



# North Dakota Legislative Council

Prepared for the Tax Relief Advisory Committee  
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## PROPERTY TAX EXEMPTIONS

This memorandum identifies the original enactment of existing property tax exemptions under North Dakota law. It is not intended to trace the changes made to each exemption over time.

Property Tax Exemption	Date Originally Enacted
An exemption was created for all public schoolhouses, academies, colleges, institutions, and seminaries of learning, including the grounds attached to the buildings and not leased or otherwise used with a view to profit.	1890 <sup>1</sup>
An exemption was created for houses used exclusively for public worship, including the lots upon which the houses are erected.	1890
An exemption was created for all lands used exclusively for burying grounds or cemeteries.	1890
An exemption was created for all property belonging to the state or to the United States.	1890
An exemption was created for all buildings belonging to the counties used for holding courts, for jails, for county offices, with the ground, not exceeding in any county 10 acres on which buildings are erected.	1890
An exemption was created for all lands and buildings belonging to any county, township, or town and used exclusively for the accommodation or support of the poor.	1890
An exemption was created for all buildings belonging to institutions of purely public charity, including public hospitals, Young Men's Christian Association buildings, together with the land actually occupied by the institutions, not leased or otherwise used with a view to profit; and all money and credits appropriated solely to sustaining, and belonging exclusively to the institutions.	1890
An exemption was created for all land owned and occupied by agricultural societies, not leased or used with a view to profit, not exceeding 80 acres.	1890
An exemption was created for all fire engines and other implements used to fight fires, including the buildings used exclusively to store the vehicles and equipment and for meetings of the fire companies.	1890
An exemption was created for all public market houses, public squares or other public grounds, town or township houses, or halls used exclusively for public purposes, and all works, machinery, or fixtures belonging to any town and used exclusively for conveying water to the town.	1890
An exemption was created for all public libraries and real and personal property belonging to or connected with the same.	1890
An exemption was created for property owned by charitable associations and associations not organized for profit, which is used for the charitable associations' meetings or to conduct the charitable associations' business or ceremonies, provided the property is used exclusively for charitable purposes.	1901
An exemption was created for property of a nonprofit agricultural fair association.	1911
Among the constitutional amendments approved by the voters at the November 5, 1918, election were changes to the language of Section 176 to provide property used exclusively for school, religious, cemetery, charitable, or other public purposes shall be exempt from taxation. The 1918 constitutional amendments also amended Section 176 to provide the legislature may by law exempt any or all classes of personal property from taxation and within the meaning of this section, fixtures, buildings, and improvements of every character upon land shall be deemed personal property.	1918
Enabled by the 1918 constitutional amendment to exempt buildings from property taxes, the Legislative Assembly in 1919 created an exemption for all structures and improvements on agricultural lands.	1919
An exemption was created for all land used as a public park or monument ground belonging to any military organization.	1923
An exemption was created for National Guard armory and land or lots upon which it is situated.	1923
An exemption was created for property of a nonprofit corporation for promoting athletic and educational needs and uses at any state educational institution in this state.	1929
An exemption was created for property of an institutional holding association, organized as a nonprofit corporation to build and manage, lease, or sell dormitories and appurtenances at state educational institutions.	1929

