

**SECOND ENGROSSMENT  
with Senate Amendments**

Sixtieth  
Legislative Assembly  
of North Dakota

**REENGROSSED HOUSE BILL NO. 1051**

Introduced by

Representatives Belter, Herbel

Senators Cook, Wardner

1 A BILL for an Act to create and enact sections 57-15-01.2, 57-15-10.3, and 57-20-07.2 of the  
2 North Dakota Century Code, relating to limitations on levies by taxing districts, emergency levy  
3 authority of taxing districts, and a state-paid property tax relief credit; to amend and reenact  
4 sections 57-02-08.1, 57-20-07.1, 57-20-09, 57-20-21.1, and 57-32-03, subsection 1 of section  
5 57-38-30.3, and section 57-51.1-07.2 of the North Dakota Century Code, relating to contents of  
6 property tax statements, income tax rates, priority for delinquent taxes, the homestead property  
7 tax credit, the discount for early payment of property taxes, and to provide property tax relief  
8 funding from the permanent oil tax trust fund; to provide for a legislative council study; to  
9 provide a continuing appropriation for state-paid property tax relief; to provide an appropriation;  
10 and to provide an effective date.

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

12 **SECTION 1. AMENDMENT.** Section 57-02-08.1 of the North Dakota Century Code is  
13 amended and reenacted as follows:

14 **57-02-08.1. Homestead credit.**

- 15 1. a. Any person sixty-five years of age or older or permanently and totally  
16 disabled, in the year in which the tax was levied, with an income that does not  
17 exceed the limitations of subdivision c is entitled to receive a reduction in the  
18 assessment on the taxable valuation on the person's homestead. An  
19 exemption under this subsection applies regardless of whether the person is  
20 the head of a family.
- 21 b. The exemption under this subsection continues to apply if the person does  
22 not reside in the homestead and the person's absence is due to confinement  
23 in a nursing home, hospital, or other care facility, for as long as the portion of

the homestead previously occupied by the person is not rented to another person.

c. The exemption must be determined according to the following schedule:

- (1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand thirty-eight dollars of taxable valuation.
- (2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~ dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand four hundred thirty dollars of taxable valuation.
- (3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand eight hundred twenty-three dollars of taxable valuation.
- (4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand two hundred fifteen dollars of taxable valuation.
- (5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of six hundred eight dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a

- 1 percentage of a full exemption under this subsection equal to their ownership  
2 interests in the property.
- 3 e. This subsection does not reduce the liability of any person for special  
4 assessments levied upon any property.
- 5 f. Any person claiming the exemption under this subsection shall sign a verified  
6 statement of facts establishing the person's eligibility.
- 7 g. A person is ineligible for the exemption under this subsection if the value of  
8 the assets of the person and any dependent residing with the person,  
9 excluding the unencumbered value of the person's residence that the person  
10 claims as a homestead, exceeds fifty thousand dollars, including the value of  
11 any assets divested within the last three years. For purposes of this  
12 subdivision, the unencumbered valuation of the homestead is limited to one  
13 hundred thousand dollars.
- 14 h. The assessor shall attach the statement filed under subdivision f to the  
15 assessment sheet and shall show the reduction on the assessment sheet.
- 16 i. An exemption under this subsection terminates at the end of the taxable year  
17 of the death of the applicant.
- 18 2. a. Any person who would qualify for an exemption under subdivisions a and c of  
19 subsection 1 except for the fact that the person rents living quarters is eligible  
20 for refund of a portion of the person's annual rent deemed by this subsection  
21 to constitute the payment of property tax.
- 22 b. For the purpose of this subsection, twenty percent of the annual rent,  
23 exclusive of any federal rent subsidy and of charges for any utilities, services,  
24 furniture, furnishings, or personal property appliances furnished by the  
25 landlord as part of the rental agreement, whether expressly set out in the  
26 rental agreement, must be considered as payment made for property tax.  
27 When any part of the twenty percent of the annual rent exceeds four percent  
28 of the annual income of a qualified applicant, the applicant is entitled to  
29 receive a refund from the state general fund for that amount in excess of four  
30 percent of the person's annual income, but the refund may not be in excess of

