

Sixty-ninth
Legislative Assembly
of North Dakota

SECOND ENGROSSMENT

REENGROSSED HOUSE BILL NO. 1575

Introduced by

Representatives Weisz, Beltz, Dockter, Dressler, Hagert, Headland, Kempenich

Senators Klein, Schaible, Thomas

A BILL for an Act to create and enact two new sections to chapter 54-27, two new sections to chapter 57-02, and a new subdivision to subsection 1 of section 57-55-10 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a state reimbursed taxable valuation reduction for residential, agricultural, and commercial property, limitations on taxable valuation increases, and voter-approved excess levy authority; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, section 54-27-19.3, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, and section 57-02-08.10, of the North Dakota Century Code, relating to funds invested by the state investment board, the homestead tax credit and renters refund, and the primary residence credit certification and state reimbursement; to repeal sections 21-10-12, 21-10-13, and 57-02-08.9 of the North Dakota Century Code, relating to legacy fund definitions, the legacy earnings fund, and the primary residence credit; to provide an appropriation; to provide for a transfer; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section ~~21-10-134~~ of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt

1 service requirements for evidences of indebtedness issued by the authority for transfer to the
2 Bank of North Dakota for allocations to infrastructure projects and programs.

3 **SECTION 2. AMENDMENT.** Subsection 1 of section 21-10-06 of the North Dakota Century
4 Code is amended and reenacted as follows:

5 1. Subject to the provisions of section 21-10-02, the board shall invest the following
6 funds:

- 7 a. State bonding fund.
- 8 b. Teachers' fund for retirement.
- 9 c. State fire and tornado fund.
- 10 d. Workforce safety and insurance fund.
- 11 e. Public employees retirement system.
- 12 f. Insurance regulatory trust fund.
- 13 g. State risk management fund.
- 14 h. Budget stabilization fund.
- 15 i. Water projects stabilization fund.
- 16 j. Health care trust fund.
- 17 k. Cultural endowment fund.
- 18 l. Petroleum tank release compensation fund.
- 19 m. Legacy fund.
- 20 n. ~~Legacy earnings fund.~~
- 21 o. Opioid settlement fund.

22 ~~p-o.~~ A fund under contract with the board pursuant to subsection 3.

23 **SECTION 3. AMENDMENT.** Section 54-27-19.3 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **54-27-19.3. Legacy earnings highway distribution fund.**

26 A legacy earnings highway distribution fund is created as a special fund in the state treasury
27 into which must be deposited any allocations of legacy fund earnings made under section
28 ~~21-10-134 of this Act.~~ Any moneys in the legacy earnings highway distribution fund must be
29 allocated and transferred by the state treasurer, as follows:

- 30 1. Sixty percent must be transferred to the department of transportation for deposit in the
31 state highway fund;

2. Ten percent must be transferred to the legacy earnings township highway aid fund;
3. One and five-tenths percent must be transferred to the public transportation fund; and
4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.

SECTION 4. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys distributed by the state treasurer from the legacy fund pursuant to section 26 of article X of the Constitution of North Dakota. The distribution from the legacy fund on July first of each odd-numbered year must be equal to seven percent of the five-year average value of the legacy fund balance as reported by the state investment board. The average value of the legacy fund balance must be calculated using the fund balance at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.
2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate funding in July of each odd-numbered year in the following order:
 - a. The first one hundred two million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.
 - b. The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.
 - c. The remaining amount to the legacy property tax relief fund under section 5 of this Act.

SECTION 5. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

1 **Legacy property tax relief fund.**

2 There is created in the state treasury the legacy property tax relief fund. The fund consists
3 of all moneys allocated to the fund under section 4 of this Act and all moneys transferred to the
4 fund by the legislative assembly.

5 **SECTION 6. AMENDMENT.** Subdivision c of subsection 1 of section 57-02-08.1 of the
6 North Dakota Century Code is amended and reenacted as follows:

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

8 (1) If the person's income is not in excess of ~~forty thousand~~ fifty thousand
9 dollars, a reduction of one hundred percent of the taxable valuation of the
10 person's homestead up to a maximum reduction of nine thousand dollars of
11 taxable valuation.

12 (2) If the person's income is in excess of ~~forty thousand~~ fifty thousand dollars
13 and not in excess of ~~seventy thousand~~ eighty thousand dollars, a reduction
14 of fifty percent of the taxable valuation of the person's homestead up to a
15 maximum reduction of four thousand five hundred dollars of taxable
16 valuation.

