

North Dakota

# **Tax Incentives**

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## **Improvements to Residential and Commercial Property**



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OFFICE OF STATE TAX COMMISSIONER  
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# Property Tax Exemption for Improvements to Residential and Commercial Buildings or Structures

## Definitions

**Improvement** - Renovation, remodeling, alteration, but not replacement, of an existing building or structure for use for commercial or residential purposes. "Improvement" also includes an addition to an existing building.

**Renovation** - Restoring to a previous condition or to a good state of repair.

**Remodeling** - Changing the plan, form or style of a building or structure to correct functional deficiencies.

**Alteration** - Changing, modifying or varying; changing materially.

**Addition** - A structure attached to an existing building to increase its size.

## What types of property are eligible?

A property tax exemption is available for all improvements to commercial buildings or structures, and for improvements to residential buildings that are 25 years old or older on the assessment date.

The renovation, remodeling or alteration of an apartment or residential building into a commercial building or structure is eligible for exemption, whether or not the apartment or residential building is 25 years old. However, if a commercial building is renovated, remodeled or altered into an apartment or residential building, the commercial building must be 25 years old or older to qualify for the exemption.

## What is exempt?

The value of qualifying improvements is exempt. The last assessment on the building or structure prior to commencement of the improvements remains for the duration of the exemption period, unless equalization or revaluation of building values is necessary.

The exemption does not apply to land values, which may be changed whenever justified.

## When is the property exempt?

Improvements are eligible for exemption for a maximum of five years from the date of commencement of making the improvements. An exemption does not terminate upon sale or exchange of the property but is transferrable to subsequent owners.

## What are the requirements?

The governing body must pass a resolution to allow the exemption. It may limit the exemption or impose qualifying conditions.

## How to claim exemption

- ◆ Obtain an Application for Property Tax Exemption for Improvements to Commercial and Residential Buildings from the assessor, county director of tax equalization or county auditor. Complete the application and file it with the assessor.
- ◆ The assessor determines whether the improvements qualify for exemption. The governing body of the city (for property located within city limits) or the county (for property outside city limits) approves or denies the exemption.
- ◆ The decision of the governing body regarding the exemption may be corrected, abated or appealed in the manner provided by law for all property tax assessments.
- ◆ All correction, abatement and appeal procedures are available to property owners with regard to the value of the building or structure prior to the improvements.