- 1                   two hundred forty dollars. If the calculation for the refund is less than five  
2                   dollars, a minimum of five dollars must be sent to the qualifying applicant.
- 3           c.   Persons who reside together, as spouses or when one or more is a  
4                   dependent of another, are entitled to only one refund between or among them  
5                   under this subsection. Persons who reside together in a rental unit, who are  
6                   not spouses or dependents, are each entitled to apply for a refund based on  
7                   the rent paid by that person.
- 8           d.   Each application for refund under this subsection must be made to the tax  
9                   commissioner before the first day of June of each year by the person claiming  
10                  the refund. The tax commissioner may grant an extension of time to file an  
11                  application for good cause. The tax commissioner shall issue refunds to  
12                  applicants.
- 13          e.   This subsection does not apply to rents or fees paid by a person for any living  
14                  quarters, including a nursing home licensed pursuant to section 23-16-01, if  
15                  those living quarters are exempt from property taxation and the owner is not  
16                  making a payment in lieu of property taxes.
- 17          f.   A person may not receive a refund under this section for a taxable year in  
18                  which that person received an exemption under subsection 1.
- 19    3.   All forms necessary to effectuate this section must be prescribed, designed, and  
20           made available by the tax commissioner. The county directors of tax equalization  
21           shall make these forms available upon request.
- 22    4.   A person whose homestead is a farm structure exempt from taxation under  
23           subsection 15 of section 57-02-08 may not receive any property tax credit under  
24           this section.
- 25    5.   For the purposes of this section:
- 26          a.   "Dependent" has the same meaning it has for federal income tax purposes.
- 27          b.   "Homestead" has the same meaning as provided in section 47-18-01.
- 28          c.   "Income" means income for the most recent complete taxable year from all  
29                  sources, including the income of any dependent of the applicant, and  
30                  including any county, state, or federal public assistance benefits, social  
31                  security, or other retirement benefits, but excluding any federal rent subsidy,

any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician.

**SECTION 2.** Section 57-15-01.2 of the North Dakota Century Code is created and enacted as follows:

**57-15-01.2. Limitation on levies by taxing districts.**

1. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section limits that authority. This section may not be interpreted as authority to increase any levy limitation otherwise provided by law and may only be applied to limit any unused or excess levy authority that a taxing district may otherwise be entitled to use. Property taxes in dollars levied by a taxing district may not exceed by more than five percent the highest amount levied in dollars by that taxing district against taxable property in that taxing district in the three preceding taxable years except:

a. When an improvement to property has been made or property has been added to the taxing district which was not taxable in the previous taxable year, the additional taxable valuation attributable to the improvement or additional property is taxable without regard to the limitation under this subsection.

b. When a property tax exemption existed in the previous taxable year which has been reduced or no longer exists, the portion of the taxable valuation of

1           the property which is no longer exempt is not subject to the limitation in this  
2           subsection.

3           c. When a property tax exemption exists for property that was taxable in the  
4           previous year, the amount levied in dollars in the previous taxable year by the  
5           taxing district must be reduced by the amount determined by applying the  
6           previous year's calculated mill rate for that taxing district to the previous  
7           year's taxable valuation of that property before the five percent increase  
8           allowable under this subsection is applied.

9           d. When temporary mill levy increases authorized by the electors of the taxing  
10          district or mill levies authorized by state law existed in the previous taxable  
11          year but are no longer applicable or have been reduced, the amount levied in  
12          dollars in the previous taxable year by the taxing district must be adjusted to  
13          reflect the expired temporary mill levy increases and the reduced or  
14          eliminated mill levies authorized by state law before the three and one-half  
15          percent increase allowable under this subsection is applied.

