

Introduced by

Senator Luick

1 A BILL ~~for an Act to create and enact two new sections to chapter 57-02 and a new section to~~
2 ~~chapter 57-15 of the North Dakota Century Code, relating to limitations on true and full valuation~~
3 ~~of primary residences and agricultural property and limitations on the effective tax rate on a~~
4 ~~primary residence; to amend and reenact subsection 15 of section 57-02-08, sections~~
5 ~~57-02-08.1, 57-02-14, 57-15-31.1, and 57-15-34, and subsection 2 of section 57-55-10 of the~~
6 ~~North Dakota Century Code, relating to limitations on the effective tax rate on a primary~~
7 ~~residence and removal of the farm residence property tax exemption; and to provide an~~
8 ~~effective date for an Act to provide for a legislative management study relating to property tax~~
9 ~~reform.~~

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

11 ~~— **SECTION 1.** A new section to chapter 57-02 of the North Dakota Century Code is created~~
12 ~~and enacted as follows:~~
13 ~~— **Limitations on true and full valuation on a primary residence.**~~
14 ~~— 1. For purposes of this section:~~
15 ~~— a. "Consumer price index" means the percentage change in the consumer price~~
16 ~~index for all urban consumers in the midwest region as determined by the United~~
17 ~~States department of labor, bureau of labor statistics, for the most recent year~~
18 ~~ending December thirty-first.~~
19 ~~— b. "Improvement" means any structural change to a parcel of taxable property used~~
20 ~~as a primary residence made after the most recent assessment of the property~~
21 ~~which increases the true and full value of the property. The term does not include:~~
22 ~~— (1) Ordinary maintenance of an existing structure or the grounds of the~~
23 ~~property.~~

- 1 ~~(2) A replacement structure for a structure rendered uninhabitable or unusable-~~
2 ~~by a casualty or by wind or water damage, unless:~~
- 3 ~~(a) The square footage of the replacement structure exceeds that of the-~~
4 ~~replaced structure as that structure existed before the casualty or-~~
5 ~~damage occurred; or~~
- 6 ~~(b) The exterior of the replacement structure is of higher quality-~~
7 ~~construction and composition than that of the replaced structure.~~
- 8 ~~c. "Primary residence" means a dwelling in this state owned and occupied by an-~~
9 ~~individual as that individual's primary residence as of the assessment date of the-~~
10 ~~taxable year. The term includes a farm residence. The term does not include-~~
11 ~~commercial property or property used for investment purposes.~~
- 12 ~~2. Notwithstanding any other provision of law, for purposes of taxation, the true and full-~~
13 ~~valuation of a parcel of taxable property used as a primary residence must be limited-~~
14 ~~as provided in this subsection.~~
- 15 ~~a. The true and full valuation on a parcel of taxable property used as a primary-~~
16 ~~residence may not exceed the base value as provided in this subsection. To-~~
17 ~~determine the current base value of the property, the assessor shall:~~
- 18 ~~(1) For taxable year 2024, calculate the initial base value of the property as an-~~
19 ~~amount equal to the true and full valuation assessed against the property in-~~
20 ~~the 2019 taxable year.~~
- 21 ~~(2) For taxable years after 2024, increase the base value calculated for the-~~
22 ~~previous taxable year by two percent, or the consumer price index,-~~
23 ~~whichever is less.~~
- 24 ~~(3) Adjust the base value, including any increase in paragraph 2, for any of the-~~
25 ~~following:~~
- 26 ~~(a) A sale, transfer, or other change in ownership of the parcel of taxable-~~
27 ~~property used as a primary residence as provided in subdivision b;~~
- 28 ~~(b) An improvement made to the parcel of taxable property used as a-~~
29 ~~primary residence as provided in subdivision c; and-~~
- 30 ~~(c) A decrease in true and full value of the parcel of taxable property used-~~
31 ~~as a primary residence as provided in subdivision d.~~

