

Sixty-ninth  
Legislative Assembly  
of North Dakota

## PROPOSED AMENDMENTS TO SECOND ENGROSSMENT

### REENGROSSED HOUSE BILL NO. 1168

Introduced by

Representatives Louser, Jonas, Monson, Richter, Sanford, Toman

Senators Burckhard, Thomas

1 A BILL ~~for an Act to create and enact a new section to chapter 54-27 and a new section to~~  
2 ~~chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund and~~  
3 ~~limitations on property tax levies by taxing districts except school districts without voter~~  
4 ~~approval; to amend and reenact sections 6-09.4-10.1, 15.1-27-04.1, and 15.1-27-04.2,~~  
5 ~~subsection 1 of section 21-10-06, sections 54-27-19.3 and 57-15-01.1, subsection 1 of section~~  
6 ~~57-15-14, section 57-15-14.2, and subdivision c of subsection 1 of section 57-20-07.1 of the~~  
7 ~~North Dakota Century Code, relating to the legacy sinking and interest fund, the state school aid~~  
8 ~~funding formula, funds invested by the state investment board, the legacy earnings highway~~  
9 ~~distribution fund, and school district levy authority; to repeal sections 15.1-27-04.3,~~  
10 ~~15.1-27-15.1, 15.1-27-20.2, 21-10-12, and 21-10-13 of the North Dakota Century Code, relating~~  
11 ~~to adjustments to state aid payments, legacy fund definitions, and a legacy earnings fund; and~~  
12 ~~to provide an effective date.~~ for an Act to create and enact two new sections to chapter 54-27, a  
13 new section to chapter 57-02, and a new section to chapter 57-15 of the North Dakota Century  
14 Code, relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence  
15 certification, and a limitation on property tax levies without voter approval; to amend and  
16 reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3,  
17 and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2  
18 of section 57-02-08.1, section 57-02-08.8, section 57-02-08.9 as amended by section 1 of  
19 Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10,  
20 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, 57-15-14.2, and  
21 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state  
22 investment board, property tax definitions, the homestead tax credit and renters refund, the

property tax credit for disabled veterans, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, school district levies, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide a statement of legislative intent; to provide for a legislative management study, to provide an appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

**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 21-10-136 of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs.~~

~~**SECTION 2. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**15.1-27-04.1. Baseline funding -- Establishment -- Determination of state aid. (Effective through June 30, 2025) (Retroactive application -- See note)**~~

~~1. To determine the amount of state aid payable to each district, the superintendent of public instruction shall establish each district's baseline funding. A district's baseline funding consists of:~~

~~a. All state aid received by the district in accordance with chapter 15.1-27 during the 2018-19 school year;~~

~~b. An amount equal to the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment;~~

~~c. An amount equal to seventy-five percent of the revenue received by the school district during the 2017-18 school year for the following revenue types:~~

- 1 ~~————— (1) Revenue reported under code 2000 of the North Dakota school district~~  
2 ~~financial accounting and reporting manual, as developed by the~~  
3 ~~superintendent of public instruction in accordance with section 15.1-02-08;~~
- 4 ~~————— (2) Mineral revenue received by the school district through direct allocation from~~  
5 ~~the state treasurer and not reported under code 2000 of the North Dakota~~  
6 ~~school district financial accounting and reporting manual, as developed by~~  
7 ~~the superintendent of public instruction in accordance with section~~  
8 ~~15.1-02-08;~~
- 9 ~~————— (3) Tuition reported under code 1300 of the North Dakota school district~~  
10 ~~financial accounting and reporting manual, as developed by the~~  
11 ~~superintendent of public instruction in accordance with section 15.1-02-08,~~  
12 ~~with the exception of revenue received specifically for the operation of an~~  
13 ~~educational program provided at a residential treatment facility, tuition~~  
14 ~~received for the provision of an adult farm management program, and~~  
15 ~~beginning in the 2021-22 school year, seventeen percent of tuition received~~  
16 ~~under an agreement to educate students from a school district on an~~  
17 ~~air force base with funding received through federal impact aid, and an~~  
18 ~~additional seventeen percent of tuition received under an agreement to~~  
19 ~~educate students from a school district on an air force base with funding~~  
20 ~~received through federal impact aid each school year thereafter, until the~~  
21 ~~2024-25 school year when sixty-eight percent of tuition received under an~~  
22 ~~agreement to educate students from a school district on an air force base~~  
23 ~~with funding received through federal impact aid must be excluded from the~~  
24 ~~tuition calculation under this paragraph;~~
- 25 ~~————— (4) Revenue from payments in lieu of taxes on the distribution and transmission~~  
26 ~~of electric power;~~
- 27 ~~————— (5) Revenue from payments in lieu of taxes on electricity generated from~~  
28 ~~sources other than coal; and~~
- 29 ~~————— (6) Revenue from the leasing of land acquired by the United States for which~~  
30 ~~compensation is allocated to the state under 33 U.S.C. 701(c)(3);~~

- ~~1 d. An amount equal to the total revenue received by the school district during the~~  
~~2 2017-18 school year for the following revenue types:~~  
~~3 (1) Mobile home tax revenue;~~  
~~4 (2) Telecommunications tax revenue; and~~  
~~5 (3) Revenue from payments in lieu of taxes and state reimbursement of the~~  
~~6 homestead credit and disabled veterans credit; and~~  
~~7 e. Beginning with the 2020-21 school year, the superintendent shall reduce the~~  
~~8 baseline funding for any school district that becomes an elementary district~~  
~~9 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must~~  
~~10 be proportional to the number of weighted student units in the grades that are~~  
~~11 offered through another school district relative to the total number of weighted~~  
~~12 student units the school district offered in the year before the school district~~  
~~13 became an elementary district. The reduced baseline funding applies to the~~  
~~14 calculation of state aid for the first school year in which the school district~~  
~~15 becomes an elementary district and for each year thereafter. For districts that~~  
~~16 become an elementary district prior to the 2020-21 school year, the~~  
~~17 superintendent shall use the reduced baseline funding to calculate state aid for~~  
~~18 the 2020-21 school year and for each year thereafter.~~  
~~19 2. a. The superintendent shall divide the district's baseline funding determined in~~  
~~20 subsection 1 by the district's 2017-18 weighted student units to determine the~~  
~~21 district's baseline funding per weighted student unit.~~  
~~22 b. For any school district that becomes an elementary district pursuant to section~~  
~~23 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the~~  
~~24 district's baseline funding per weighted student unit used to calculate state aid.~~  
~~25 The superintendent shall divide the district's baseline funding determined in~~  
~~26 subsection 1 by the district's weighted student units after the school district~~  
~~27 becomes an elementary district to determine the district's adjusted baseline~~  
~~28 funding per weighted student unit. The superintendent shall use the district's~~  
~~29 adjusted baseline funding per weighted student unit in the calculation of state aid~~  
~~30 for the first school year in which the school district becomes an elementary~~  
~~31 district and for each year thereafter.~~

~~c. Beginning with the 2021-22 school year and for each school year thereafter, the superintendent shall reduce the district's baseline funding per weighted student unit. Each year the superintendent shall calculate the amount by which the district's baseline funding per weighted student unit exceeds the payment per weighted student unit provided in subsection 3. For the 2023-24 school year the superintendent shall reduce the district's baseline funding per weighted student unit by forty percent of the amount by which the district's baseline funding per weighted student unit exceeds the payment per weighted student unit for the 2023-24 school year. For each year thereafter, the reduction percentage is increased by an additional fifteen percent. However, the district's baseline funding per weighted student unit, after the reduction, may not be less than the payment per weighted student unit provided in subsection 3.~~

~~3. a. For the 2023-24 school year, the superintendent shall calculate state aid as the greater of:~~

~~(1) The district's weighted student units multiplied by ten thousand six hundred forty-six dollars;~~

~~(2) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units, not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand six hundred forty-six dollars; or~~

~~(3) The district's baseline funding as established in subsection 1 less the amount in paragraph 1, with the difference reduced by forty percent and then the difference added to the amount determined in paragraph 1.~~

~~b. For the 2024-25 school year and each school year thereafter, the superintendent shall calculate state aid as the greater of:~~

~~(1) The district's weighted student units multiplied by eleven thousand seventy-two dollars;~~

~~(2) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's~~

weighted student units, not to exceed the district's 2017-18 baseline

weighted student units, plus any weighted student units in excess of the

2017-18 baseline weighted student units multiplied by eleven thousand

seventy-two dollars; or

~~(3) The district's baseline funding as established in subsection 1 less the~~

~~amount in paragraph 1, with the difference reduced by fifty-five percent for~~

~~the 2024-25 school year and the reduction percentage increasing by fifteen~~

~~percent each school year thereafter until the difference is reduced to zero,~~

~~and then the difference added to the amount determined in paragraph 1.~~

~~4. After determining the product in accordance with subsection 3, the superintendent of  
public instruction shall:~~

~~a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the  
school district, except the amount in dollars subtracted for purposes of this  
subdivision may not exceed the previous year's amount in dollars subtracted for  
purposes of this subdivision by more than twelve percent, adjusted pursuant to  
section 15.1-27-04.3; and~~

~~b. Subtract an amount equal to seventy-five percent of all revenue types listed in  
subdivisions c and d of subsection 1. Before determining the deduction for  
seventy-five percent of all revenue types, the superintendent of public instruction  
shall adjust revenues as follows:~~

~~(1) Tuition revenue shall be adjusted as follows:~~

~~(a) In addition to deducting tuition revenue received specifically for the  
operation of an educational program provided at a residential  
treatment facility, tuition revenue received for the provision of an adult  
farm management program, tuition received for the education of  
high-cost and special education students, and tuition received under  
an agreement to educate students from a school district on an  
air force base with funding received through federal impact aid as  
directed each school year in paragraph 3 of subdivision c of  
subsection 1, the superintendent of public instruction also shall reduce  
the total tuition reported by the school district by the amount of tuition~~