16          2. The limitation under subsection 1 does not apply to:

17          a. New or increased mill levies authorized by state law or the electors of the  
18          taxing district which did not exist in the previous taxable year.

19          b. Any irrevocable tax to pay bonded indebtedness levied under section 16 of  
20          article X of the Constitution of North Dakota.

21          c. A county emergency fund levy under section 57-15-28 or a city emergency  
22          fund levy under section 57-15-48.

23          d. Unlimited mill levy authority provided by statute and not requiring approval of  
24          electors.

25          3. The mill rate applied to property that was not taxed in the previous taxable year  
26          may not exceed the mill rate determined by law for the current taxable year for  
27          property that was taxed in the previous taxable year.

28          4. The limitation under this section may not be superseded by a city or county under  
29          home rule authority but may be suspended within a taxing district, having unused  
30          or excess levy authority under any other provision of law, by approval of a majority  
31          of electors of the taxing district voting on the question at a regular or special

election of the taxing district. Notwithstanding the limitation under this section or any other provision of law, a taxing district may levy up to five percent more than the highest amount levied in dollars by that taxing district against taxable property in that taxing district in the three preceding taxable years, upon approval of a majority of electors of the taxing district voting on the question at a regular or special election of the taxing district. A ballot measure for levy increase authority under this subsection must state the percentage rate of the proposed increase in levy authority in dollars and state for which years the increase in levy authority would apply.

**SECTION 3.** Section 57-15-10.3 of the North Dakota Century Code is created and enacted as follows:

**57-15-10.3. Emergency levy authority.** If the emergency fund or other funds available to a county or city are insufficient to meet demands imposed on the county or city by a disaster or emergency, the governing body of the county or city may levy a tax on the taxable valuation of property in the county or city in an amount sufficient to meet those demands and pay any costs incurred by the county or city to borrow or otherwise obtain necessary funding. A tax may not be levied under this section unless it is approved by at least two-thirds of the members elected to the governing body of the city or county. For purposes of this section, "disaster or emergency" means a disaster or emergency declared by executive order or proclamation of the governor under chapter 37-17.1.

**SECTION 4. AMENDMENT.** Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

**57-20-07.1. County treasurer to mail real estate tax statement.** On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a

dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include a line item with the statement "State-paid property tax relief credit" and the dollar amount of the credit for the parcel under section 57-20-07.2, if that credit applies to that parcel. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

**SECTION 5.** Section 57-20-07.2 of the North Dakota Century Code is created and enacted as follows:

**57-20-07.2. State-paid property tax relief credit.**

1. The owner of a parcel of taxable residential, agricultural, or commercial property, or property containing one or more of those classifications of taxable property, is entitled to a credit against property taxes levied against that property.

a. The credit applies to the total amount of property taxes in dollars levied against the taxable value of the property. The credit is equal to:

(1) Ten percent of property taxes in dollars levied against residential property;

(2) Five percent of property taxes in dollars levied against commercial or agricultural property;

(3) Ten percent of mobile home taxes in dollars levied against residential mobile homes under chapter 57-55; or

(4) Five percent of mobile home taxes in dollars levied against commercial mobile homes under chapter 57-55.

b. If a parcel of property contains residential property and agricultural or commercial property, or residential and both agricultural and commercial property, the county treasurer shall allow the credit in the appropriate percentage under subdivision a against property taxes in dollars levied against each classification of property on the parcel.

2. The owner, operator, or lessee of railroad property assessed by the state board of equalization under chapter 57-05 is entitled to a credit against property taxes levied within each county against that property in the amount of five percent of property taxes levied in dollars against that property.