<b>Property Tax Exemption</b>	<b>Date Originally Enacted</b>
A property tax exemption was provided when telecommunications carriers were made subject to gross receipts taxes. In 1931, the tax and exemption was applied to mutual and cooperative telephone companies and was extended to all telecommunications carriers by 1999 legislation.	1931
An exemption was created for inundated and highway easement lands.	1935
An exemption was created for property owned by a housing authority.	1937
Oil and gas gross production tax was enacted in lieu of property taxes on oil and gas property interests.	1953
An exemption was created for homestead structures and improvements owned by a paraplegic disabled veteran or veteran awarded specially adapted housing or an individual permanently and totally disabled and confined to a wheelchair.	1955
An exemption was created for structures and improvements owned and occupied as a home by a blind person.	1959
An exemption was created for structural improvements other than pavement or surfacing used as an automobile parking lot within a city.	1967
All personal property was exempted from property taxes except personal property assessed by the State Board of Equalization, property subject to a tax in lieu of ad valorem tax, and any kind of personal property, including mobile homes, subjected to a tax under any other provision of law.	1969
An exemption was created for property of new and expanding businesses, which may be granted exemption or payments in lieu of taxes by the city or county.	1969
The homestead credit was created to provide state payment of a portion of property taxes on the homestead of a person 65 years of age or older or permanently and totally disabled with qualifying income and assets.	1969
An exemption was created for improvements to commercial and residential buildings for a maximum exemption period of 5 years.	1973
An exemption was created for tax increment financing district property, which is exempt from taxes on incremental value, except for taxes of the city for deposit in the tax increment fund.	1973
An exemption was created for structures and improvements owned and occupied as a homestead by a paraplegic disabled person with limited income.	1975
An exemption was created for equipment designed to provide heating, cooling, or electrical or mechanical power from solar, wind, or geothermal energy.	1975
An exemption was created for coal conversion facilities, which were made subject to the coal conversion facilities privilege tax in lieu of property taxes.	1975
An exemption was created for structures and improvements owned by a cooperative or nonprofit corporation to furnish potable water to its members or customers for uses other than irrigation.	1979
The voters of the state approved a constitutional amendment to eliminate authority to levy property taxes for state purposes. The amended provision previously allowed a levy up to four mills to defray state expenses plus an amount sufficient to pay the interest on the state debt. The one mill state levy for the State Medical Center adopted in 1948 was not affected by the 1980 measure.	1980
An exemption was created for property owned by a city and leased to an institution of public charity and used for charitable purposes or subleased to a public school district for educational purposes.	1981
An exemption was created for property, other than residential property, owned by a religious organization and leased to a public school district for educational purposes.	1981
The homestead credit for special assessments was created to allow exemption and state payment of special assessments to be claimed by any person who qualifies for the homestead credit.	1981
An exemption was created for group homes owned by nonprofit corporations providing room and board, personal care, rehabilitation services, or supervision in a family environment and licensed by the appropriate North Dakota licensing authority.	1983
An exemption was created to allow a city or county to grant exemption for up to \$150,000 of true and full value of new single-family and condominium and township residential property for up to 2 years.	1983
An exemption was created for minerals in the earth, which at the time of removal are subject to oil and gas, coal, or potash taxes.	1985
An exemption was created for property used for athletic or recreational activities owned by a political subdivision and leased to a nonprofit corporation organized to promote public athletic or recreational activities.	1985
A conditional wetlands exemption was created but is effective only if legislative appropriations have been made available to reimburse political subdivisions.	1985
An exemption was created for a building on state land used at least in part for academic or research purposes by students and faculty of a state institution of higher learning.	1987

Property Tax Exemption	Date Originally Enacted
An exemption was created for structures and improvements used for early childhood education or as an adult day care center but not used as a residence.	1989
An exemption was created for carbon dioxide pipeline property while under construction and for the first 10 years of operation.	1991
An exemption was created for woodlands subject to the forest stewardship tax in lieu of property taxes.	1991
An exemption was created for pollution abatement improvements for agricultural or industrial facilities.	1993
An exemption was created for the leasehold interest in state-owned property leased for pasture or grazing purposes or upon which payments in lieu of taxes are made by the state.	1993
An exemption was created for a building and associated land owned by Workforce Safety and Insurance.	1999
An exemption was created which a city may grant for renaissance zone residential or commercial property purchased or rehabilitated as part of a renaissance zone project. The exemption may be granted for up to 5 years.	1999
An exemption was created for property owned by the state and held under a lease and any structure, fixture, or improvement located on that property used primarily for athletic and educational purposes at any state institution of higher education.	2003
An exemption was created for new transmission line property not subject to a per-mile tax under North Dakota Century Code Chapter 57-33.2 and initially placed in service after October 1, 2002. The exemption is a full exemption for 1 year, a declining exemption for 3 years, and a per-mile tax after the 4 <sup>th</sup> year of operation.	2003
An exemption was created for property, including any possessory interest in property, relating to waterworks, mains, water distribution systems, and any sewage systems and facilities leased to the state or a private entity operated by or providing services to a municipality or political subdivision or state agency or state citizens.	2003
An exemption was created for property of the state, including any possessory interest in property, leased to a private entity under a long-term lease or leaseback transaction.	2003
An exemption was created for new single-family residential property for the year in which construction began and the next 2 years, if owned by the builder and unoccupied.	2009
An exemption was created for the homestead of a disabled veteran based on the individual's total disability rating as determined by the United States Department of Veterans Affairs.	2009
An exemption was created for the leasehold interest in property leased by a political subdivision from another political subdivision.	2011
An exemption was created for all residential rental property used as affordable housing for the property's period of affordability.	2013
A 15-year exemption was created for newly constructed natural gas pipeline infrastructure used to provide service to underserved communities.	2023
<p><sup>1</sup>Prior to 1890, the 1<sup>st</sup> Legislative Assembly of the Territory of Dakota enacted a property tax of 1.5 mills for Dakota Territory, 2 mills for counties, and 1 mill designated for roads and bridges. Property tax exemptions were provided for property of the United States, Dakota Territory, and political subdivisions and for cemeteries and land and buildings of literary and scientific institutions and benevolent, agricultural, and religious institutions. The Constitution of North Dakota, as approved by the voters on October 1, 1889, provided tax exemptions for property of the United States and the State of North Dakota and provided that "the Legislative Assembly shall by a general law exempt from taxation property used exclusively for school, religious, cemetery or charitable purposes...."</p>	