1 revenue received for the education of students not residing in the  
2 state and for which the state has not entered a cross-border education  
3 contract; and  
4 ~~————— (b) — The superintendent of public instruction also shall reduce the total~~  
5 ~~tuition reported by admitting school districts meeting the requirements~~  
6 ~~of subdivision c of subsection 2 of section 15.1-29-12 by the amount~~  
7 ~~of tuition revenue received for the education of students residing in an~~  
8 ~~adjacent school district.~~  
9 ~~————— (2) — After adjusting tuition revenue as provided in paragraph 1, the~~  
10 ~~superintendent shall reduce all remaining revenues from all revenue types~~  
11 ~~by the percentage of mills levied in 2022 by the school district for sinking~~  
12 ~~and interest relative to the total mills levied in 2022 by the school district for~~  
13 ~~all purposes.~~  
14 ~~———— 5. — The amount remaining after the computation required under subsection 4 is the~~  
15 ~~amount of state aid to which a school district is entitled, subject to any other statutory~~  
16 ~~requirements or limitations.~~  
17 ~~———— 6. — On or before June thirtieth of each year, the school board shall certify to the~~  
18 ~~superintendent of public instruction the final average daily membership for the current~~  
19 ~~school year.~~  
20 ~~———— 7. — For purposes of the calculation in subsection 4, each county auditor, in collaboration~~  
21 ~~with the school districts, shall report the following to the superintendent of public~~  
22 ~~instruction on an annual basis:~~  
23 ~~———— a. — The amount of revenue received by each school district in the county during the~~  
24 ~~previous school year for each type of revenue identified in subdivisions c and d of~~  
25 ~~subsection 1;~~  
26 ~~———— b. — The total number of mills levied in the previous calendar year by each school~~  
27 ~~district for all purposes; and~~  
28 ~~———— c. — The number of mills levied in the previous calendar year by each school district~~  
29 ~~for sinking and interest fund purposes.~~  
30 ~~———— **Baseline funding – Establishment – Determination of state aid. (Effective after**~~  
31 ~~**June 30, 2025)**~~

1 ~~1. To determine the amount of state aid payable to each district, the superintendent of~~  
2 ~~public instruction shall establish each district's baseline funding. A district's baseline~~  
3 ~~funding consists of:~~

4 ~~a. All state aid received by the district in accordance with chapter 15.1-27 during the~~  
5 ~~2018-19 school year;~~

6 ~~b. An amount equal to the property tax deducted by the superintendent of public~~  
7 ~~instruction to determine the 2018-19 state aid payment;~~

8 ~~c. An amount equal to seventy-five percent of the revenue received by the school~~  
9 ~~district during the 2017-18 school year for the following revenue types:~~

10 ~~(1) Revenue reported under code 2000 of the North Dakota school district~~  
11 ~~financial accounting and reporting manual, as developed by the~~  
12 ~~superintendent of public instruction in accordance with section 15.1-02-08;~~

13 ~~(2) Mineral revenue received by the school district through direct allocation from~~  
14 ~~the state treasurer and not reported under code 2000 of the North Dakota~~  
15 ~~school district financial accounting and reporting manual, as developed by~~  
16 ~~the superintendent of public instruction in accordance with section~~  
17 ~~15.1-02-08;~~

18 ~~(3) Tuition reported under code 1300 of the North Dakota school district~~  
19 ~~financial accounting and reporting manual, as developed by the~~  
20 ~~superintendent of public instruction in accordance with section 15.1-02-08,~~  
21 ~~with the exception of revenue received specifically for the operation of an~~  
22 ~~educational program provided at a residential treatment facility, tuition~~  
23 ~~received for the provision of an adult farm management program, and~~  
24 ~~beginning in the 2025-26 school year, eighty-five percent of tuition received~~  
25 ~~under an agreement to educate students from a school district on an~~  
26 ~~air force base with funding received through federal impact aid, until the~~  
27 ~~2026-27 school year, and each school year thereafter, when all tuition~~  
28 ~~received under an agreement to educate students from a school district on~~  
29 ~~an air force base with funding received through federal impact aid must be~~  
30 ~~excluded from the tuition calculation under this paragraph;~~



- 1 ~~\_\_\_\_\_ (4) Revenue from payments in lieu of taxes on the distribution and transmission-~~  
2 ~~of electric power;~~
- 3 ~~\_\_\_\_\_ (5) Revenue from payments in lieu of taxes on electricity generated from-~~  
4 ~~sources other than coal; and~~
- 5 ~~\_\_\_\_\_ (6) Revenue from the leasing of land acquired by the United States for which-~~  
6 ~~compensation is allocated to the state under 33 U.S.C. 701(c)(3); and~~
- 7 ~~\_\_\_\_\_ d. An amount equal to the total revenue received by the school district during the-~~  
8 ~~2017-18 school year for the following revenue types:~~
- 9 ~~\_\_\_\_\_ (1) Mobile home tax revenue;~~
- 10 ~~\_\_\_\_\_ (2) Telecommunications tax revenue; and~~
- 11 ~~\_\_\_\_\_ (3) Revenue from payments in lieu of taxes and state reimbursement of the-~~  
12 ~~homestead credit and disabled veterans credit.~~
- 13 ~~\_\_\_\_\_ e. Beginning with the 2020-21 school year, the superintendent shall reduce the-~~  
14 ~~baseline funding for any school district that becomes an elementary district-~~  
15 ~~pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must-~~  
16 ~~be proportional to the number of weighted student units in the grades that are-~~  
17 ~~offered through another school district relative to the total number of weighted-~~  
18 ~~student units the school district offered in the year before the school district-~~  
19 ~~became an elementary district. The reduced baseline funding applies to the-~~  
20 ~~calculation of state aid for the first school year in which the school district-~~  
21 ~~becomes an elementary district and for each year thereafter. For districts that-~~  
22 ~~become an elementary district prior to the 2020-21 school year, the-~~  
23 ~~superintendent shall use the reduced baseline funding to calculate state aid for-~~  
24 ~~the 2020-21 school year and for each year thereafter.~~
- 25 ~~\_\_\_\_\_ 2. a. The superintendent shall divide the district's baseline funding determined in-~~  
26 ~~subsection 1 by the district's 2017-18 weighted student units to determine the-~~  
27 ~~district's baseline funding per weighted student unit.~~
- 28 ~~\_\_\_\_\_ b. For any school district that becomes an elementary district pursuant to section-~~  
29 ~~15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the-~~  
30 ~~district's baseline funding per weighted student unit used to calculate state aid.~~  
31 ~~The superintendent shall divide the district's baseline funding determined in-~~

subsection 1 by the district's weighted student units after the school district becomes an elementary district to determine the district's adjusted baseline funding per weighted student unit. The superintendent shall use the district's adjusted baseline funding per weighted student unit in the calculation of state aid for the first school year in which the school district becomes an elementary district and for each year thereafter.

~~c. Beginning with the 2021-22 school year and for each school year thereafter, the superintendent shall reduce the district's baseline funding per weighted student unit. Each year the superintendent shall calculate the amount by which the district's baseline funding per weighted student unit exceeds the payment per weighted student unit provided in subsection 3. For the 2023-24 school year the superintendent shall reduce the district's baseline funding per weighted student unit by forty percent of the amount by which the district's baseline funding per weighted student unit exceeds the payment per weighted student unit for the 2023-24 school year. For each year thereafter, the reduction percentage is increased by an additional fifteen percent. However, the district's baseline funding per weighted student unit, after the reduction, may not be less than the payment per weighted student unit provided in subsection 3.~~

~~3. a. For the 2023-24 school year, the superintendent shall calculate state aid as the greater of:~~

~~(1) The district's weighted student units multiplied by ten thousand six hundred forty-six dollars;~~

~~(2) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units, not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand six hundred forty-six dollars; or~~

~~(3) The district's baseline funding as established in subsection 1 less the amount in paragraph 1, with the difference reduced by forty percent and then the difference added to the amount determined in paragraph 1.~~

~~b. For the 2024-25 school year and each school year thereafter, the superintendent shall calculate state aid as the greater of:~~

~~(1) The district's weighted student units multiplied by eleven thousand seventy-two dollars;~~

~~(2) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units, not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by eleven thousand seventy-two dollars; or~~

~~(3) The district's baseline funding as established in subsection 1 less the amount in paragraph 1, with the difference reduced by fifty-five percent for the 2024-25 school year and the reduction percentage increasing by fifteen percent each school year thereafter until the difference is reduced to zero, and then the difference added to the amount determined in paragraph 1.~~

~~4. After determining the product in accordance with subsection 3, the superintendent of public instruction shall:~~

~~a. Subtract an amount equal to sixtyfifty mills multiplied by the taxable valuation of the school district; and~~

~~b. Subtract an amount equal to seventy-five percent of all revenue types listed in subdivisions c and d of subsection 1. Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:~~

~~(1) Tuition revenue shall be adjusted as follows:~~

~~(a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility, tuition revenue received for the provision of an adult farm management program, tuition received for the education of high-cost and special education students, and tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid as~~

1 directed each school year in paragraph 3 of subdivision c of  
2 subsection 1, the superintendent of public instruction also shall reduce  
3 the total tuition reported by the school district by the amount of tuition  
4 revenue received for the education of students not residing in the  
5 state and for which the state has not entered a cross-border education  
6 contract; and