- 1       3.   The owner, operator, or lessee of operative property of an air carrier transportation  
2       company assessed and taxed under chapter 57-32 is entitled to a credit in the  
3       amount of five percent of taxes in dollars levied against that property. The tax  
4       commissioner shall determine the total amount of credits under this subsection and  
5       certify the amount to the state treasurer for transfer from the general fund to the air  
6       transportation fund. The credit for each air transportation company must be  
7       allocated to each city or municipal airport authority where that company makes  
8       regularly scheduled landings, in the same manner as the tax collected from that  
9       company is allocated.
- 10      4.   The tax commissioner shall determine the total amount of credits under  
11      subsections 1 and 2 for each county from the abstract of the tax list filed by the  
12      county auditor under section 57-20-04, as audited and corrected by the tax  
13      commissioner. The tax commissioner shall certify to the state treasurer for  
14      payment, by June first following receipt of the abstract of the tax list, the amount  
15      determined for each county under this subsection. No penalty or interest applies  
16      to any state payment under this section, regardless of when the payment is made.
- 17      5.   Upon receipt of the payment from the state treasurer under subsection 4, the  
18      county treasurer shall apportion and distribute it to the county and the taxing  
19      districts in the county on the basis on which the general real estate tax for the  
20      preceding year is apportioned and distributed.
- 21      6.   After payments to counties under subsection 4 have been made, the tax  
22      commissioner shall certify to the state treasurer as necessary any supplemental  
23      amounts payable to counties or the air transportation fund or any amounts that  
24      must be returned by counties or returned from the air transportation fund for  
25      deposit in the state general fund to correct any errors in payments or reflect any  
26      abatement or compromise of taxes, court-ordered tax reduction or increase, or levy  
27      of taxes against omitted property. The county auditor shall provide any  
28      supplemental information requested by the tax commissioner after submission of  
29      the abstract of the tax list. The county treasurer shall apply to the tax  
30      commissioner for any supplemental payments to which the county treasurer  
31      believes the county is entitled.

1           7. Notwithstanding any other provision of law, the property tax credit under this  
2           section does not apply to any property other than mobile homes subject to  
3           payments or taxes in lieu of personal or real property taxes.

4           **SECTION 6. AMENDMENT.** Section 57-20-09 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6           **57-20-09. Discount for early payment of tax.** Except as provided in section  
7 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall  
8 pay all of the real estate taxes levied on any tract or parcel of real property in any one year in  
9 full on or before February fifteenth prior to the date of delinquency. Such discount applies, after  
10 deduction of any credit allowed under section 57-20-07.2, to the net remaining amount of all  
11 general real estate taxes levied for state, county, city, township, school district, fire district, park  
12 district, and any other taxing districts but does not apply to personal property taxes or special  
13 assessment installments. Whenever the board of county commissioners, by resolution,  
14 determines that an emergency exists in the county by virtue of weather or other catastrophe, it  
15 may extend the discount period for an additional thirty days.

16           **SECTION 7. AMENDMENT.** Section 57-20-21.1 of the North Dakota Century Code is  
17 amended and reenacted as follows:

18           **57-20-21.1. Priority for delinquent taxes.** When payment is made for any real or  
19 personal property taxes or special assessments, payments must be applied first to the oldest  
20 unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property  
21 for which the tax payments are made, including any penalty and interest, except payments of  
22 state-paid property tax relief credit made by the state must be applied to taxes for the year for  
23 which the state-paid property tax relief credit is granted. The discounts applicable to payment  
24 of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon  
25 which tax payments are delinquent.

26           **SECTION 8. AMENDMENT.** Section 57-32-03 of the North Dakota Century Code is  
27 amended and reenacted as follows:

28           **57-32-03. Tax statements prepared by state tax commissioner - When due and**  
29 **delinquent.** On or before the thirty-first day of March in each year, the tax commissioner shall  
30 provide each company assessed under the provisions of this chapter a statement of its taxes  
31 due for the preceding year, with the valuations and taxes assessed in each case. The tax