- 1 ~~(4) Reduce the base value calculated pursuant to paragraphs 1 through 3 by~~
2 ~~fifty thousand dollars.~~
- 3 ~~b. Upon sale, transfer, or other change in ownership of the parcel of taxable~~
4 ~~property used as a primary residence, the assessor shall reassess the property~~
5 ~~to reflect the current true and full value of the property as of the date of the sale,~~
6 ~~transfer, or change in ownership.~~
- 7 ~~c. If an owner of a parcel of taxable property used as a primary residence makes or~~
8 ~~causes to be made an improvement to the property, the assessor shall:~~
- 9 ~~(1) For an improvement that is an addition to the property and does not render~~
10 ~~the property new or substantially equivalent to new, determine the true and~~
11 ~~full value of the improvement and adjust the base value to include the~~
12 ~~previous base value, plus an additional amount to account for improvements~~
13 ~~made to the property.~~
- 14 ~~(2) For an improvement that renders the property new or substantially~~
15 ~~equivalent to new, reassess the property to reflect the current true and full~~
16 ~~value of the property as of the date of construction completion, accounting~~
17 ~~for improvements made to the property. The base value must be adjusted to~~
18 ~~reflect the reassessed value.~~
- 19 ~~(3) For an improvement that does not make a change to the land on which the~~
20 ~~primary residence is situated, leave the base year value of the land~~
21 ~~unchanged.~~
- 22 ~~d. If the most recently assessed true and full value of a parcel of taxable property~~
23 ~~used as a primary residence is less than the current base value of the taxable~~
24 ~~property, the assessor shall adjust the base value of the property to reflect the~~
25 ~~lower true and full value.~~
- 26 ~~e. Notwithstanding any other provision of this section, the base year value of the~~
27 ~~parcel of taxable property used as a primary residence that is rendered~~
28 ~~uninhabitable or unusable by a casualty or by wind or water damage may be~~
29 ~~transferred to a comparable property within the same county which is acquired or~~
30 ~~newly constructed as a replacement for the uninhabitable or unusable property.~~

1 ~~3. A city or county may not supersede or modify the application of this section under~~
2 ~~home rule authority.~~

3 ~~**SECTION 2.** A new section to chapter 57-02 of the North Dakota Century Code is created~~
4 ~~and enacted as follows:~~

5 ~~**Limitation on agricultural property assessment increases.**~~

6 ~~1. Notwithstanding any other provision of law, for purposes of taxation, the true and full~~
7 ~~valuation of a parcel of taxable agricultural property must be limited as provided in this~~
8 ~~subsection.~~

9 ~~a. The true and full valuation on a parcel of taxable agricultural property may not~~
10 ~~exceed the base value as provided in this subsection. To determine the current~~
11 ~~base value of the property, the assessor shall:~~

12 ~~(1) For taxable year 2024, calculate the initial base value of the property as an~~
13 ~~amount equal to the true and full valuation assessed against the property in~~
14 ~~the 2019 taxable year.~~

15 ~~(2) For taxable years after 2024, increase the base value calculated for the~~
16 ~~previous taxable year by two percent, or the consumer price index,~~
17 ~~whichever is less. For purposes of this paragraph, "consumer price index"~~
18 ~~means the percentage change in the consumer price index for all urban~~
19 ~~consumers in the midwest region as determined by the United States~~
20 ~~department of labor, bureau of labor statistics, for the most recent year~~
21 ~~ending December thirty first.~~

22 ~~(3) Adjust the base value, including any increase in paragraph 2, for any of the~~
23 ~~following:~~

24 ~~(a) A sale, transfer, or other change in ownership of the parcel of taxable~~
25 ~~agricultural property as provided in subdivision b; and~~

26 ~~(b) A decrease in true and full value of the parcel of taxable agricultural~~
27 ~~property as provided in subdivision c.~~

28 ~~b. Upon sale, transfer, or other change in ownership of the parcel of taxable~~
29 ~~agricultural property, the assessor shall reassess the property to reflect the~~
30 ~~current true and full value of the property as of the date of the sale, transfer, or~~
31 ~~change in ownership.~~