7 ~~\_\_\_\_\_ (b) The superintendent of public instruction also shall reduce the total~~  
8 ~~tuition reported by admitting school districts meeting the requirements~~  
9 ~~of subdivision c of subsection 2 of section 15.1-29-12 by the amount~~  
10 ~~of tuition revenue received for the education of students residing in an~~  
11 ~~adjacent school district.~~

12 ~~\_\_\_\_\_ (2) After adjusting tuition revenue as provided in paragraph 1, the~~  
13 ~~superintendent shall reduce all remaining revenues from all revenue types~~  
14 ~~by the percentage of mills levied in 20222024 by the school district for~~  
15 ~~sinking and interest relative to the total mills levied in 20222024 by the~~  
16 ~~school district for all purposes.~~

17 ~~\_\_\_\_\_ 5. The amount remaining after the computation required under subsection 4 is the~~  
18 ~~amount of state aid to which a school district is entitled, subject to any other statutory~~  
19 ~~requirements or limitations.~~

20 ~~\_\_\_\_\_ 6. On or before June thirtieth of each year, the school board shall certify to the~~  
21 ~~superintendent of public instruction the final average daily membership for the current~~  
22 ~~school year.~~

23 ~~\_\_\_\_\_ 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration~~  
24 ~~with the school districts, shall report the following to the superintendent of public~~  
25 ~~instruction on an annual basis:~~

26 ~~\_\_\_\_\_ a. The amount of revenue received by each school district in the county during the~~  
27 ~~previous school year for each type of revenue identified in subdivisions c and d of~~  
28 ~~subsection 1;~~

29 ~~\_\_\_\_\_ b. The total number of mills levied in the previous calendar year by each school~~  
30 ~~district for all purposes; and~~

~~\_\_\_\_\_ c. \_\_\_\_\_ The number of mills levied in the previous calendar year by each school district  
for sinking and interest fund purposes.~~

~~\_\_\_\_\_ **SECTION 3. AMENDMENT.** Section 15.1-27-04.2 of the North Dakota Century Code is  
amended and reenacted as follows:~~

~~\_\_\_\_\_ **15.1-27-04.2. State aid -- Minimum local effort -- Determination.**~~

~~\_\_\_\_\_ If a district's taxable valuation per student is less than twenty percent of the state average  
valuation per student, the superintendent of public instruction, for purposes of determining state  
aid in accordance with subsection 4 of section 15.1-27-04.1, shall utilizeuse an amount equal to  
sixtyfifty mills times twenty percent of the state average valuation per student multiplied by the  
number of weighted student units in the district.~~

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

~~\_\_\_\_\_ 1. \_\_\_\_\_ Subject to the provisions of section 21-10-02, the board shall invest the following  
funds:~~

~~\_\_\_\_\_ a. \_\_\_\_\_ State bonding fund.~~

~~\_\_\_\_\_ b. \_\_\_\_\_ Teachers' fund for retirement.~~

~~\_\_\_\_\_ c. \_\_\_\_\_ State fire and tornado fund.~~

~~\_\_\_\_\_ d. \_\_\_\_\_ Workforce safety and insurance fund.~~

~~\_\_\_\_\_ e. \_\_\_\_\_ Public employees retirement system.~~

~~\_\_\_\_\_ f. \_\_\_\_\_ Insurance regulatory trust fund.~~

~~\_\_\_\_\_ g. \_\_\_\_\_ State risk management fund.~~

~~\_\_\_\_\_ h. \_\_\_\_\_ Budget stabilization fund.~~

~~\_\_\_\_\_ i. \_\_\_\_\_ Water projects stabilization fund.~~

~~\_\_\_\_\_ j. \_\_\_\_\_ Health care trust fund.~~

~~\_\_\_\_\_ k. \_\_\_\_\_ Cultural endowment fund.~~

~~\_\_\_\_\_ l. \_\_\_\_\_ Petroleum tank release compensation fund.~~

~~\_\_\_\_\_ m. \_\_\_\_\_ Legacy fund.~~

~~\_\_\_\_\_ n. \_\_\_\_\_ Legacy earnings fund.~~

~~\_\_\_\_\_ o. \_\_\_\_\_ Opioid settlement fund.~~

~~\_\_\_\_\_ p.o. \_\_\_\_\_ A fund under contract with the board pursuant to subsection 3.~~

1 ~~— **SECTION 5. AMENDMENT.** Section 54-27-19.3 of the North Dakota Century Code is~~  
2 ~~amended and reenacted as follows:~~

3 ~~— **54-27-19.3. Legacy earnings highway distribution fund.**~~

4 ~~— A legacy earnings highway distribution fund is created as a special fund in the state treasury~~  
5 ~~into which must be deposited any allocations of legacy fund earnings made under section~~  
6 ~~21-10-136 of this Act. Any moneys in the legacy earnings highway distribution fund must be~~  
7 ~~allocated and transferred by the state treasurer, as follows:~~

8 ~~— 1. Sixty percent must be transferred to the department of transportation for deposit in the~~  
9 ~~state highway fund;~~

10 ~~— 2. Ten percent must be transferred to the legacy earnings township highway aid fund;~~

11 ~~— 3. One and five-tenths percent must be transferred to the public transportation fund; and~~

12 ~~— 4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the~~  
13 ~~formula established in subsection 4 of section 54-27-19. Moneys received by counties~~  
14 ~~and cities must be used for roadway purposes in accordance with section 11 of~~  
15 ~~article X of the Constitution of North Dakota.~~

16 ~~— **SECTION 6.** A new section to chapter 54-27 of the North Dakota Century Code is created~~  
17 ~~and enacted as follows:~~

18 ~~— **Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.**~~

19 ~~— 1. There is created in the state treasury the legacy earnings fund. The fund consists of all~~  
20 ~~moneys distributed by the state treasurer from the legacy fund pursuant to section 26-~~  
21 ~~of article X of the Constitution of North Dakota. The distribution from the legacy fund~~  
22 ~~on July first of each odd-numbered year must be equal to seven percent of the~~  
23 ~~five-year average value of the legacy fund balance as reported by the state investment~~  
24 ~~board. The average value of the legacy fund balance must be calculated using the~~  
25 ~~fund balance at the end of each fiscal year for the five-year period ending with the~~  
26 ~~most recently completed even-numbered fiscal year.~~

27 ~~— 2. From the amount distributed to the legacy earnings fund under subsection 1, the state~~  
28 ~~treasurer shall allocate funding in July of each odd-numbered year in the following~~  
29 ~~order:~~

30 ~~— a. The first one hundred two million six hundred twenty four thousand dollars or an~~  
31 ~~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 two hundred twenty-five million dollars to the general fund to provide support for tax relief initiatives approved by the legislative assembly.~~

~~c. The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.~~

~~d. The next one hundred twenty-one million dollars to the state tuition fund under section 15.1-28.03.~~

~~e. The remaining amount as follows:~~

~~(1) Fifty percent to the general fund.~~

~~(2) The remainder to the strategic investment and improvements fund to be used in accordance with section 15-08.1-08.~~

~~**SECTION 7. AMENDMENT.** Section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**57-15-01.1. Protection of taxpayers and taxing districts.**~~

~~Each taxing district may levy the lesser of the amount in dollars as certified in the budget of the governing body, or the amount in dollars as allowed in this section, subject to the following:~~

~~1. No taxing district may levy more taxes expressed in dollars than the amounts allowed by this section.~~

~~2. For purposes of this section:~~

~~a. "Base year" means the taxing district's taxable year with the highest amount levied in dollars in property taxes of the three taxable years immediately preceding the budget year; and~~

~~b. "Budget year" means the taxing district's year for which the levy is being determined under this section; and~~

~~c. "Calculated mill rate" means the mill rate that results from dividing the base year taxes levied by the sum of the taxable value of the taxable property in the base year plus the taxable value of the property exempt by local discretion or charitable status, calculated in the same manner as the taxable property; and~~

~~d. "Property exempt by local discretion or charitable status" means property exempted from taxation as new or expanding businesses under chapter 40-57.1;~~

improvements to property under chapter 57-02.2; or buildings belonging to institutions of public charity, new single-family residential or townhouse or condominium property, property used for early childhood services, or pollution abatement improvements under section 57-02-08.

~~e. "Taxing district" means any political subdivision, other than a school district, empowered by law to levy taxes.~~

~~3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:~~

~~a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.~~

~~b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.~~

~~c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.~~

~~d. Reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of the base year mill rate of the school district minus sixty mills or fifty mills, if the base year is a taxable year before 2013.~~



~~4. In addition to any other levy limitation factor under this section, a taxing district may increase its levy in dollars to reflect new or increased mill levies authorized by the legislative assembly or authorized by the electors of the taxing district.~~

~~5. Under this section a taxing district may supersede any applicable mill levy limitations otherwise provided by law, or a taxing district may levy up to the mill levy limitations otherwise provided by law without reference to this section, but the provisions of this section do not apply to the following:~~

~~a. Any irrepealable tax to pay bonded indebtedness levied pursuant to section 16 of article X of the Constitution of North Dakota.~~

~~b. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.~~

~~6. A school district choosing to determine its levy authority under this section may apply subsection 3 only to the amount in dollars levied for general fund purposes under section 57-15-14 or, if the levy in the base year included separate general fund and special fund levies under sections 57-15-14 and 57-15-14.2, the school district may apply subsection 3 to the total amount levied in dollars in the base year for both the general fund and special fund accounts. School district levies under any section other than section 57-15-14 may be made within applicable limitations but those levies are not subject to subsection 3.~~

~~7. Optional levies under this section may be used by any city or county that has adopted a home rule charter unless the provisions of the charter supersede state laws related to property tax levy limitations.~~

~~**SECTION 8. AMENDMENT.** Subsection 1 of section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows: \_\_\_\_\_~~