17 **SECTION 7. AMENDMENT.** Subdivision b of subsection 2 of section 57-02-08.1 of the
18 North Dakota Century Code is amended and reenacted as follows:

19 b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of
20 any federal rent subsidy and of charges for any utilities, services, furniture,
21 furnishings, or personal property appliances furnished by the landlord as part of
22 the rental agreement, whether expressly set out in the rental agreement, must be
23 considered as payment made for property tax. When any part of the twenty
24 percent of the annual rent exceeds four percent of the annual income of a
25 qualified applicant, the applicant is entitled to receive a refund from the state
26 general fund for that amount in excess of four percent of the person's annual
27 income, but the refund may not be in excess of ~~four hundred~~ six hundred dollars.
28 If the calculation for the refund is less than five dollars, a minimum of five dollars
29 must be sent to the qualifying applicant.

30 **SECTION 8. AMENDMENT.** Section 57-02-08.10 of the North Dakota Century Code is
31 amended and reenacted as follows:

**57-02-08.10. Primary residence credit - Certification - Distribution. (Effective through
~~June 30, 2026~~August 1, 2025)**

1. By June first of each year~~2025~~, the tax commissioner shall:
 - a. Review the applications received under section 57-02-08.9, as it existed on December 31, 2024, and determine which applicants qualify for the credit allowed under section 57-02-08.9, as it existed on December 31, 2024; and
 - b. Provide to each county auditor:
 - (1) A copy of each approved application under subdivision a which identifies a primary residence located in the county; and
 - (2) The sum of the credits allowed under section 57-02-08.9, as it existed on December 31, 2024, in the county for the current taxable year.
2. The county auditor shall apply the credit under section 57-02-08.9, as it existed on December 31, 2024, to each primary residence identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.
3. ~~By January first of each year, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under subsection 1 which were applied toward property taxes owed on primary residences in the county for the preceding year.~~
4. By June first of each year ~~after 2024~~2025, the tax commissioner shall review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits allowed under section 57-02-08.9, as it existed on December 31, 2024, in each county for the preceding year.
- 5.4. Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year ~~after 2024~~2025, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes for the preceding year were apportioned and distributed.
- 6.5. Supplemental certifications by the county auditor and the tax commissioner and supplemental payments by the state treasurer may be made after the dates prescribed in this section to make corrections necessary because of errors.

1 ~~7.6.~~ The county auditors shall provide information requested by the tax commissioner to
2 effectuate this section.

3 ~~8.7.~~ The tax commissioner shall prescribe, design, and make available all forms necessary
4 to effectuate this section.

5 **SECTION 9.** A new section to chapter 57-02 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Residential, agricultural, and commercial property valuation reduction -**

8 **Qualification - Certification - State reimbursement.**

9 1. A taxpayer is entitled to a reduction of the taxable valuation of the taxpayer's
10 residential property, agricultural property, or commercial property as provided in this
11 section. The reduction is equal to:

12 a. For residential property, two and three-fourths percent of the assessed value of
13 the property.

14 b. For agricultural property and commercial property, one and one-half percent of
15 the assessed value of the property.

16 2. The reduction under this section must be applied before other credits under this
17 chapter.

18 3. Persons who are co-owners of the property but who are not spouses or dependents
19 each are entitled to a percentage of a full reduction under subsection 1 equal to their
20 ownership interests in the property.

21 4. Determinations of eligibility for a reduction under this section may be appealed through
22 the equalization and abatement process.

23 5. The county auditor shall apply the reduction under this section on the corresponding
24 property tax or mobile home tax statement.

25 6. This section does not reduce the liability of any owner for special assessments levied
26 upon any property.

27 7. A reduction of taxable valuation under this section may not be applied to reduce the
28 taxable valuation used for purposes of determining the amount subtracted from a
29 school district's state aid payment under subdivision a of subsection 4 of section
30 15.1-27-04.1.

- 1 8. Before January fifteenth of each year after 2025, the county auditor of each county
2 shall certify to the tax commissioner, on forms prescribed by the tax commissioner, the
3 following information applicable to the preceding taxable year for property taxed as
4 real estate under this title and the current taxable year for property taxed as a mobile
5 home under chapter 57-55:
- 6 a. The full name, address, and social security or taxpayer identification number of
7 each individual or entity for whom the reduction under this section was allowed
8 for the corresponding taxable year;
- 9 b. The legal description of the property;
- 10 c. The taxable value of the property;
- 11 d. The dollar amount of each reduction in taxable value allowed;
- 12 e. The total of the tax mill rates used to calculate taxes for the corresponding year
13 of all taxing districts in which the property was contained, exclusive of any state
14 mill rates; and
- 15 f. Any other information prescribed by the tax commissioner.
- 16 9. By March fifteenth of each year after 2025, the tax commissioner shall:
- 17 a. Review the certifications under subsection 8, make any required corrections, and
18 certify to the state treasurer for payment to each county the sum of the amounts
19 computed by:
- 20 (1) Multiplying the reduction allowed for each parcel of residential property,
21 agricultural property, and commercial property taxed as real estate under
22 this title in the county for the preceding taxable year by the total of the tax
23 mill rates for the preceding taxable year of all taxing districts in which the
24 property was located.
- 25 (2) Multiplying the reduction allowed for each parcel of residential property and
26 commercial property taxed as a mobile home under chapter 57-55 in the
27 county for the current taxable year by the total of the tax mill rates used to
28 calculate mobile home taxes under chapter 57-55 for the current taxable
29 year of all taxing districts in which the property was located.
- 30 b. Certify annually to the state treasurer for deposit in the state medical center fund
31 the amount computed by multiplying one mill times the reduction allowed under

1 this section for all parcels of residential property, agricultural property, and
2 commercial property in the state for:

3 (1) The preceding taxable year for property taxed as real estate under this title.