1 ~~_____ c. If the most recently assessed true and full value of a parcel of taxable agricultural~~
2 ~~property is less than the current base value of the taxable property, the assessor~~
3 ~~shall adjust the base value of the property to reflect the lower true and full value.~~

4 ~~_____ 2. A city or county may not supersede or modify the application of this section under~~
5 ~~home rule authority.~~

6 ~~_____ **SECTION 3. AMENDMENT.** Subsection 15 of section 57-02-08 of the North Dakota~~
7 ~~Century Code is amended and reenacted as follows:_____~~

8 ~~_____ 15. a. All farm structures and improvements located on agricultural lands.~~

9 ~~_____ (1) a. This subsection must be construed to exempt farm buildings and improvements~~
10 ~~only, and may not be construed to exempt from taxation farm residences,~~
11 ~~structures used to provide housing for a farm employee, industrial plants, or~~
12 ~~structures of any kind not used or intended for use as a part of a farm plant, or as~~
13 ~~a farm residence.~~

14 ~~_____ (2) b. "Farm buildings and improvements" includes a greenhouse or other building used~~
15 ~~primarily for the growing of horticultural or nursery products from seed, cuttings,~~
16 ~~or roots, if not used on more than an occasional basis for a showroom for the~~
17 ~~retail sale of horticultural or nursery products. A greenhouse or building used~~
18 ~~primarily for display and sale of grown horticultural or nursery products is not a~~
19 ~~farm building or improvement.~~

20 ~~_____ (3) c. Any structure or improvement used primarily in connection with a retail or~~
21 ~~wholesale business other than farming, any structure or improvement located on~~
22 ~~platted land within the corporate limits of a city, any structure or improvement~~
23 ~~used by a manufacturing facility as defined in section 19-24.1-01, or any structure~~
24 ~~or improvement located on railroad operating property subject to assessment~~
25 ~~under chapter 57-05 is not exempt under this subsection. For purposes of this~~
26 ~~paragraph subdivision, "business other than farming" includes processing to~~
27 ~~produce a value-added physical or chemical change in an agricultural commodity~~
28 ~~beyond the ordinary handling of that commodity by a farmer prior to sale.~~

29 ~~_____ (4) d. The following factors may not be considered in application of the exemption~~
30 ~~under this subsection:~~

31 ~~_____ (a)(1) Whether the farmer grows or purchases feed for animals raised on the farm.~~

1 ~~————— (b)(2) — Whether animals being raised on the farm are owned by the farmer.~~

2 ~~————— (c)(3) — Whether the farm's replacement animals are produced on the farm.~~

3 ~~————— (d)(4) — Whether the farmer is engaged in contract feeding of animals on the farm.~~

4 ~~————— b. — It is the intent of the legislative assembly that this exemption as applied to a~~
5 ~~residence must be strictly construed and interpreted to exempt only a residence~~
6 ~~that is situated on a farm and which is occupied or used by a person who is a~~
7 ~~farmer and that the exemption may not be applied to property which is occupied~~
8 ~~or used by a person who is not a farmer. For purposes of this subdivision:~~

9 ~~————— (1) — "Farm" means a single tract or contiguous tracts of agricultural land~~
10 ~~containing a minimum of ten acres [4.05 hectares] and for which the farmer,~~
11 ~~actually farming the land or engaged in the raising of livestock or other~~
12 ~~similar operations normally associated with farming and ranching, has~~
13 ~~annual gross income from farming activities which is sixty-six percent or~~
14 ~~more of annual gross income, including gross income of a spouse if~~
15 ~~married, during any of the two preceding calendar years.~~

16 ~~————— (2) — "Farmer" means an individual who normally devotes the major portion of~~
17 ~~time to the activities of producing products of the soil, with the exception of~~
18 ~~marijuana grown under chapter 19-24.1; poultry; livestock; or dairy farming~~
19 ~~in such products' unmanufactured state and has received annual gross~~
20 ~~income from farming activities which is sixty-six percent or more of annual~~
21 ~~gross income, including gross income of a spouse if married, during any of~~
22 ~~the two preceding calendar years. For purposes of this paragraph, "farmer"~~
23 ~~includes a:~~