~~1. Unless authorized by the electors of the school district in accordance with this section, a school district may not impose greater levies than those permitted under section 57-15-14.2.~~

~~a. In any school district having a total population in excess of four thousand according to the last federal decennial census there may be levied any specific number of mills that upon resolution of the school board has been submitted to~~

and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

~~b. In any school district having a total population of fewer than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.~~

~~c. After June 30, 2009, in any school district election for approval by electors of increased levy authority under subsection 1 or 2, the ballot must specify the number of mills proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2009, approval by electors of increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.~~

~~d. The authority for a levy of up to a specific number of mills under this section approved by electors of a school district before July 1, 2009, is terminated effective for taxable years after 2015. If the electors of a school district subject to this subsection have not approved a levy for taxable years after 2015 of up to a specific number of mills under this section by December 31, 2015, the school district levy limitation for subsequent years is subject to the limitations under section 57-15-01.1 or this section.~~

~~e. For taxable years beginning after 2012:~~

~~(1) The authority for a levy of up to a specific number of mills, approved by electors of a school district for any period of time that includes a taxable year before 2009, must be reduced by one hundred fifteen mills as a precondition of receiving state aid in accordance with chapter 15.1-27.~~

~~(2) The authority for a levy of up to a specific number of mills, approved by electors of a school district for any period of time that does not include a taxable year before 2009, must be reduced by forty mills as a precondition of receiving state aid in accordance with chapter 15.1-27.~~

~~(3) The authority for a levy of up to a specific number of mills, placed on the ballot in a school district election for electoral approval of increased levy authority under subdivision a or b, after June 30, 2013~~2025~~, must be stated~~

as a specific number of mills of general fund levy authority and must include  
a statement that the statutory school district general fund levy limitation is  
seventysixty mills on the dollar of the taxable valuation of the school district.

~~f. The authority for an unlimited levy approved by electors of a school district before  
July 1, 2009, is terminated effective for taxable years after 2015. If the electors of  
a school district subject to this subsection have not approved a levy of up to a  
specific number of mills under this section by December 31, 2015, the school  
district levy limitation for subsequent years is subject to the limitations under  
section 57-15-01.1 or this section.~~

~~**SECTION 9. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is  
amended and reenacted as follows:~~

~~**57-15-14.2. School district levies.**~~

~~1. The board of a school district may levy a tax not exceeding the amount in dollars that  
the school district levied for the prior year, plus twelve percent, up to would be  
generated by a levy of seventyfifty mills on the taxable valuation of the district, for any  
purpose related to the provision of educational services~~the school district's local~~  
contribution to the costs of education. The proceeds of this levy must be deposited into  
the school district's general fund and may be used in accordance with this  
subsectionfor any purposes related to the provision of educational services. The  
proceeds may not be transferred into any other fund.~~

~~2. The board of a school district may levy no more than ten mills on the taxable valuation  
of the district, for any purpose related to the provision of educational services. The  
proceeds of this levy must be deposited into the school district's general fund and  
used in accordance with this subsection. The proceeds may not be transferred into  
any other fund.~~

~~3. The board of a school district may levy no more than twelve mills on the taxable  
valuation of the district, for miscellaneous purposes and expenses. The proceeds of  
this levy must be deposited into a special fund known as the miscellaneous fund and  
used in accordance with this subsection. The proceeds may not be transferred into  
any other fund.~~

~~3.4. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.~~

~~4.5. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.~~

~~5.6. The board of a school district may levy no more than five mills on the taxable valuation of the district, pursuant to section 57-15-15.1, for purposes of developing a school safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be deposited into a special fund known as the school safety plan fund and used in accordance with this subsection.~~

~~6.7. Nothing in this section limits the board of a school district from levying:~~

~~a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and~~

~~b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.~~

~~**SECTION 10.** A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:~~

~~**Limitation on levies by taxing districts without voter approval.**~~

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

~~(1) When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in~~

~~dollars in the preceding taxable year by the taxing district must be increased for purposes of this section to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year.~~

~~(2) When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased for purposes of this section to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year.~~

~~(3) When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be reduced for purposes of this section by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.~~

~~(4) When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the previous taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the previous taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.~~

~~b. If the actual percentage increase in property taxes levied in dollars by a taxing district compared to the property taxes levied in the preceding taxable year is less than the percentage increase limitation under subdivision a, the taxing district may carry forward the excess percentage increase to the succeeding taxable year. A taxing district may not carry forward any amount of unused excess percentage increase beyond the taxable year succeeding the taxable year during which the excess percentage increase accumulated.~~

- 1     ~~2. The limitation on the total amount levied by a taxing district under subsection 1 does~~  
2     ~~not apply to:~~
- 3     ~~a. New or increased property tax levy authority that was not available to the taxing~~  
4     ~~district in the preceding taxable year, including property tax levy authority~~  
5     ~~provided by state law or approved by the electors of the taxing district.~~
- 6     ~~b. Any irrepealable tax to pay bonded indebtedness levied under section 16 of~~  
7     ~~article X of the Constitution of North Dakota. Any tax levied for this purpose must~~  
8     ~~be excluded from the mill rate applied under paragraphs 1 through 3 of~~  
9     ~~subdivision a of subsection 1.~~
- 10    ~~c. The one-mill levy for the state medical center authorized by section 10 of article X~~  
11    ~~of the Constitution of North Dakota. Any tax levied for this purpose must be~~  
12    ~~excluded from the mill rate applied under paragraphs 1 through 3 of subdivision a~~  
13    ~~of subsection 1.~~
- 14    ~~d. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District,~~  
15    ~~authorized by section 57-15-26.8.~~
- 16    ~~e. Taxes or special assessments levied to pay the principal and interest on any~~  
17    ~~obligations of any political subdivision, including taxes levied for deficiencies in~~  
18    ~~special assessment and improvement district funds and revenue bond and~~  
19    ~~reserve funds.~~
- 20    ~~f. Taxes levied pursuant to law for the proportion of the cost to any taxing district for~~  
21    ~~a special improvement project by general taxation.~~
- 22    ~~g. Taxes levied under sections 40-24-10, 40-43-01, and 57-15-41, and chapter~~  
23    ~~61-16.1.~~
- 24    ~~3. A levy exceeding the percentage increase limitation under subsection 1 may be~~  
25    ~~imposed upon approval of a ballot measure, stating the percentage of the proposed~~  
26    ~~property tax levy increase percentage compared to the percentage limitation under~~  
27    ~~subsection 1, by at least sixty percent of the qualified electors of the taxing district~~  
28    ~~voting on the question at a statewide primary or general election. A levy exceeding the~~  
29    ~~percentage increase limitation under subsection 1 may be approved by electors for not~~  
30    ~~more than five taxable years at a time.~~

~~4. A city or county may not supersede or modify the application of the provisions of this section under home rule authority.~~

~~5. For purposes of this section:~~

~~a. "Excess percentage increase" means the difference between the percentage increase limitation under subdivision a of subsection 1 for a taxable year and the actual percentage increase in property taxes levied in dollars by a taxing district in the taxable year compared to the preceding taxable year.~~

~~b. "Taxing district" means any political subdivision, other than a school district, empowered to levy taxes.~~

**SECTION 11. AMENDMENT.** Subdivision c of subsection 1 of section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

~~c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.~~

~~(1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located the lesser of one hundred thirty-five mills or the sum of:~~

~~(a) FiftyThe number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year; or and~~

~~(b) The 2012 taxable year mill rate of the school district minus, excluding sixtyfifty mills.~~

~~(2) Legislative tax relief under chapter 50-35 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of relief determined by dividing the amount~~

calculated in subsection 1 of section 50-35-03 for a human service zone by  
the taxable value of taxable property in the zone for the taxable year.

~~SECTION 12. REPEAL. Sections 15.1-27-04.3, 15.1-27-15.1, 15.1-27-20.2, 21-10-12, and  
21-10-13 of the North Dakota Century Code are repealed.~~

~~SECTION 13. EFFECTIVE DATE. Sections 7, 8, 9, and 10 of this Act are effective for  
taxable years beginning after December 31, 2024.~~

**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 ~~21-10-13~~5 of this Act. Moneys in the fund may  
be spent by the public finance authority pursuant to legislative appropriations to meet the debt  
service requirements for evidences of indebtedness issued by the authority for transfer to the  
Bank of North Dakota for allocations to infrastructure projects and programs.

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

1. Subject to the provisions of section 21-10-02, the board shall invest the following  
funds:
  - a. State bonding fund.
  - b. Teachers' fund for retirement.
  - c. State fire and tornado fund.
  - d. Workforce safety and insurance fund.
  - e. Public employees retirement system.
  - f. Insurance regulatory trust fund.
  - g. State risk management fund.
  - h. Budget stabilization fund.
  - i. Water projects stabilization fund.
  - j. Health care trust fund.
  - k. Cultural endowment fund.
  - l. Petroleum tank release compensation fund.



m. Legacy fund.

n. ~~Legacy earnings fund.~~

~~o.~~ Opioid settlement fund.

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

**SECTION 3. AMENDMENT.** Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

**40-40-06. Notice of ~~preliminary budget statement -- Contents -- How given~~ public budget hearing date.**

~~1.~~ On or before August tenth of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall:

~~a. Provide the county auditor with a copy of the preliminary budget statement.~~

~~b.1.~~ Set a public budget hearing date no earlier than September seventh and no later than October seventh for the purpose of adopting the final budget and making the annual tax levy.

~~c.2.~~ Provide notice of the public budget hearing date to the county auditor.

