

Policy Type: Governance Process

Property Tax Exemptions and Incentives

North Dakota Century Code (NDCC) Ch. 40-05-24 states that if a municipality anticipates granting a property tax incentive for more than five years the impacted school district retains the option to participate or not in the incentive.

In considering property tax exemptions or incentives, the Board's primary role is to evaluate the fiscal impact on the District. Board consideration will focus on the effect of the proposed incentive on District revenues, long-term fiscal stability, and alignment with this policy.

Accordingly:

1. Authority

The Board retains sole authority to determine whether the District will participate in, or opt out of, property tax exemptions or incentives that affect the District's share of property tax revenues when such approval is required by law.

2. Five-Year Exemptions

The Board recognizes that municipalities may approve property tax exemptions of up to five (5) years without Board approval in accordance with NDCC Ch. 40-05-24 and encourages consistent application of these statutory limits.

3. Low-Income Housing Initiatives

The Board is more preferential to participating in property tax exemptions or incentives that support qualified low-income housing initiatives recognizing the community need for affordable housing and its alignment with District stability. Low-income housing as used in this policy is defined by the state and federal law.

4. Participation in Other Projects

The Board will generally limit participation in tax incentives to projects that are of reasonable and limited duration, and do not compromise the long-term fiscal stability of the District.

For any property tax exemption, including Payment in Lieu of Taxes (PILOT) or Tax Increment Financing (TIF) Incentive, extending beyond five (5) years that requests Board participation, the Board is more likely to support proposals that align with a tiered payment structure designed to gradually restore the District's share of property tax revenues.

Unless otherwise approved by the Board, participation beyond year five (5) will generally follow a graduated structure in which the District's share of property tax revenues increases over time. As a guiding framework:

- Years 6–10: not less than twenty-five percent (25%) of the District's share

- Years 11–15: not less than fifty percent (50%) of the District's share
- Years 16–20: not less than seventy-five percent (75%) of the District's share

For incentives of shorter duration, the Board expects a proportional graduated structure that advances the timely restoration of District revenues.

The Board retains discretion to negotiate this structure when circumstances warrant and when doing so is consistent with the District's long-term fiscal stability.

Monitoring Method: Board self-assessment
Monitoring Frequency: Annually in Third Quarter

Fargo Public Schools Board of Education