

**SECOND ENGROSSMENT  
with Senate Amendments**

Sixtieth  
Legislative Assembly  
of North Dakota

**REENGROSSED HOUSE BILL NO. 1051**

Introduced by

Representatives Belter, Herbel

Senators Cook, Wardner

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

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

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

13 **57-02-08.1. Homestead credit.**

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

- 1           c.    The exemption must be determined according to the following schedule:
- 2               (1)    If the person's income is not in excess of ~~eight~~ ten thousand ~~five~~
- 3               ~~hundred~~ dollars, a reduction of one hundred percent of the taxable
- 4               valuation of the person's homestead up to a maximum reduction of
- 5               three thousand thirty-eight dollars of taxable valuation.
- 6               (2)    If the person's income is in excess of ~~eight~~ ten thousand ~~five-hundred~~
- 7               dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of
- 8               eighty percent of the taxable valuation of the person's homestead up to
- 9               a maximum reduction of two thousand four hundred thirty dollars of
- 10              taxable valuation.
- 11             (3)    If the person's income is in excess of ~~ten~~ twelve thousand dollars and
- 12              not in excess of ~~eleven~~ fourteen thousand ~~five-hundred~~ dollars, a
- 13              reduction of sixty percent of the taxable valuation of the person's
- 14              homestead up to a maximum reduction of one thousand eight hundred
- 15              twenty-three dollars of taxable valuation.
- 16             (4)    If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five~~
- 17              ~~hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars,
- 18              a reduction of forty percent of the taxable valuation of the person's
- 19              homestead up to a maximum reduction of one thousand two hundred
- 20              fifteen dollars of taxable valuation.
- 21             (5)    If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars
- 22              and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars,
- 23              a reduction of twenty percent of the taxable valuation of the person's
- 24              homestead up to a maximum reduction of six hundred eight dollars of
- 25              taxable valuation.
- 26             d.    Persons residing together, as spouses or when one or more is a dependent of
- 27              another, are entitled to only one exemption between or among them under
- 28              this subsection. Persons residing together, who are not spouses or
- 29              dependents, who are coowners of the property are each entitled to a
- 30              percentage of a full exemption under this subsection equal to their ownership
- 31              interests in the property.

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

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

1 expenses paid during the year by the applicant or the applicant's dependent  
2 which is not compensated by insurance or other means.

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

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

12 **SECTION 2. AMENDMENT.** Section 57-20-07.1 of the North Dakota Century Code is  
13 amended and reenacted as follows:

14 **57-20-07.1. County treasurer to mail real estate tax statement.** On or before  
15 December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement  
16 to the owner of each parcel of real property at the owner's last-known address. The statement  
17 must be provided in a manner that allows the taxpayer to retain a printed record of the  
18 obligation for payment of taxes and special assessments as provided in the statement. If a  
19 parcel of real property is owned by more than one individual, the county treasurer shall send  
20 only one statement to one of the owners of that property. Additional copies of the tax statement  
21 will be sent to the other owners upon their request and the furnishing of their names and  
22 addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a  
23 dollar valuation of the true and full value as defined by law of the property and the total mill levy  
24 applicable for the taxable year to which the tax statement applies. The tax statement must  
25 include a line item with the statement "State-paid property tax relief credit" and the dollar  
26 amount of the credit for the parcel under section 57-20-07.2, if that credit applies to that parcel.  
27 Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the  
28 discount privilege past the February fifteenth deadline. The real estate tax statement must  
29 include, or be accompanied by, information showing for the taxable year to which the tax  
30 statement applies for each major taxing district, including cities, counties, and school districts,  
31 the dollar amount and percentage change in dollars levied from the previous year for each

1 major taxing district and the total change in the dollar amount and percentage of dollars levied  
2 against the property by all taxing districts from the previous taxable year.

3 **SECTION 3.** Section 57-20-07.2 of the North Dakota Century Code is created and  
4 enacted as follows:

5 **57-20-07.2. State-paid property tax relief credit.**

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

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

11 (1) Ten percent of property taxes in dollars levied against residential  
12 property owned and occupied by an individual as that individual's  
13 homestead;

14 (2) Five percent of property taxes in dollars levied against commercial or  
15 agricultural property. The credit under this section applies to  
16 agricultural property only if the individual primarily responsible for  
17 management decisions regarding that property has an ownership  
18 interest of at least twenty percent in that property and owns and  
19 occupies residential property or a mobile home in this state;

20 (3) Ten percent of mobile home taxes in dollars levied against residential  
21 mobile homes under chapter 57-55 if the mobile home is owned and  
22 occupied by an individual as that individual's homestead; or

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

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

30 2. The owner, operator, or lessee of railroad property assessed by the state board of  
31 equalization under chapter 57-05 is entitled to a credit against property taxes

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

1           commissioner for any supplemental payments to which the county treasurer  
2           believes the county is entitled.