~~2. For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must:~~

~~a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures;~~

~~b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and~~

~~c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.~~

**SECTION 4. AMENDMENT.** Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:

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

A legacy earnings highway distribution fund is created as a special fund in the state treasury into which must be deposited any allocations of legacy fund earnings made under section ~~21-10-135~~ of this Act. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:

1. Sixty percent must be transferred to the department of transportation for deposit in the 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 5.** 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 6 of this Act.

**SECTION 6.** A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

**Legacy property tax relief fund.**

There is created in the state treasury the legacy property tax relief fund. The fund consists of all moneys allocated to the fund under section 5 of this Act and all moneys transferred to the fund by the legislative assembly.

**SECTION 7. AMENDMENT.** Section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-01. Definitions.**

As used in this title, unless the context or subject matter otherwise requires:

1. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, except 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. Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:
    - (1) The land is platted by the owner.
    - (2) Public improvements, including sewer, water, or streets, are in place.
    - (3) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise crops or graze farm animals.
    - (4) Property is zoned other than agricultural.

(5) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.

(6) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.

(7) The property sells for more than four times the county average true and full agricultural value.

b. 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.

2. "Air carrier transportation property" means the operative property of each airline whose property is assessed for taxation purposes pursuant to chapters 57-06 and 57-32.

3. "Assessed valuation" means fifty percent of the true and full value of property.

4. "Centrally assessed property" means all property which is assessed by the state board of equalization under chapters 57-05, 57-06, and 57-32.

5. "Commercial property" means all property, or portions of property, not included in the classes of property defined in subsections 1, 4, ~~10~~, ~~12~~, ~~13~~, and ~~14~~.

6. "Credits" means and includes every claim and demand for money or other valuable thing, and every annuity or sum of money receivable at stated periods, due or to become due, and all claims and demands secured by deeds or mortgages, due or to become due.

7. "Governing body" means a board of county commissioners, city council, board of city commissioners, school board, or board of education, or the similarly constituted and acting board of any other municipality.

8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and every deposit which any person owning the same or holding in trust and residing in this state is entitled to withdraw as money or on demand.

1       9. "Municipality" or "taxing district" means a county, city, township, school district, water  
2       conservation and flood control district, Garrison Diversion Conservancy District, county  
3       park district, joint county park district, irrigation district, park district, rural fire protection  
4       district, or any other subdivision of the state empowered to levy taxes.

5       10. "Nonprimary residential property" means residential property, or portions of residential  
6       property, not included in the class of property defined in subsection 12.

7       11. "Person" includes a firm, corporation, or limited liability company.

8       ~~11.~~12. "Primary residential property" means residential property certified as a primary  
9       residence under section 15 of this Act.

10      13. "Railroad property" means the operating property, including franchises, of each  
11      railroad operated in this state, including any electric or other street or interurban  
12      railway.

13      ~~12.~~14. "Residential property" means all property, or portions of property, used by an individual  
14      or group of individuals as a dwelling, including property upon which a mobile home is  
15      located but not including hotel and motel accommodations required to be licensed  
16      under chapter 23-09 nor structures providing living accommodations for four or more  
17      separate family units nor any tract of land upon which four or more mobile homes are  
18      located. The term includes nonprimary residential property and primary residential  
19      property.

20      ~~13.~~15. "Taxable valuation" signifies the valuation remaining after deducting exemptions and  
21      making other reductions from the original assessed valuation, and is the valuation  
22      upon which the rate of levy finally is computed and against which the taxes finally are  
23      extended.

24      ~~14.~~16. "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any  
25      contiguous quantity of land in the possession of, owned by or recorded as the property  
26      of, the same claimant, person, or company.

27      ~~15.~~17. "True and full value" means the value determined by considering the earning or  
28      productive capacity, if any, the market value, if any, and all other matters that affect the  
29      actual value of the property to be assessed. This shall include, for purposes of arriving  
30      at the true and full value of property used for agricultural purposes, farm rentals, soil  
31      capability, soil productivity, and soils analysis.

1 ~~46.18.~~ "Unencumbered cash" means the total cash on hand in any fund, less the amount  
2 belonging to the fund in closed banks and less the amount of outstanding warrants,  
3 bills, accounts, and contracts which are chargeable against the fund.

4 ~~47.19.~~ There shall be a presumption that a unit of land is not a farm unless such unit contains  
5 a minimum of ten acres [4.05 hectares], and the taxing authority, in determining  
6 whether such presumption shall apply, shall consider such things as the present use,  
7 the adaptability to use, and how similar type properties in the immediate area are  
8 classified for tax purposes.

9 **SECTION 8. AMENDMENT.** Subdivision c of subsection 1 of section 57-02-08.1 of the  
10 North Dakota Century Code is amended and reenacted as follows:

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

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

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

20 **SECTION 9. AMENDMENT.** Subdivision b of subsection 2 of section 57-02-08.1 of the  
21 North Dakota Century Code is amended and reenacted as follows:

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

1 If the calculation for the refund is less than five dollars, a minimum of five dollars  
2 must be sent to the qualifying applicant.

3 **SECTION 10. AMENDMENT.** Section 57-02-08.8 of the North Dakota Century Code is  
4 amended and reenacted as follows:

5 **57-02-08.8. Property tax credit for disabled veterans - Certification - Distribution.**

- 6 1. A disabled veteran of the United States armed forces with an armed forces  
7 service-connected disability of fifty percent or greater or a disabled veteran who has  
8 an extra-schedular rating to include individual unemployability that brings the veteran's  
9 total disability rating to one hundred percent as determined by the department of  
10 veterans' affairs, who was discharged under honorable conditions or who has been  
11 retired from the armed forces of the United States, or the surviving spouse if the  
12 disabled veteran is deceased, is eligible for a credit applied against the first ~~eight-~~  
13 ~~thousand-one-hundred~~nine thousand dollars of taxable valuation of the homestead  
14 owned and occupied by the disabled veteran or surviving spouse equal to the  
15 percentage of the disabled veteran's disability compensation rating for  
16 service-connected disabilities as certified by the department of veterans' affairs for the  
17 purpose of applying for a property tax credit. A surviving spouse who is receiving  
18 United States department of veterans affairs dependency and indemnity compensation  
19 receives a one hundred percent credit as described in this subsection. If the  
20 determination of disability or service-connected death occurs subsequent to the  
21 qualifying veteran's death through application of a law that renders a surviving spouse  
22 of a qualifying veteran eligible for United States department of veterans affairs  
23 disability and indemnity compensation, the determination for purposes of the credit  
24 under this subsection is presumed to precede the veteran's death. Sufficient proof of  
25 receipt of United States department of veterans affairs dependency and indemnity  
26 compensation includes correspondence directed to a surviving spouse of a qualifying  
27 veteran by the United States department of veterans affairs which indicates the  
28 surviving spouse is a survivor of the qualifying veteran and is in receipt of United  
29 States department of veterans affairs dependency and indemnity compensation.
- 30 2. If two disabled veterans are married to each other and living together, their combined  
31 credits may not exceed one hundred percent of ~~eight thousand one hundred~~nine

thousand dollars of taxable valuation of the homestead. If a disabled veteran co-owns the homestead property with someone other than the disabled veteran's spouse, parent, or child, the credit is limited to that disabled veteran's interest in the homestead, ~~to a maximum amount~~ calculated by multiplying ~~eight thousand one hundred dollars of~~ the taxable valuation ~~by~~ of the disabled veteran's ~~percentage of~~ interest in the homestead property ~~and multiplying the result~~ by the applicant's certified disability percentage, not to exceed the maximum credit amount in subsection 1.

3. A disabled veteran or ~~unremarried~~ surviving spouse claiming a credit under this section for the first time shall file with the county auditor an affidavit showing the facts required under this section, a description of the property, and a certificate from the United States department of veterans' affairs, or its successor, certifying to the amount of the disability. The affidavit and certificate must be open for public inspection. A person shall thereafter furnish to the assessor or other assessment officials, when requested to do so, any information which supports the claim for credit for any subsequent year.

4. For purposes of this section, and except as otherwise provided in this section, ~~"homestead":~~

a. "Child" means a child by birth, adoption, or marriage.

b. "Homestead" has the meaning provided in section 47-18-01 except that it also applies to a person who otherwise qualifies under the provisions of this section whether the person is the head of the family.

c. "Parent" means a birth parent, adoptive parent, or stepparent.

5. This section does not reduce the liability of a person for special assessments levied upon property.

6. A credit under this section terminates at the end of the taxable year of the death of the applicant.

7. The board of county commissioners may cancel the portion of unpaid taxes that represents the credit calculated in accordance with this section for any year in which the qualifying owner has held title to the homestead property. Cancellation of taxes for any year before enactment of this section must be based on the law that was in effect for that tax year.



1       8. Before the first of March of each year, the county auditor of each county shall certify to  
2       the tax commissioner on forms prescribed by the tax commissioner the name and  
3       address of each person for whom the property tax credit for homesteads of disabled  
4       veterans was allowed for the preceding year, the amount of credit allowed, the total of  
5       the tax mill rates of all taxing districts, exclusive of any state mill rates, that was  
6       applied to other real estate in the taxing districts for the preceding year, and such other  
7       information as may be prescribed by the tax commissioner.

8       9. On or before the first of June of each year, the tax commissioner shall audit the  
9       certifications, make the required corrections, and certify to the state treasurer for  
10      payment to each county the sum of the amounts computed by multiplying the credit  
11      allowed for each homestead of a disabled veteran in the county by the total of the tax  
12      mill rates, exclusive of any state mill rates that were applied to other real estate in the  
13      taxing districts for the preceding year.

14     10. The county treasurer upon receipt of the payment from the state treasurer shall  
15     apportion and distribute the payment without delay to the county and to the local  
16     taxing districts of the county on the basis on which the general real estate tax for the  
17     preceding year is apportioned and distributed.