24 ~~————— (a) — "Beginning farmer", which means an individual who has begun~~
25 ~~occupancy and operation of a farm within the two preceding calendar~~
26 ~~years; who normally devotes the major portion of time to the activities~~
27 ~~of producing products of the soil, poultry, livestock, or dairy farming in~~
28 ~~such products' unmanufactured state; and who does not have a~~
29 ~~history of farm income from farm operation for each of the two~~
30 ~~preceding calendar years.~~

- 1 ~~————— (b) "Retired farmer", which means an individual who is retired because of~~
2 ~~illness or age and who at the time of retirement owned and occupied~~
3 ~~as a farmer the residence in which the person lives and for which the~~
4 ~~exemption is claimed.~~
- 5 ~~————— (c) "Surviving spouse of a farmer", which means the surviving spouse of~~
6 ~~an individual who is deceased, who at the time of death owned and~~
7 ~~occupied as a farmer the residence in which the surviving spouse~~
8 ~~lives and for which the exemption is claimed. The exemption under~~
9 ~~this subparagraph expires at the end of the fifth taxable year after the~~
10 ~~taxable year of death of an individual who at the time of death was an~~
11 ~~active farmer. The exemption under this subparagraph applies for as~~
12 ~~long as the residence is continuously occupied by the surviving~~
13 ~~spouse of an individual who at the time of death was a retired farmer.~~
- 14 ~~————— (3) "Gross income" means gross income as defined under the federal Internal~~
15 ~~Revenue Code and does not include a gain from the sale or exchange of~~
16 ~~farm machinery as computed for federal income tax purposes. For purposes~~
17 ~~of this paragraph, "farm machinery" means all vehicular implements and~~
18 ~~attachment units designed and sold for direct use in planting, cultivating, or~~
19 ~~harvesting farm products or used in connection with the production of~~
20 ~~agricultural produce or products, livestock, or poultry on farms, which are~~
21 ~~operated, drawn, or propelled by motor or animal power. "Farm machinery"~~
22 ~~does not include vehicular implements operated wholly by hand or a motor~~
23 ~~vehicle that is required to be registered under chapter 57-40.3.~~
- 24 ~~————— (4) "Gross income from farming activities" means gross income from farming as~~
25 ~~defined for purposes of determining if an individual is a farmer eligible to use~~
26 ~~the special estimated income tax payment rules for farmers under section~~
27 ~~6654 of the federal Internal Revenue Code [26 U.S.C. 6654].~~
- 28 ~~————— (5) When exemption is claimed under this subdivision for a residence, the~~
29 ~~occupant of the residence who it is claimed is a farmer shall provide to the~~
30 ~~assessor for the year or years specified by the assessor a written statement~~
31 ~~in which it is stated that sixty-six percent or more of the gross income of that~~

1 occupant, and spouse if married and both spouses occupy the residence,
2 was, or was not, gross income from farming activities. The individual
3 claiming the exemption also shall provide to the assessor, on a form
4 prescribed by the tax commissioner, the necessary income information to
5 demonstrate eligibility. Any income information provided to the assessor
6 regarding eligibility for an exemption claimed under this subdivision is a
7 confidential record.

8 ~~(6) For purposes of this subsection, "livestock" includes "nontraditional~~
9 ~~livestock" as defined in section 36-01-00.1.~~

10 ~~(7) A farmer operating a bed and breakfast facility in the farm residence~~
11 ~~occupied by that farmer is entitled to the exemption under this section for~~
12 ~~that residence if the farmer and the residence would qualify for exemption~~
13 ~~under this section except for the use of the residence as a bed and~~
14 ~~breakfast facility.~~

15 ~~**SECTION 4. AMENDMENT.** Section 57-02-08.1 of the North Dakota Century Code is~~
16 ~~amended and reenacted as follows:~~

