property is again transferred.

6 c. This lien has precedence over all other liens except general tax liens and prior
7 special assessment liens and shall not be divested at any judicial sale. A
8 mistake in the description of the property covered by this lien or in the name
9 of the owner of the property does not defeat the lien if the property can be
10 identified by the description in the special assessment list.

11 **SECTION 6. AMENDMENT.** Section 57-06-19 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **57-06-19. Certification of assessment.** The state tax commissioner shall certify to the
14 county auditor of each county in which the company assessed owns property:

15 1. ~~The~~ the total assessed true and full valuation of the company's property ~~not~~
16 ~~constituting a single and continuous line~~, with information as to the amount in each
17 assessment district within ~~such~~ the county.

18 2. ~~The number of miles [kilometers] of line, valuation per mile [1.61 kilometers], and~~
19 ~~total valuation of any property constituting a single and continuous line within each~~
20 ~~taxing district in each county.~~

21 **SECTION 7. AMENDMENT.** Section 57-12-09 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **57-12-09. Written notice of increased assessment to real estate owner.** When any
24 assessor has increased the ~~assessed~~ true and full valuation of any lot or tract of land together
25 with any improvements thereon by fifteen percent or more of the last assessment, written notice
26 of the amount of increase over the last assessment and the amount of the last assessment
27 must be delivered by ~~such~~ the assessor to the property owner or mailed to the property owner
28 at the property owner's last-known address except that no ~~such~~ notice need be delivered or
29 mailed if the ~~assessed~~ true and full valuation is increased by less than ~~one thousand five~~
30 ~~hundred~~ three thousand dollars. The tax commissioner shall prescribe suitable forms for this
31 notice and ~~such~~ the notice must ~~also~~ show the true and full value as defined by law of the

1 property, including ~~such~~ improvements, that the assessor used in making the assessment for
2 the current year and for the year in which the last assessment was made and must also show
3 the date prescribed by law for the meeting of the local equalization board of the assessment
4 district in which the property is located and the meeting date of the county equalization board.
5 ~~Such~~ The notice must be mailed or delivered to the property owner at least ten days in advance
6 of the meeting date of the local equalization board and must be mailed or delivered at the
7 expense of the assessment district for which the assessor is employed.

8 **SECTION 8. AMENDMENT.** Section 57-14-08 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **57-14-08. General reassessment of property - Allowance.** A reassessment may be
11 made as follows:

- 12 1. Upon the filing of a petition signed by not less than ten freeholders in a political
13 subdivision, or by the governing body of that subdivision, requesting a
14 reassessment of property in the subdivision or upon investigation by the board of
15 county commissioners, the board of county commissioners, before October first,
16 may order a reassessment of any class of property, or of all property, located
17 within the subdivision or within any subdivision if, in its opinion, taxable property
18 located within the subdivision has escaped assessment in whole or in part, or has
19 been assessed unfairly, or has not been assessed according to law.
- 20 2. The board of county commissioners then may appoint a competent citizen of this
21 state as a special assessor who shall make a reassessment of the property
22 specified by the board, and who shall proceed in accordance with the provisions of
23 law governing assessors. The special assessor may be selected by competitive
24 bidding or a process determined by the board of county commissioners. The
25 special assessor is entitled to reasonable compensation by the board of county
26 commissioners for the special assessor's services, together with meals and lodging
27 as allowed by law, and mileage expense at the rate allowed by law for each mile
28 [1.61 kilometers] actually and necessarily traveled in the performance of that
29 person's duties, which must be audited and allowed by the board of county
30 commissioners and paid out of the county treasury upon warrant of the county
31 auditor. If the reassessment was ordered by the tax commissioner, the

1 commissioner shall appoint a competent citizen of this state as a special assessor
2 who shall make a reassessment of the property specified by the commissioner and
3 who shall proceed in accordance with the provisions of the law governing
4 assessors; the special assessor is entitled to reasonable compensation by the
5 commissioner for that person's services plus meals, lodging, and mileage expense
6 at the rates provided by law, and the commissioner shall audit and allow the bill,
7 and the same must be paid out of the county treasury. In either case, the
8 compensation must be charged to the political subdivision in which the
9 reassessment was made and must be deducted by the county treasurer from funds
10 coming into the treasurer's hands apportionable to the subdivision. The board of
11 county commissioners or tax commissioner who appoints a special assessor may
12 authorize such assistants as may be necessary to aid the special assessor and
13 shall allow reasonable compensation for each of the assistants plus meals,
14 lodging, and mileage expense at the rates provided by law, which amounts must
15 be audited, allowed, and paid and must be charged to the political subdivision
16 reassessed in the manner provided for the special assessor.