1 statement must include a line item with the statement "State-paid property tax relief credit" and  
2 the dollar amount of the credit that applies against the taxes due for the preceding year under  
3 section 57-20-07.2. Such taxes are due upon the fifteenth day of April next following the date  
4 of the statement of taxes due. The taxes become delinquent on the first day of May next  
5 following the due date and, if not paid on or before said date, are subject to a penalty of two  
6 percent and, on June first following delinquency, an additional penalty of two percent and, on  
7 July first following delinquency, an additional penalty of two percent and, an additional penalty  
8 of two percent on October fifteenth following delinquency. From and after January first of the  
9 year following the year in which the taxes became due and payable, simple interest at the rate  
10 of twelve percent per annum upon the principal of the unpaid taxes must be charged until such  
11 taxes and penalties are paid, with such interest charges to be prorated to the nearest full month  
12 for a fractional year of delinquency. All the provisions of the law respecting delinquency of  
13 personal property assessments generally so far as may be consistent with the provisions of this  
14 chapter are applicable equally to the assessments and taxes provided for in this chapter.

15 **SECTION 9. AMENDMENT.** Subsection 1 of section 57-38-30.3 of the North Dakota  
16 Century Code is amended and reenacted as follows:

- 17 1. A tax is hereby imposed for each taxable year upon income earned or received in  
18 that taxable year by every resident and nonresident individual, estate, and trust. A  
19 taxpayer computing the tax under this section is only eligible for those adjustments  
20 or credits that are specifically provided for in this section. Provided, that for  
21 purposes of this section, any person required to file a state income tax return  
22 under this chapter, but who has not computed a federal taxable income figure,  
23 shall compute a federal taxable income figure using a pro forma return in order to  
24 determine a federal taxable income figure to be used as a starting point in  
25 computing state income tax under this section. The tax for individuals is equal to  
26 North Dakota taxable income multiplied by the rates in the applicable rate schedule  
27 in subdivisions a through d corresponding to an individual's filing status used for  
28 federal income tax purposes. For an estate or trust, the schedule in subdivision e  
29 must be used for purposes of this subsection.
  - 30 a. Single, other than head of household or surviving spouse.

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1	If North Dakota taxable income is:	The tax is equal to:
2	Not over <del>\$27,050</del> <u>\$31,850</u>	2.10%
3	Over <del>\$27,050</del> <u>\$31,850</u> but not over	<del>\$568.05</del> <u>\$668.85</u> plus 3.92% of amount
4	<del>\$65,550</del> <u>\$77,100</u>	over <del>\$27,050</del> <u>\$31,850</u>
5	Over <del>\$65,550</del> <u>\$77,100</u> but not over	<del>\$2,077.25</del> <u>\$2,442.65</u> plus 4.34% of amount
6	<del>\$136,750</del> <u>\$160,850</u>	over <del>\$65,550</del> <u>\$77,100</u>
7	Over <del>\$136,750</del> <u>\$160,850</u> but not	<del>\$5,167.33</del> <u>\$6,077.40</u> plus 5.04% of amount
8	over <del>\$297,350</del> <u>\$349,700</u>	over <del>\$136,750</del> <u>\$160,850</u>
9	Over <del>\$297,350</del> <u>\$349,700</u>	<del>\$13,261.57</del> <u>\$15,595.44</u> plus 5.54% of amount
10		over <del>\$297,350</del> <u>\$349,700</u>

11           b.   Married filing jointly and surviving spouse.

12	If North Dakota taxable income is:	The tax is equal to:
13	Not over <del>\$45,200</del> <u>\$63,700</u>	2.10%
14	Over <del>\$45,200</del> <u>\$63,700</u> but not over	<del>\$949.20</del> <u>\$1,337.70</u> plus 3.92% of amount
15	<del>\$109,250</del> <u>\$128,500</u>	over <del>\$45,200</del> <u>\$63,700</u>
16	Over <del>\$109,250</del> <u>\$128,500</u> but not	<del>\$3,459.96</del> <u>\$3,877.86</u> plus 4.34% of amount
17	over <del>\$166,500</del> <u>\$195,850</u>	over <del>\$109,250</del> <u>\$128,500</u>
18	Over <del>\$166,500</del> <u>\$195,850</u> but not	<del>\$5,944.61</del> <u>\$6,800.85</u> plus 5.04% of amount
19	over <del>\$297,350</del> <u>\$349,700</u>	over <del>\$166,500</del> <u>\$195,850</u>
20	Over <del>\$297,350</del> <u>\$349,700</u>	<del>\$12,539.45</del> <u>\$14,554.89</u> plus 5.54% of amount
21		over <del>\$297,350</del> <u>\$349,700</u>