17 ~~**57-02-08.1. Homestead credit.**~~

18 ~~1. a. Any person sixty-five years of age or older or permanently and totally disabled, in~~
19 ~~the year in which the tax was levied, with an income that does not exceed the~~
20 ~~limitations of subdivision c is entitled to receive a reduction in the assessment on~~
21 ~~the taxable valuation on the person's homestead. An exemption under this~~
22 ~~subsection applies regardless of whether the person is the head of a family.~~

23 ~~b. The exemption under this subsection continues to apply if the person does not~~
24 ~~reside in the homestead and the person's absence is due to confinement in a~~
25 ~~nursing home, hospital, or other care facility, for as long as the portion of the~~
26 ~~homestead previously occupied by the person is not rented to another person.~~

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

28 ~~(1) If the person's income is not in excess of twenty-two thousand dollars, a~~
29 ~~reduction of one hundred percent of the taxable valuation of the person's~~
30 ~~homestead up to a maximum reduction of five thousand six hundred~~
31 ~~twenty-five dollars of taxable valuation.~~

1 ~~————— (2) If the person's income is in excess of twenty-two thousand dollars and not in~~
2 ~~excess of twenty-six thousand dollars, a reduction of eighty percent of the~~
3 ~~taxable valuation of the person's homestead up to a maximum reduction of~~
4 ~~four thousand five hundred dollars of taxable valuation.~~

5 ~~————— (3) If the person's income is in excess of twenty-six thousand dollars and not in~~
6 ~~excess of thirty thousand dollars, a reduction of sixty percent of the taxable~~
7 ~~valuation of the person's homestead up to a maximum reduction of three~~
8 ~~thousand three hundred seventy-five dollars of taxable valuation.~~

9 ~~————— (4) If the person's income is in excess of thirty thousand dollars and not in~~
10 ~~excess of thirty-four thousand dollars, a reduction of forty percent of the~~
11 ~~taxable valuation of the person's homestead up to a maximum reduction of~~
12 ~~two thousand two hundred fifty dollars of taxable valuation.~~

13 ~~————— (5) If the person's income is in excess of thirty-four thousand dollars and not in~~
14 ~~excess of thirty-eight thousand dollars, a reduction of twenty percent of the~~
15 ~~taxable valuation of the person's homestead up to a maximum reduction of~~
16 ~~one thousand one hundred twenty-five dollars of taxable valuation.~~

17 ~~————— (6) If the person's income is in excess of thirty-eight thousand dollars and not in~~
18 ~~excess of forty-two thousand dollars, a reduction of ten percent of the~~
19 ~~taxable valuation of the person's homestead up to a maximum reduction of~~
20 ~~five hundred sixty-three dollars of taxable valuation.~~

21 ~~————— d. Persons residing together, as spouses or when one or more is a dependent of~~
22 ~~another, are entitled to only one exemption between or among them under this~~
23 ~~subsection. Persons residing together, who are not spouses or dependents, who~~
24 ~~are co-owners of the property are each entitled to a percentage of a full~~
25 ~~exemption under this subsection equal to their ownership interests in the~~
26 ~~property.~~

27 ~~————— e. This subsection does not reduce the liability of any person for special~~
28 ~~assessments levied upon any property.~~

29 ~~————— f. Any person claiming the exemption under this subsection shall sign a verified~~
30 ~~statement of facts establishing the person's eligibility. Any income information~~
31 ~~contained in the statement of facts is a confidential record.~~