17 3. Upon completion of the reassessment, the assessor shall certify the result to the
18 county auditor, who forthwith shall give notice by mail to the state tax
19 commissioner and the board of county commissioners and the governing boards of
20 each township, city, and school district which is wholly or partially within the
21 reassessment district, that a reassessment has been completed in the named
22 assessment district and that a meeting for the purpose of equalizing the
23 assessment will be held in the county courthouse on the day and at the time
24 specified in the notice. Each board shall appoint one of its members to attend the
25 equalization meeting and the tax commissioner shall attend or appoint a
26 representative from the commissioner's office to attend the meeting. The group of
27 persons comprise the special board of equalization for the reassessment. The
28 member representing the board of county commissioners serves as chairman and
29 the county auditor serves as secretary for the special board of equalization. The
30 meeting must be held not later than thirty days from the date of the written notice of
31 the meeting mailed by the county auditor. A notice of the special meeting and its

1 purpose must be published at least once in the official newspaper of the county in
2 which the reassessment was made not less than one week prior to the meeting.
3 Each person, except the tax commissioner or the commissioner's appointee,
4 serving on this special board of equalization is entitled to compensation at the rate
5 of up to forty-five dollars per day plus mileage expense and necessary expenses
6 for meals and lodging at the rate allowed by law for attendance at the meeting.
7 Claims therefor must be audited and allowed by the board of county
8 commissioners and must be paid, charged, and deducted in the same manner as
9 the claim of the special assessor. The claims for mileage expense and necessary
10 expenses for meals and lodging of the tax commissioner or the commissioner's
11 appointee in attending the special equalization meeting must be audited, allowed,
12 and paid as are other similar claims made by them.

13 4. When any special assessor has increased the true and full valuation of any lot or
14 tract of land together with any improvements to that lot or tract of land by fifteen
15 percent or more of the last assessment, written notice of the amount of increase
16 over the last assessment and the amount of the last assessment must be delivered
17 by the special assessor to the property owner or mailed to the property owner at
18 the property owner's last-known address except that no notice need be delivered
19 or mailed if the true and full valuation is increased by less than three thousand
20 dollars. The tax commissioner shall prescribe suitable forms for this notice and the
21 notice must also show the true and full value as defined by law of the property,
22 including improvements, that the special assessor used in making the
23 reassessment and must also show the date prescribed by law for the meeting of
24 the special board of equalization of the assessment district in which the property is
25 located. This notice must be mailed or delivered to the property owner at least ten
26 days in advance of the meeting date of the special board of equalization and must
27 be mailed or delivered at the expense of the assessment district for which the
28 special assessor is employed.

29 5. At the meeting, the special board of equalization shall hear all grievances and
30 complaints in regard to the reassessment and shall proceed to equalize the same.
31 All tax lists must be corrected to comply with the action.

1 **SECTION 9. AMENDMENT.** Section 57-55-01 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **57-55-01. Definitions.** For the purposes of this chapter, "mobile home" means a
4 structure, either single or multisectional, which is built on a permanent chassis, ordinarily
5 designed for human living quarters, either on a temporary or permanent basis, owned or used
6 as a residence or place of business of the owner or occupant, which is either attached to utility
7 services or is twenty-seven feet [8.23 meters] or more in length. For purposes of this chapter
8 "utility services" means services purchased by the occupant from a utility company under the
9 jurisdiction of the public service commission, a rural electric cooperative, or a political
10 subdivision of the state.

11 **SECTION 10. REPEAL.** Sections 57-06-17 and 57-45-03 of the North Dakota Century
12 Code are repealed.

13 **SECTION 11. EFFECTIVE DATE.** This Act is effective for all taxable years beginning
14 after December 31, 2004.