

**Sixty-ninth Legislative Assembly of North Dakota  
In Regular Session Commencing Tuesday, January 7, 2025**

SENATE BILL NO. 2039  
(Legislative Management)  
(Taxation Committee)

AN ACT to amend and reenact subsection 1 of section 57-02-01 and subdivision a of subsection 15 of section 57-02-08 of the North Dakota Century Code, relating to the definition of agricultural property and the farm structure and improvements property tax exemption; and to provide an effective date.

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

**SECTION 1. AMENDMENT.** Subsection 1 of section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:

1. a. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, ~~except as provided in this subsection.~~ For platted lands:
  - ~~(1)~~ (1) Lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals. ~~Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse. The time limitations contained in this section may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.~~
  - a. (2) Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:
    - ~~(1)~~(a) The land is platted by the owner.
    - ~~(2)~~(b) Public improvements, including sewer, water, or streets, are in place.
    - ~~(3)~~(c) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to ~~raise~~grow crops or graze farm animals.
    - ~~(4)~~(d) Property is zoned other than agricultural.
    - ~~(5)~~(e) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.
    - ~~(6)~~(f) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.
    - ~~(7)~~(g) The property sells for more than four times the county average true and full agricultural value.
- b. For purposes of this subsection:
  - (1) "Raising agricultural crops" includes the storage of harvested crops produced by a farmer or a direct relative of the farmer until the crop is delivered to the first end-point user.
  - (2) The existence of any of the conditions in paragraph 2 of subdivision a may not be used as a basis to exclude unplatted land used to raise agricultural crops or land

platted and assessed as agricultural property prior to March 30, 1981, used to raise agricultural crops from being classified as agricultural property.

- (3) Land that was assessed as agricultural property at the time the land was put to use for extraction of oil, natural gas, or subsurface minerals as defined in section 38-12-01 must continue to be assessed as agricultural property if the remainder of the surface owner's parcel of property on which the subsurface mineral activity is occurring continues to qualify for assessment as agricultural property under this subsection.
- (4) Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse.
- (5) The time limitations contained in this subsection may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.

**SECTION 2. AMENDMENT.** Subdivision a of subsection 15 of section 57-02-08 of the North Dakota Century Code is amended and reenacted as follows:

a. All farm structures and improvements located on agricultural lands.

- (1) This subsection must be construed to exempt farm buildings and improvements only, and may not be construed to exempt from taxation industrial plants, or structures of any kind not used or intended for use as a part of a farm plant, or as a farm residence.
- (2) "Farm buildings and improvements" includes a greenhouse or other building used primarily for the growing of horticultural or nursery products from seed, cuttings, or roots, if not used on more than an occasional basis for a showroom for the retail sale of horticultural or nursery products. A greenhouse or building used primarily for display and sale of grown horticultural or nursery products is not a farm building or improvement.
- (3) (a) The following structures and improvements are not exempt under this subsection:
  - [1] Any structure or improvement used primarily in connection with a retail or wholesale business other than farming; ~~any;~~
  - [2] Any structure or improvement located on platted land within the corporate limits of a city, ~~any~~ except a structure owned by a farmer, used exclusively for storage of harvested crops produced by the farmer or a direct relative of the farmer until the crop is delivered to the first end-point user, and affixed to land platted and assessed as agricultural property prior to March 30, 1981;
  - [3] Any structure or improvement used by a manufacturing facility as defined in section 19-24.1-01, ~~or any;~~ and
  - [4] Any structure or improvement located on railroad operating property subject to assessment under chapter 57-05 is ~~not exempt under this subsection.~~
- (b) For purposes of this paragraph, "business other than farming" includes processing to produce a value-added physical or chemical change in an

agricultural commodity beyond the ordinary handling of that commodity by a farmer prior to sale.

- (4) The following factors may not be considered in application of the exemption under this subsection:
- (a) Whether the farmer grows or purchases feed for animals raised on the farm.
  - (b) Whether animals being raised on the farm are owned by the farmer.
  - (c) Whether the farm's replacement animals are produced on the farm.
  - (d) Whether the farmer is engaged in contract feeding of animals on the farm.

**SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after December 31, 2025.

Brad Schmedel  
President of the Senate

Robi Weiss  
Speaker of the House

Manda Meyer  
Secretary of the Senate

Buell J. Reich  
Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2039.

Senate Vote:    Yeas 38            Nays 9            Absent 0  
House Vote:    Yeas 84            Nays 7            Absent 3

Manda Meyer  
Secretary of the Senate

Received by the Governor at 3:30 P.M. on April 4th, 2025.

Approved at 2:33 P.M. on April 7th, 2025.

[Signature]  
Governor

Filed in this office this 8<sup>th</sup> day of April, 2025,  
at 12:10 o'clock P M.

Michael Howe  
Secretary of State