22           c.   Married filing separately.

23	If North Dakota taxable income is:	The tax is equal to:
24	Not over <del>\$22,600</del> <u>\$31,850</u>	2.10%
25	Over <del>\$22,600</del> <u>\$31,850</u> but not over	<del>\$474.60</del> <u>\$668.85</u> plus 3.92% of amount
26	<del>\$54,625</del> <u>\$64,250</u>	over <del>\$22,600</del> <u>\$31,850</u>
27	Over <del>\$54,625</del> <u>\$64,250</u> but not over	<del>\$1,729.98</del> <u>\$1,938.93</u> plus 4.34% of amount
28	<del>\$83,250</del> <u>\$97,925</u>	over <del>\$54,625</del> <u>\$64,250</u>
29	Over <del>\$83,250</del> <u>\$97,925</u> but not over	<del>\$2,972.31</del> <u>\$3,400.43</u> plus 5.04% of amount
30	<del>\$148,675</del> <u>\$174,850</u>	over <del>\$83,250</del> <u>\$97,925</u>
31	Over <del>\$148,675</del> <u>\$174,850</u>	<del>\$6,269.73</del> <u>\$7,277.45</u> plus 5.54% of amount

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- 1 over ~~\$148,675~~ \$174,850
- 2 d. Head of household.
- 3 If North Dakota taxable income is: The tax is equal to:
- 4 Not over ~~\$36,250~~ \$42,650 2.10%
- 5 Over ~~\$36,250~~ \$42,650 but not over ~~\$761.25~~ \$895.65 plus 3.92% of amount
- 6 ~~\$93,650~~ \$110,100 over ~~\$36,250~~ \$42,650
- 7 Over ~~\$93,650~~ \$110,100 but not over ~~\$3,011.33~~ \$3,539.69 plus 4.34% of amount
- 8 ~~\$151,650~~ \$178,350 over ~~\$93,650~~ \$110,100
- 9 Over ~~\$151,650~~ \$178,350 but not ~~\$5,528.53~~ \$6,501.74 plus 5.04% of amount
- 10 over ~~\$297,350~~ \$349,700 over ~~\$151,650~~ \$178,350
- 11 Over ~~\$297,350~~ \$349,700 ~~\$12,871.81~~ \$15,137.78 plus 5.54% of amount
- 12 over ~~\$297,350~~ \$349,700
- 13 e. Estates and trusts.
- 14 If North Dakota taxable income is: The tax is equal to:
- 15 Not over ~~\$1,800~~ \$2,150 2.10%
- 16 Over ~~\$1,800~~ \$2,150 but not over ~~\$37.80~~ \$45.15 plus 3.92% of amount
- 17 ~~\$4,250~~ \$5,000 over ~~\$1,800~~ \$2,150
- 18 Over ~~\$4,250~~ \$5,000 but not over ~~\$133.84~~ \$156.87 plus 4.34% of amount
- 19 ~~\$6,500~~ \$7,650 over ~~\$4,250~~ \$5,000
- 20 Over ~~\$6,500~~ \$7,650 but not over ~~\$231.49~~ \$271.88 plus 5.04% of amount
- 21 ~~\$8,900~~ \$10,450 over ~~\$6,500~~ \$7,650
- 22 Over ~~\$8,900~~ \$10,450 ~~\$352.45~~ \$413.00 plus 5.54% of amount
- 23 over ~~\$8,900~~ \$10,450
- 24 f. For an individual who is not a resident of this state for the entire year, or for a
- 25 nonresident estate or trust, the tax is equal to the tax otherwise computed
- 26 under this subsection multiplied by a fraction in which:
- 27 (1) The numerator is the federal adjusted gross income allocable and
- 28 apportionable to this state; and
- 29 (2) The denominator is the federal adjusted gross income from all sources
- 30 reduced by the net income from the amounts specified in subdivisions a
- 31 and b of subsection 2.