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

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

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

18           **SECTION 5. AMENDMENT.** Section 57-20-21.1 of the North Dakota Century Code is  
19 amended and reenacted as follows:

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

28           **SECTION 6. AMENDMENT.** Section 57-32-03 of the North Dakota Century Code is  
29 amended and reenacted as follows:

30           **57-32-03. Tax statements prepared by state tax commissioner - When due and**  
31 **delinquent.** On or before the thirty-first day of March in each year, the tax commissioner shall

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

17 **SECTION 7. AMENDMENT.** Subsection 1 of section 57-38-30.3 of the North Dakota  
18 Century Code is amended and reenacted as follows:

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

Sixtieth  
Legislative Assembly

1	a.	Single, other than head of household or surviving spouse.	
2	If North Dakota taxable income is:	The tax is equal to:	
3	Not over <del>\$27,050</del> <u>\$31,850</u>	2.10%	
4	Over <del>\$27,050</del> <u>\$31,850</u> but not over	<del>\$568.05</del> <u>\$668.85</u> plus 3.92% of amount	
5	<del>\$65,550</del> <u>\$77,100</u>	over <del>\$27,050</del> <u>\$31,850</u>	
6	Over <del>\$65,550</del> <u>\$77,100</u> but not over	<del>\$2,077.25</del> <u>\$2,442.65</u> plus 4.34% of amount	
7	<del>\$136,750</del> <u>\$160,850</u>	over <del>\$65,550</del> <u>\$77,100</u>	
8	Over <del>\$136,750</del> <u>\$160,850</u> but not	<del>\$5,167.33</del> <u>\$6,077.40</u> plus 5.04% of amount	
9	over <del>\$297,350</del> <u>\$349,700</u>	over <del>\$136,750</del> <u>\$160,850</u>	
10	Over <del>\$297,350</del> <u>\$349,700</u>	<del>\$13,261.57</del> <u>\$15,595.44</u> plus 5.54% of amount	
11		over <del>\$297,350</del> <u>\$349,700</u>	
12	b.	Married filing jointly and surviving spouse.	
13	If North Dakota taxable income is:	The tax is equal to:	
14	Not over <del>\$45,200</del> <u>\$63,700</u>	2.10%	
15	Over <del>\$45,200</del> <u>\$63,700</u> but not over	<del>\$949.20</del> <u>\$1,337.70</u> plus 3.92% of amount	
16	<del>\$109,250</del> <u>\$128,500</u>	over <del>\$45,200</del> <u>\$63,700</u>	
17	Over <del>\$109,250</del> <u>\$128,500</u> but not	<del>\$3,459.96</del> <u>\$3,877.86</u> plus 4.34% of amount	
18	over <del>\$166,500</del> <u>\$195,850</u>	over <del>\$109,250</del> <u>\$128,500</u>	
19	Over <del>\$166,500</del> <u>\$195,850</u> but not	<del>\$5,944.61</del> <u>\$6,800.85</u> plus 5.04% of amount	
20	over <del>\$297,350</del> <u>\$349,700</u>	over <del>\$166,500</del> <u>\$195,850</u>	
21	Over <del>\$297,350</del> <u>\$349,700</u>	<del>\$12,539.45</del> <u>\$14,554.89</u> plus 5.54% of amount	
22		over <del>\$297,350</del> <u>\$349,700</u>	
23	c.	Married filing separately.	
24	If North Dakota taxable income is:	The tax is equal to:	
25	Not over <del>\$22,600</del> <u>\$31,850</u>	2.10%	
26	Over <del>\$22,600</del> <u>\$31,850</u> but not over	<del>\$474.60</del> <u>\$668.85</u> plus 3.92% of amount	
27	<del>\$54,625</del> <u>\$64,250</u>	over <del>\$22,600</del> <u>\$31,850</u>	
28	Over <del>\$54,625</del> <u>\$64,250</u> but not over	<del>\$1,729.98</del> <u>\$1,938.93</u> plus 4.34% of amount	
29	<del>\$83,250</del> <u>\$97,925</u>	over <del>\$54,625</del> <u>\$64,250</u>	
30	Over <del>\$83,250</del> <u>\$97,925</u> but not over	<del>\$2,972.31</del> <u>\$3,400.43</u> plus 5.04% of amount	