18     11. On or before the first day of June of each year, the tax commissioner shall certify to  
19     the state treasurer the amount computed by multiplying the property tax credit allowed  
20     under this section for homesteads of disabled veterans in the state for the preceding  
21     year by one mill for deposit in the state medical center fund.

22     12. Supplemental certifications by the county auditor and by the tax commissioner and  
23     supplemental payments by the state treasurer may be made after the dates prescribed  
24     in this section to make such corrections as may be necessary because of errors or  
25     because of approval of an application for abatement filed by a person because the  
26     credit provided for the homestead of a disabled veteran was not allowed in whole or in  
27     part.

28     **SECTION 11. AMENDMENT.** Section 57-02-08.9 of the North Dakota Century Code, as  
29     amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative  
30     assembly, is amended and reenacted as follows:

**57-02-08.9. Primary residence credit - Qualification - Application. (Effective for the first ~~two~~ taxable ~~years~~ year beginning after December 31, ~~2023~~2024)**

1. A taxpayer is entitled to a credit ~~of five hundred dollars~~ against the property tax due on the taxpayer's primary residence as provided in this section. The credit ~~may~~:

a. Is limited to seventy-five percent of the property tax due, but the credit may not be less than five hundred dollars or more than one thousand six hundred fifty dollars.

b. May not reduce the liability for special assessments levied upon any property.

c. May not exceed the amount of property tax due against the primary residence.

~~The credit must~~

d. Must be applied to reduce the property tax owed on the taxpayer's primary residence after other exemptions or credits under this chapter have been applied.

2. For purposes of this section:

a. "Owned" means an individual holds a present ownership interest, including ownership in fee simple, holds a present life estate or other terminable present ownership interest, holds a beneficial interest in a qualifying trust, or is a purchaser under a contract for deed. The term does not include a mere right of occupancy or a tenancy under a lease.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.

(2) For purposes of the definition of "primary residence" under this subdivision:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order that:

(a) Describes the property with sufficient certainty to identify it and the interest acquired; and

(b) Is recorded in the real property records of the county in which the property is located.

d. "Trustor" means an individual who transfers an interest in real or personal property to a qualifying trust, whether during the individual's lifetime or at death, or the individual's spouse.

3. An individual who does not reside in the primary residence is eligible for the credit under this section if the individual's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.

4. Only one credit under this section may be applied against the property taxes levied against any primary residence. A trust may not claim a credit for more than one

primary residence under this section. If a credit under this section is applied against the property tax due on a primary residence subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

5. An individual whose primary residence is a farm structure exempt from taxation under subsection 15 of section 57-02-08 is not eligible for a credit under this section.

6. The credit may not reduce the liability for special assessments levied upon any property.

7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner, ~~by April first of each year,~~ an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the ~~claim~~ application on a form and in the manner prescribed by the tax commissioner. The application must be filed:

a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.

b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.

8. The tax commissioner, in consultation with the county auditors, shall prescribe, design, and make available all forms necessary to effectuate this section. The tax commissioner shall make these forms available upon request.

**SECTION 12. AMENDMENT.** Section 57-02-08.9 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-08.9. Primary residence credit - Qualification--~~Application~~. (Effective for the-  
first taxable ~~year~~ years beginning after December 31, ~~2024~~ 2025)**

1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel ~~of~~ primary ~~residence~~ residential property as provided in this section. The credit:

a. Is limited to seventy-five percent of the property tax due, but the credit may not be less than five hundred dollars or more than one thousand six hundred fifty dollars.

b. May not reduce the liability for special assessments levied upon any property.

c. May not exceed the amount of property tax due against the parcel of primary ~~residence~~residential property.

d. Must be applied to reduce the property tax owed on the ~~taxpayer's~~parcel of primary ~~residence~~residential property after other exemptions or credits under this chapter have been applied.

2. ~~For purposes of this section:~~

~~a. "Owned" means an individual holds a present ownership interest, including ownership in fee simple, holds a present life estate or other terminable present ownership interest, holds a beneficial interest in a qualifying trust, or is a purchaser under a contract for deed. The term does not include a mere right of occupancy or a tenancy under a lease.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary~~

~~residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order that:~~

~~(a) Describes the property with sufficient certainty to identify it and the interest acquired; and~~

~~(b) Is recorded in the real property records of the county in which the property is located.~~

~~d. "Trustor" means an individual who transfers an interest in real or personal property to a qualifying trust, whether during the individual's lifetime or at death, or the individual's spouse.~~

~~3. An individual who does not reside in the primary residence is eligible for the credit under this section if the individual's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.~~

~~4. Only one credit under this section may be applied against the property taxes levied against any parcel of primary residenceresidential property. A trust may not claim a credit for more than one parcel of primary residenceresidential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary residenceresidential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.~~

~~5. An individual whose primary residence is a farm structure exempt from taxation under subsection 15 of section 57-02-08 is not eligible for a credit under this section.~~

~~6. The credit may not reduce the liability for special assessments levied upon any property.~~

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.3. The tax commissioner, in consultation with the county auditors, shall prescribe, design, and make available all forms necessary to effectuate this section. The tax commissioner shall make these forms available upon request.~~

**SECTION 13. AMENDMENT.** Section 57-02-08.10 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-08.10. Primary residence credit - Certification - Distribution. (Effective through June 30, 2026May 31, 2026)**

1. By ~~June first of each year~~ June 1, 2025, the tax commissioner shall:

a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 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 applied against real estate and mobile home taxes levied for taxable year 2024;

b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and

~~b-c.~~ Provide to each county auditor:

(1) A copy of each approved application under subdivision ~~a~~ b which identifies a primary residence located in the county; and

(2) The sum of the credits allowed under section 57-02-08.9 in the county for ~~the current~~ taxable year 2025.

2. By November 1, 2025, the tax commissioner shall:

a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and

b. Provide to each county auditor:

(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and

(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.

3. a. For taxable year 2025:

(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence ~~taxed as real estate under this title and~~ identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.

(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.



b. For taxable year 2026, the county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence on the corresponding mobile home tax statement.

~~3.4.~~ By ~~January first of each year~~ January 15, 2026, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under ~~subsection 1~~ subdivisions b and c of subsection 1 and under subsection 2 which were applied ~~toward~~ against property taxes owed on primary residences in the county ~~for the preceding year~~ as provided in subsection 3.

~~4.5.~~ By ~~June first of each year after 2024~~ March 15, 2026, 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 in each county for the preceding year~~ applied against property taxes owed on primary residences in the county as provided in subsection 3.

~~5.6.~~ Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year ~~after 2024~~, 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~~ and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~6.7.~~ 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.

~~7.8.~~ The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~8.9.~~ The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

**SECTION 14. AMENDMENT.** Section 57-02-08.10 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-08.10. Primary residence credit - Certification - Distribution. (Effective  
through~~after~~ May 31, 2026)**

~~1. By June 1, 2025, the tax commissioner shall:~~

~~a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 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 applied against real estate and mobile home taxes levied for taxable year 2024;~~

~~b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and~~

~~c. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision b which identifies a primary residence located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 in the county for taxable year 2025.~~

~~2. By November 1, 2025, the tax commissioner shall:~~

~~a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and~~

~~b. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.~~

~~3. a. For taxable year 2025:~~

~~(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the~~

tax commissioner as a qualifying primary residence on the corresponding property tax statement.

~~(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.~~

~~b. For taxable year 2026, the~~The county auditor shall apply the credit under section 57-02-08.9 to each ~~primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence~~parcel of primary residential property on the corresponding property tax statement or mobile home tax statement.

4.2. By January ~~15, 2026~~fifteenth of each year, the county auditor shall certify to the tax commissioner the sum of the credits ~~approved by the tax commissioner under subdivisions b and c of subsection 1 and under subsection 2 which~~that were applied against property taxes owed on primary residences in the county ~~as provided in subsection 3~~for:

a. The preceding taxable year for primary residential property taxed as real estate under this title.

b. The current taxable year for primary residential property taxed as a mobile home under chapter 57-55.

5.3. By March ~~15, 2026~~fifteenth of each year, 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 ~~applied against property taxes owed on primary residences in the county as provided~~ certified by the counties in subsection ~~32~~.

~~6.4.~~ Within fourteen days of receiving the payment from the state treasurer, ~~but no later than June thirtieth of each year,~~ 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 and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~7.5.~~ 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.

~~8.6.~~ The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~9.7.~~ The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

**SECTION 15.** A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

**Primary residence certification - Eligibility for primary residential property classification - Application.**

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.

2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.

3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under

this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.

a. An application for primary residence certification must be filed by February first of each year to request a primary residence certification for:

(1) The taxable year during which the application is filed for a primary residence taxed as real estate under this title.

(2) The taxable year succeeding the taxable year during which the application is filed for a primary residence taxed as a mobile home under chapter 57-55.

b. As soon as practicable after receiving the applications, no later than February twenty-eighth of each year, the tax commissioner shall:

(1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and

(2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.

c. Within fifteen days of receipt of the applications from the tax commissioner under paragraph 2 of subdivision b, no later than March fifteenth of each year, the county director of tax equalization shall notify the applicant of the approval or denial of the application and reflect the appropriate classification of the property on the assessment list.

d. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.

e. Determinations of eligibility under this subsection may be appealed through the informal equalization process and formal abatement process.

4. A primary residence certification under this section is valid for the entire taxable year for which the application for certification was approved, without regard to any change of ownership of the property which occurs after the application for certification was approved.

5. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section. Application forms must include the full name and address of

the applicant and any other information prescribed by the tax commissioner. The county director of tax equalization shall make these forms available to applicants upon request.