1 In the case of married individuals filing a joint return, if one spouse is a  
2 resident of this state for the entire year and the other spouse is a nonresident  
3 for part or all of the tax year, the tax on the joint return must be computed  
4 under this subdivision.

- 5 g. For taxable years beginning after December 31, ~~2004~~ 2007, the tax  
6 commissioner shall prescribe new rate schedules that apply in lieu of the  
7 schedules set forth in subdivisions a through e. The new schedules must be  
8 determined by increasing the minimum and maximum dollar amounts for each  
9 income bracket for which a tax is imposed by the cost-of-living adjustment for  
10 the taxable year as determined by the secretary of the United States treasury  
11 for purposes of section 1(f) of the United States Internal Revenue Code of  
12 1954, as amended. For this purpose, the rate applicable to each income  
13 bracket may not be changed, and the manner of applying the cost-of-living  
14 adjustment must be the same as that used for adjusting the income brackets  
15 for federal income tax purposes.

16 **SECTION 10. AMENDMENT.** Section 57-51.1-07.2 of the North Dakota Century Code  
17 is amended and reenacted as follows:

18 **57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of**  
19 **distribution formula - Continuing appropriation for property tax relief.** All revenue  
20 deposited in the general fund during a biennium derived from taxes imposed on oil and gas  
21 under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars must be  
22 transferred by the state treasurer to a special fund in the state treasury known as the  
23 permanent oil tax trust fund. The state treasurer shall transfer interest earnings of the  
24 permanent oil tax trust fund to the general fund at the end of each fiscal year. The principal of  
25 the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the  
26 members elected to each house of the legislative assembly.

27 If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after  
28 June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in  
29 this section by the same percentage increase or decrease in the amount of revenue allocable  
30 to the general fund after the change in the allocation formula, and transfers to the permanent oil  
31 tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of

1 the transfers to the permanent oil tax trust fund is not increased or decreased merely because  
2 of changes in the distribution formulas.

3 To the extent moneys are available in the permanent oil tax trust fund, the amount  
4 necessary to provide property tax relief payments to county treasurers under section  
5 57-20-07.2 is appropriated during each biennium as a standing and continuing appropriation to  
6 the state treasurer.

7 **SECTION 11. APPROPRIATION.** There is appropriated out of any moneys in the  
8 general fund in the state treasury, not otherwise appropriated, the sum of \$3,800,000, or so  
9 much of the sum as may be necessary, to the state tax commissioner for the purpose of paying  
10 the state reimbursement for the homestead tax credit as provided in section 1 of this Act, for  
11 the biennium beginning July 1, 2007, and ending June 30, 2009.

12 **SECTION 12. LEGISLATIVE COUNCIL STUDY.** During the 2007-08 interim, the  
13 legislative council shall study property tax assessment, limitations, imposition, and  
14 administration and the effectiveness of property tax relief provided by enactment of this Act.  
15 The legislative council shall report its findings and recommendations, together with any  
16 legislation required to implement the recommendations, to the sixty-first legislative assembly.

17 **SECTION 13. EFFECTIVE DATE.** This Act is effective for taxable years beginning  
18 after December 31, 2006, for ad valorem property taxes and for taxable years beginning after  
19 December 31, 2007, for mobile home taxes. Section 9 of this Act is effective for taxable years  
20 beginning after December 31, 2006.