Sixtieth  
Legislative Assembly

1	<del>\$148,675</del> <u>\$174,850</u>	over <del>\$83,250</del> <u>\$97,925</u>
2	Over <del>\$148,675</del> <u>\$174,850</u>	<del>\$6,269.73</del> <u>\$7,277.45</u> plus 5.54% of amount
3		over <del>\$148,675</del> <u>\$174,850</u>
4	d. Head of household.	
5	If North Dakota taxable income is:	The tax is equal to:
6	Not over <del>\$36,250</del> <u>\$42,650</u>	2.10%
7	Over <del>\$36,250</del> <u>\$42,650</u> but not over	<del>\$761.25</del> <u>\$895.65</u> plus 3.92% of amount
8	<del>\$93,650</del> <u>\$110,100</u>	over <del>\$36,250</del> <u>\$42,650</u>
9	Over <del>\$93,650</del> <u>\$110,100</u> but not over	<del>\$3,011.33</del> <u>\$3,539.69</u> plus 4.34% of amount
10	<del>\$151,650</del> <u>\$178,350</u>	over <del>\$93,650</del> <u>\$110,100</u>
11	Over <del>\$151,650</del> <u>\$178,350</u> but not	<del>\$5,528.53</del> <u>\$6,501.74</u> plus 5.04% of amount
12	over <del>\$297,350</del> <u>\$349,700</u>	over <del>\$151,650</del> <u>\$178,350</u>
13	Over <del>\$297,350</del> <u>\$349,700</u>	<del>\$12,871.81</del> <u>\$15,137.78</u> plus 5.54% of amount
14		over <del>\$297,350</del> <u>\$349,700</u>

15	e. Estates and trusts.	
16	If North Dakota taxable income is:	The tax is equal to:
17	Not over <del>\$1,800</del> <u>\$2,150</u>	2.10%
18	Over <del>\$1,800</del> <u>\$2,150</u> but not over	<del>\$37.80</del> <u>\$45.15</u> plus 3.92% of amount
19	<del>\$4,250</del> <u>\$5,000</u>	over <del>\$1,800</del> <u>\$2,150</u>
20	Over <del>\$4,250</del> <u>\$5,000</u> but not over	<del>\$133.84</del> <u>\$156.87</u> plus 4.34% of amount
21	<del>\$6,500</del> <u>\$7,650</u>	over <del>\$4,250</del> <u>\$5,000</u>
22	Over <del>\$6,500</del> <u>\$7,650</u> but not over	<del>\$231.49</del> <u>\$271.88</u> plus 5.04% of amount
23	<del>\$8,900</del> <u>\$10,450</u>	over <del>\$6,500</del> <u>\$7,650</u>
24	Over <del>\$8,900</del> <u>\$10,450</u>	<del>\$352.45</del> <u>\$413.00</u> plus 5.54% of amount
25		over <del>\$8,900</del> <u>\$10,450</u>

- 26 f. For an individual who is not a resident of this state for the entire year, or for a  
27 nonresident estate or trust, the tax is equal to the tax otherwise computed  
28 under this subsection multiplied by a fraction in which:
- 29 (1) The numerator is the federal adjusted gross income allocable and  
30 apportionable to this state; and

1                   (2)    The denominator is the federal adjusted gross income from all sources  
2                                reduced by the net income from the amounts specified in subdivisions a  
3                                and b of subsection 2.

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

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

19                   **SECTION 8. AMENDMENT.** Section 57-51.1-07.2 of the North Dakota Century Code  
20 is amended and reenacted as follows:

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

30                   If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after  
31 June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in

1 this section by the same percentage increase or decrease in the amount of revenue allocable  
2 to the general fund after the change in the allocation formula, and transfers to the permanent oil  
3 tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of  
4 the transfers to the permanent oil tax trust fund is not increased or decreased merely because  
5 of changes in the distribution formulas.

6 To the extent moneys are available in the permanent oil tax trust fund, the amount  
7 necessary to provide property tax relief payments to county treasurers under section  
8 57-20-07.2 is appropriated during each biennium as a standing and continuing appropriation to  
9 the state treasurer.

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

15 **SECTION 10. LEGISLATIVE COUNCIL STUDY.** During the 2007-08 interim, the  
16 legislative council shall study property tax assessment, limitations, imposition, and  
17 administration and the effectiveness of property tax relief provided by enactment of this Act.  
18 The legislative council shall report its findings and recommendations, together with any  
19 legislation required to implement the recommendations, to the sixty-first legislative assembly.

20 **SECTION 11. EFFECTIVE DATE.** This Act is effective for taxable years beginning  
21 after December 31, 2006, for ad valorem property taxes and for taxable years beginning after  
22 December 31, 2007, for mobile home taxes. Section 7 of this Act is effective for taxable years  
23 beginning after December 31, 2006.