6. For purposes of this section:

a. "Owned" means the individual holds a present ownership interest, including ownership in fee simple, holds a present life estate or other terminable present ownership interest, holds a beneficial interest in a qualifying trust, or is a purchaser under a contract for deed. The term does not include a mere right of occupancy or a tenancy under a lease.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, which is not exempt from property taxes as a farm residence and, subject to subsection 2 and paragraph 2, as of the assessment date of the taxable year, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the certification.

(2) For purposes of the term:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary

residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order that:

(a) Describes the property with sufficient certainty to identify it and the interest acquired; and

(b) Is recorded in the real property records of the county in which the property is located.

d. "Trustor" means an individual who transfers an interest in real or personal property to a qualifying trust, whether during the individual's lifetime or at death, or the individual's spouse.

**SECTION 16. AMENDMENT.** Section 57-02-27 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-27. Property to be valued at a percentage of assessed value - Classification of property - Limitation on valuation of annexed agricultural lands.**

1. All property subject to taxation based on the value thereof must be valued as follows:

~~1.~~ a. All primary residential property and nonprimary residential property to be valued at nine percent of assessed value. If any property is used for both residential and nonresidential purposes, the valuation must be prorated accordingly.

~~2.~~ b. All agricultural property to be valued at ten percent of assessed value as determined pursuant to section 57-02-27.2.

~~3.~~ c. All commercial property to be valued at ten percent of assessed value.

~~4.~~ d. All centrally assessed property to be valued at ten percent of assessed value except as provided in section 57-06-14.1.

2. The ~~resulting~~ amounts ~~must be known as~~ resulting from the calculation under subsection 1 are the taxable valuation.

3. In determining the assessed value of real and personal property, except agricultural property, the assessor may not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but the assessor shall value each article or description by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, there must be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the value of crops growing upon cultivated lands. In valuing any real property upon which there is a coal or other mine, or stone or other quarry, the same must be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted constitute agricultural property and must be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Agricultural lands, whether within the corporate limits of a city or not, which were platted and assessed as agricultural property prior to March 30, 1981, must be assessed as agricultural property for ad valorem property tax purposes until put to another use. Such valuation must be uniform with the valuation of adjoining unannexed agricultural land.

**SECTION 17. AMENDMENT.** Section 57-02-27.1 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-27.1. Property to be valued at true and full value.**

1. All assessors and boards of equalization shall place the values of all items of taxable property at the true and full value of the property except as otherwise specifically provided by law, and the amount of taxes that may be levied on such property must be limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as



provided in ~~subsection 15 of~~ section 57-02-01, except that "true and full value" of agricultural lands must be as determined pursuant to section 57-02-27.2.

2. The governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.

**SECTION 18. AMENDMENT.** Section 57-02-53 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-53. Assessment ~~increase~~ notice to property owner.**

1.a. ~~When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the~~An assessor shall deliver written notice of the ~~amount of increase and the amount of the previous year's assessment to the property owner at the expense of the assessment district for which the assessor is employed~~true and full value of each parcel of taxable property for the current and previous year, including improvements, which have been assessed by the assessor.

2. Delivery of written notice to a property owner under this ~~subdivision~~section must be completed at least fifteen days before the meeting of the local board of equalization.

~~b. If written notice by the assessor was not required under subdivision a and action by the township, city, or county board of equalization or order of the state board of equalization has increased the true and full valuation of any lot or tract of land and improvements to an amount that results in a cumulative increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, written notice of the amount of increase and the amount of the previous year's assessment must be delivered to the property owner. The written notice under this subdivision must be mailed or delivered at the expense of the township, city, or county that made the assessment increase or at the expense of the township, city, or county that was ordered to make the increase by the state board of equalization. Delivery of written notice to a property owner under this subdivision must be completed within fifteen days after the meeting of the township, city, or county board of equalization that made or ordered the assessment increase and within thirty days after the meeting of the~~

~~state board of equalization, if the state board of equalization ordered the  
assessment increase.~~

~~e.3.~~ The tax commissioner shall prescribe suitable forms for written notices under this  
~~subsection~~section. The written notice under ~~subdivision a~~this section must ~~show~~  
~~the~~contain:

a. The true and full value of the parcel of taxable property, including improvements,  
that the assessor determined for the current year and for the previous year ~~and~~  
~~must also show the~~.

b. The date ~~prescribed by law~~, time, and location for the meeting of the local board  
of equalization of the assessment district in which the parcel of taxable property  
is located and the meeting date, time, and location of the county board of  
equalization.

~~d.4.~~ Delivery of written notice under this section must be by personal delivery to the  
property owner, mail addressed to the property owner at the property owner's  
last-known address, or electronic mail to the property owner directed with verification  
of receipt to an electronic mail address at which the property owner has consented to  
receive notice.

~~2.~~ ~~The form of notice prescribed by the tax commissioner must require a statement to  
inform the taxpayer that an assessment increase may mean property taxes on the  
parcel will increase. The notice may contain an estimate of a tax increase resulting  
from the assessment increase.~~

**SECTION 19. AMENDMENT.** Section 57-09-04 of the North Dakota Century Code is  
amended and reenacted as follows:

**57-09-04. Duties of board -- ~~Limitation on increase -- Notice.~~**

The township board of equalization shall ascertain whether all taxable property in its  
township has been properly placed upon the assessment list and duly valued by the assessor.  
In case any real property has been omitted by inadvertence or otherwise, the board shall place  
the same upon the list with the true value thereof. The board shall proceed to correct the  
assessment so that each tract or lot of real property is entered on the assessment list at the true  
value thereof. ~~The board may not increase the valuation returned by the assessor to an amount  
that results in a cumulative increase of more than fifteen percent from the amount of the~~

~~previous year's assessment without giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. ~~The board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

**SECTION 20. AMENDMENT.** Section 57-11-03 of the North Dakota Century Code is amended and reenacted as follows:

**57-11-03. Duties of board -- ~~Limitation on increase -- Notice.~~**

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the true and full valuation thereof as is reasonable and just to render taxation uniform, ~~except that the board may not increase the valuation of any property returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without first giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the city must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the city board of equalization must be heard and determined by the county board of equalization. ~~The board shall comply with any requirement for notice of an assessment increase under section 57-02-53.~~

**SECTION 21. AMENDMENT.** Section 57-12-06 of the North Dakota Century Code is amended and reenacted as follows:

**57-12-06. County board of equalization - Equalizing between assessment districts and between properties -- ~~Limitation on increase -- Notice.~~**

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in

1 subsection 2, the board may raise or lower the valuation of classes of property only so  
2 as to equalize the assessments as between districts. ~~If the board orders an increase~~  
3 ~~under this subsection, the board must comply with any requirement for notice of an~~  
4 ~~assessment increase under section 57-02-53.~~

5 2. Notwithstanding any other provision of this section:

- 6 a. The county board of equalization after notice to the local board of equalization  
7 may reduce the assessment on any separate piece or parcel of real estate even  
8 though such property was assessed in a city or township having a local board of  
9 equalization. The county board of equalization may not reduce any such  
10 assessment unless the owner of the property or the person to whom it was  
11 assessed first appeals to the county board of equalization, either by appearing  
12 personally or by a representative before the board or by mail or other  
13 communication to the board, in which the owner's reasons for asking for the  
14 reduction are made known to the board. The proceedings of the board shall show  
15 the manner in which the appeal was made known to the board and the reasons  
16 for granting any reduction in any such assessment.
- 17 b. The county board of equalization after notice to the local board of equalization  
18 may increase the assessment on any separate piece or parcel of real property  
19 even though such property was assessed in a city or township having a local  
20 board of equalization. ~~The county board of equalization may not increase the~~  
21 ~~valuation returned by the assessor or the local board of equalization to an~~  
22 ~~amount that results in a cumulative increase of more than fifteen percent from the~~  
23 ~~amount of the previous year's assessment without giving the owner or the~~  
24 ~~owner's agent notice by mail to the owner of the property that such person may~~  
25 ~~appear before the board on the date designated in the notice, which date must be~~  
26 ~~at least five days after the mailing of the notice. The county auditor as clerk of the~~  
27 ~~board shall send such notice to the person or persons concerned. If the board~~  
28 ~~orders an increase under this subdivision, the board must comply with any~~  
29 ~~requirement for notice of an assessment increase under section 57-02-53.~~
- 30 c. If the county board of equalization during the course of its equalization sessions  
31 determines that any property of any person has been listed and assessed in the

wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.

3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

**SECTION 22. AMENDMENT.** Section 57-15-02.2 of the North Dakota Century Code is amended and reenacted as follows:

**57-15-02.2. ~~Estimated property tax and budget~~Budget hearing notice.**

1. On or before August tenth of each year, the governing body of a taxing district shall provide to the county auditor in each county in which the taxing district has taxable property ~~a preliminary budget statement and~~ the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.
2. By August thirty-first of each year, the county treasurer shall provide a written notice to the owner of each parcel of taxable property ~~with a total estimated property tax of at least one hundred dollars~~. The text of the notice must contain:
  - a. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel is located, ~~which anticipate levying in excess of one hundred thousand dollars in the current year~~, and the location at which the taxing district's budget is available for review; ~~and~~
  - b. ~~The true and full value of the property based on the best information available;~~
  - c. ~~A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding~~

taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions;

~~d. A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;~~

~~e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available;~~

~~f. A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy; and~~

~~g. The actual amount of the special assessment installment payable against the parcel in the immediately preceding taxable year.~~

3. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax.