4 (2) The current taxable year for property taxed as a mobile home under chapter
5 57-55.

6 10. Within fourteen days of receiving the payment from the state treasurer, the county
7 treasurer shall apportion and distribute the payment without delay to the county and to
8 the taxing districts of the county on the same basis property taxes under this chapter
9 and mobile home taxes under chapter 57-55 were apportioned and distributed for the
10 taxable year in which the taxes were levied.

11 11. Supplemental certifications by the county auditor and the tax commissioner and
12 supplemental payments by the state treasurer may be made after the dates prescribed
13 in this section to make any corrections necessary because of errors or approval of any
14 application for equalization or abatement filed by an individual or entity because all or
15 part of the reduction under this section was not allowed.

16 12. The tax commissioner shall prescribe, design, and make available all forms necessary
17 to effectuate this section.

18 13. For purposes of this section:

19 a. "Commercial property" means commercial property as defined under section
20 57-02-01 and mobile homes used for commercial purposes and taxed under
21 chapter 57-55.

22 b. "Residential property" means residential property as defined under section
23 57-02-01 and mobile homes used for residential purposes and taxed under
24 chapter 57-55.

25 **SECTION 10.** A new section to chapter 57-02 of the North Dakota Century Code is created
26 and enacted as follows:

27 **Limitation on taxable valuation increases - Voter approval of excess levy authority.**

28 1. Notwithstanding any other provision of law, the taxable valuation on any parcel of
29 taxable property may not exceed by more than three percent the amount of the
30 taxable valuation on that parcel of taxable property in the preceding taxable year,
31 except to the extent improvements to the property have been made which were not

1 included in the taxable valuation of the property in the preceding taxable year. The
2 limitation in this section applies regardless of a sale, transfer, or other change in
3 ownership of the property.

4 2. If approved by a majority of the qualified electors of a taxing district voting on the
5 question at a statewide general or primary election, a taxing district may increase the
6 taxing district's maximum mill levy authority above the levy limitations under chapter
7 57-15 or the levy limitations authorized pursuant to home rule authority under chapter
8 11-09.1 or 40-05.1 for not more than six taxable years at a time. The ballot must
9 specify the number of mills proposed for approval, the intended purpose for the
10 proposed excess mill levy, and the number of years for which the approval is to apply.

11 3. A city or county may not supersede or modify the application of this section under
12 home rule authority.

13 **SECTION 11.** A new subdivision to subsection 1 of section 57-55-10 of the North Dakota
14 Century Code is created and enacted as follows:

15 If it is owned by a taxpayer that qualifies for the valuation reduction under
16 section 9 of this Act, to the extent to which the taxpayer is entitled to the
17 reduction.

18 **SECTION 12. REPEAL.** Sections 21-10-12 and 21-10-13 of the North Dakota Century
19 Code are repealed.

20 **SECTION 13. REPEAL.** Section 57-02-08.9 of the North Dakota Century Code is repealed.

21 **SECTION 14. APPROPRIATION - TRANSFER - GENERAL FUND TO LEGACY**

22 **PROPERTY TAX RELIEF FUND - TAX COMMISSIONER.**

- 23 1. There is appropriated out of any moneys in the general fund in the state treasury, not
24 otherwise appropriated, the sum of \$85,001,793, which the office of management and
25 budget shall transfer to the legacy property tax relief fund, during the biennium
26 beginning July 1, 2025, and ending June 30, 2027. For legislative council budget
27 status reporting purposes, the transfer under this subsection is considered an ongoing
28 funding item.
- 29 2. There is appropriated out of any moneys in the legacy property tax relief fund, not
30 otherwise appropriated, the sum of \$483,400,000, or so much of the sum as may be
31 necessary, to the tax commissioner for the state reimbursement of the residential

1 property, agricultural property, and commercial property taxable valuation reduction for
2 the biennium beginning July 1, 2025, and ending June 30, 2027. Of the \$483,400,000,
3 \$85,001,793 is from the general fund pursuant to subsection 1, and \$398,398,207 is
4 from the legacy earnings fund.

5 **SECTION 15. EFFECTIVE DATE.** Sections 6, 7, 9, 10, 11, and 13 of this Act are effective
6 for taxable years beginning after December 31, 2024.