4. The tax commissioner shall prescribe suitable forms for written notices under this section.

5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district ~~that intends to levy in excess of one hundred thousand dollars in property taxes in the current year.~~

**SECTION 23.** A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

**Limitation on levies by taxing districts without voter approval.**

1. a. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the greater of the base year levy increased by the allowable percentage limit or the adjusted year levy increased by the allowable percentage limit.
- b. Excluding any negative excess percentage increase, a taxing district may carry forward an excess percentage increase to be used in any of the five succeeding taxable years. An excess percentage increase may be used only once to increase the limitation under subdivision a and may not be carried forward beyond five taxable years. The oldest unused excess percentage increase must be applied first.
2. The limitation under subsection 1 does not apply to:
  - a. New or increased property tax levy authority that becomes available to the taxing district in the current taxable year resulting from:
    - (1) A change in state law.
    - (2) Approval by the electors of the taxing district.
  - b. Property tax levy authority increased above zero mills in the current taxable year by the governing board of the taxing district, provided the levy authority was not previously used.
  - c. Any irrevocable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.
  - d. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.
  - e. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.
  - f. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in



special assessment and improvement district funds and revenue bond and reserve funds.

g. Taxes levied to pay bonds, evidences of indebtedness, or obligations of any political subdivision, including taxes levied to pay evidences of indebtedness under chapter 57-47.

h. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.

i. Taxes levied under sections 40-24-10, 40-43-01, 57-15-28, 57-15-41, and 57-15-48 and chapter 61-16.1.

j. Taxes levied for a school district's local contribution to the costs of education under subsection 1 of section 57-15-14.2.

3. a. Except as provided in subdivision b, a majority of the qualified electors in a taxing district voting on the question at a statewide general election may approve a ballot measure to authorize the taxing district to impose a property tax levy exceeding the limitation under subsection 1 for four taxable years at a time, beginning with the taxable year after the general election during which the ballot measure was approved. The ballot measure must state the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1. The procedure under this subsection applies only to authorization of a property tax levy exceeding the limitation under subsection 1.

b. A majority of the qualified electors in a township voting on the question at an annual township meeting may approve a property tax levy exceeding the limitation under subsection 1 for four taxable years at a time, beginning with the taxable year during which the annual township meeting vote under this subdivision is held. The notice and voting procedures applicable to the approval of a township tax levy under section 57-15-19 and approval of increased township general fund levy authority under section 57-15-20 apply to the vote under this subsection. The electors of the township voting on the question must be notified of the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1 before the vote.



1       4.   For taxable year 2025, a city may levy an amount equal to the amount levied in dollars  
2       in the preceding taxable year under sections 40-05-19 and 57-15-42 as part of the levy  
3       under section 57-15-08 without including the dollars levied for this purpose as part of  
4       the limitation under subsection 1.

5       5.   A city or county may not supersede or modify the application of this section under  
6       home rule authority.

7       6.   For purposes of this section:

8       a.   "Adjusted year levy" means the amount of property tax levied in dollars by the  
9       taxing district in the preceding taxable year adjusted as follows:

10       (1)   When property and improvements to property which were not taxable in the  
11       preceding taxable year are taxable in the current year, the amount levied in  
12       dollars in the preceding taxable year by the taxing district must be increased  
13       to reflect the taxes that would have been imposed against the additional  
14       taxable valuation attributable to that property at the mill rate applied to all  
15       property in the preceding taxable year, excluding the mill rate associated  
16       with:

17       (a)   Any irrepealable tax levied to pay bonded indebtedness levied under  
18       section 16 of article X of the Constitution of North Dakota.

19       (b)   A tax levied for the one-mill levy for the state medical center  
20       authorized by section 10 of article X of the Constitution of North  
21       Dakota.

22       (2)   When a property tax exemption existed in the preceding taxable year which  
23       has been reduced or no longer exists for the current taxable year, the  
24       amount levied in dollars in the preceding taxable year by the taxing district  
25       must be increased to reflect the taxes that would have been imposed  
26       against the portion of the taxable valuation of the property which is no  
27       longer exempt at the mill rate applied to all property in the preceding taxable  
28       year, excluding the mill rate associated with:

29       (a)   Any irrepealable tax levied to pay bonded indebtedness levied under  
30       section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(3) When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be reduced by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.

(4) When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the preceding taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the preceding taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.

b. "Allowable percentage limit" means three percent.

c. "Base year levy" means the highest amount of property tax levied in dollars by a taxing district in the three taxable years immediately preceding the current taxable year.

d. "Excess percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The allowable percentage limit; and

(2) The difference between the actual amount of property tax levied in dollars and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy.

e. "Proposed percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The difference between the amount of property tax in dollars proposed to be levied by the governing board of the taxing district and the greater of the

base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy; and

(2) The allowable percentage limit.

f. "Taxing district" means any political subdivision empowered to levy taxes.

**SECTION 24. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

**57-15-14.2. School district levies.**

1. The board of a school district may levy a tax ~~not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent,~~ up to an amount in dollars that would be generated by a levy of ~~seventy~~sixty mills on the taxable valuation of the district, for ~~any purpose related to the provision of educational services~~the school district's local contribution to the costs of education. The proceeds of this levy must be deposited into the school district's general fund and may be used in-~~accordance with this subsection~~for any purpose related to the provision of educational services. The proceeds may not be transferred into any other fund.
2. The board of a school district may levy no more than ten mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
3. The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
- ~~3.4.~~ The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.
- ~~4.5.~~ The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with

section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

~~5.6.~~ The board of a school district may levy no more than five mills on the taxable valuation of the district, pursuant to section 57-15-15.1, for purposes of developing a school safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be deposited into a special fund known as the school safety plan fund and used in accordance with this subsection.

~~6.7.~~ Nothing in this section limits the board of a school district from levying:

- a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
- b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

**SECTION 25. 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 - Contents of statement.**

1. 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 form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. 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. The tax statement must:
  - a. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable.
  - b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately

preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.

- c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

- (1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by ~~the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located~~ the lesser of one hundred twenty-five mills or the sum of:

- (a) ~~Fifty mills~~ The number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year; or and

- (b) The 2012 taxable year mill rate of the school district ~~minus~~ excluding sixty mills.

- (2) Legislative tax relief under chapter 50-35 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of relief determined by dividing the amount calculated in subsection 1 of section 50-35-03 for a human service zone by the taxable value of taxable property in the zone for the taxable year.

- d. Provide information identifying the primary residence credit, including information regarding the portion of the credit derived from funding distributed from the legacy fund.

- (1) The statement must include a separate line item identifying the primary residence credit realized by the taxpayer for each taxable year shown.

(2) The statements must include a separate line item or conspicuous description identifying the portion of the credit derived from funding distributed from the legacy fund.

(a) The dollar amount of the primary residence credit derived from funding distributed from the legacy fund is calculated as the product of the total amount of the primary residence credit realized by the taxpayer in a taxable year multiplied by the applicable percent.

(b) By November first of each year, the tax commissioner shall notify each county auditor of the applicable percent to be used for the calculation in paragraph a for the current and prior two taxable years.

(c) For purposes of this paragraph, "applicable percent" means the percent, rounded to the nearest hundredth of a percent, calculated as the quotient of the amount allocated to the legacy property tax relief fund from the legacy earnings fund for the primary residence credit pursuant to section 5 of this Act divided by the total amount appropriated from the legacy property tax relief fund for the primary residence credit, using the allocations and appropriations for the relevant tax years.

2. 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 26. REPEAL.** Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

**SECTION 27. LEGISLATIVE INTENT - CONSIDERATION OF FUTURE PROPERTY TAX RELIEF.** It is the intent of the sixty-ninth legislative assembly that the seventieth legislative assembly consider using any funding available from the legacy property tax relief fund exceeding the amount needed for the primary residence credit to provide property tax relief to other property classifications, including agricultural property.

**SECTION 28. LEGISLATIVE MANAGEMENT STUDY - REAL ESTATE TAX STATEMENT.** During the 2025-26 interim, the legislative management shall consider studying the feasibility and desirability of revising the content of the real estate tax statement to improve transparency in property taxation. The study must include consideration of the statutory requirements related

to the contents and delivery of the real estate tax statement, a review of available historical real estate tax statements, and information regarding any administrative costs associated with updates to the real estate tax statement. The study must include input from the tax commissioner, state supervisor of assessments, and representatives of local taxing districts. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the seventieth legislative assembly.

**SECTION 29. APPROPRIATION - TAX COMMISSIONER - PRIMARY RESIDENCE  
CREDIT - DEFICIENCY APPROPRIATION REQUEST - INFORMATION ON PROPERTY TAX  
STATEMENTS.**

1. There is appropriated out of any moneys in the legacy property tax relief fund, not otherwise appropriated, the sum of \$398,398,207, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement under the primary residence credit, for the biennium beginning July 1, 2025, and ending June 30, 2027. If the tax commissioner anticipates a shortfall in the amount appropriated for the 2025-27 biennium, the commissioner shall request a deficiency appropriation from the seventieth legislative assembly.
2. Pursuant to section 57-20-07.1, the tax commissioner shall notify each county auditor that the applicable percent for taxable years 2025 and 2026 is 100 percent, which reflects the portion of the primary residence credit derived from funding distributed from the legacy fund.

**SECTION 30. EFFECTIVE DATE.**

1. Sections 8, 9, 10, 11, 23, and 24 of this Act are effective for taxable years beginning after December 31, 2024.
2. Sections 7, 12, 15, 16, and 17 of this Act are effective for taxable years beginning after December 31, 2025.
3. Section 13 of this Act becomes effective on June 1, 2025.
4. Section 14 of this Act becomes effective on June 1, 2026.

**SECTION 31. EMERGENCY.** Sections 11 and 13 of this Act are declared to be an emergency measure.