- 1 ~~g. A person is ineligible for the exemption under this subsection if the value of the~~
2 ~~assets of the person and any dependent residing with the person exceeds five~~
3 ~~hundred thousand dollars, including the value of any assets divested within the~~
4 ~~last three years.~~
- 5 ~~h. The assessor shall attach the statement filed under subdivision f to the~~
6 ~~assessment sheet and shall show the reduction on the assessment sheet.~~
- 7 ~~i. An exemption under this subsection terminates at the end of the taxable year of~~
8 ~~the death of the applicant.~~
- 9 ~~2. a. Any person who would qualify for an exemption under subdivisions a and c of~~
10 ~~subsection 1 except for the fact that the person rents living quarters is eligible for~~
11 ~~refund of a portion of the person's annual rent deemed by this subsection to~~
12 ~~constitute the payment of property tax.~~
- 13 ~~b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of~~
14 ~~any federal rent subsidy and of charges for any utilities, services, furniture,~~
15 ~~furnishings, or personal property appliances furnished by the landlord as part of~~
16 ~~the rental agreement, whether expressly set out in the rental agreement, must be~~
17 ~~considered as payment made for property tax. When any part of the twenty~~
18 ~~percent of the annual rent exceeds four percent of the annual income of a~~
19 ~~qualified applicant, the applicant is entitled to receive a refund from the state~~
20 ~~general fund for that amount in excess of four percent of the person's annual~~
21 ~~income, but the refund may not be in excess of four hundred dollars. If the~~
22 ~~calculation for the refund is less than five dollars, a minimum of five dollars must~~
23 ~~be sent to the qualifying applicant.~~
- 24 ~~c. Persons who reside together, as spouses or when one or more is a dependent of~~
25 ~~another, are entitled to only one refund between or among them under this~~
26 ~~subsection. Persons who reside together in a rental unit, who are not spouses or~~
27 ~~dependents, are each entitled to apply for a refund based on the rent paid by that~~
28 ~~person.~~
- 29 ~~d. Each application for refund under this subsection must be made to the tax~~
30 ~~commissioner before the first day of June of each year by the person claiming the~~
31 ~~refund. The tax commissioner may grant an extension of time to file an~~

1 application for good cause. The tax commissioner shall issue refunds to
2 applicants.

3 ~~e. This subsection does not apply to rents or fees paid by a person for any living-~~
4 ~~quarters, including a nursing home licensed pursuant to section 23-16-01, if~~
5 ~~those living quarters are exempt from property taxation and the owner is not~~
6 ~~making a payment in lieu of property taxes.~~

7 ~~f. A person may not receive a refund under this section for a taxable year in which~~
8 ~~that person received an exemption under subsection 1.~~

9 ~~3. All forms necessary to effectuate this section must be prescribed, designed, and made~~
10 ~~available by the tax commissioner. The county directors of tax equalization shall make~~
11 ~~these forms available upon request.~~

12 ~~4. A person whose homestead is a farm structure exempt from taxation under~~
13 ~~subsection 15 of section 57-02-08 may not receive any property tax credit under this~~
14 ~~section.~~

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

16 ~~a. "Dependent" has the same meaning it has for federal income tax purposes.~~

17 ~~b. "Homestead" has the same meaning as provided in section 47-18-01.~~

18 ~~c. "Income" means income for the most recent complete taxable year from all~~
19 ~~sources, including the income of any dependent of the applicant, and including~~
20 ~~any county, state, or federal public assistance benefits, social security, or other~~
21 ~~retirement benefits, but excluding any federal rent subsidy, any amount excluded~~
22 ~~from income by federal or state law with the exception of income from social~~
23 ~~security benefits, and medical expenses paid during the year by the applicant or~~
24 ~~the applicant's dependent which is not compensated by insurance or other~~
25 ~~means.~~

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

30 ~~e. "Permanently and totally disabled" means the inability to engage in any~~
31 ~~substantial gainful activity by reason of any medically determinable physical or~~

1 mental impairment which can be expected to result in death or has lasted or can
2 be expected to last for a continuous period of not less than twelve months as
3 established by a certificate from a licensed physician or a written determination of
4 disability from the social security administration or any federal or state agency
5 that has authority to certify an individual's disability.

6 ~~— **SECTION 5. AMENDMENT.** Section 57-02-14 of the North Dakota Century Code is~~
7 ~~amended and reenacted as follows:~~

8 ~~— **57-02-14. Valuation of real property exempt from taxation.**~~

9 ~~— At the time of making the assessment of real property, the assessor shall enter in a~~
10 ~~separate list each description of property exempt by law and shall value it in the same manner~~
11 ~~as other property, designating in each case to whom such property belongs and for what~~
12 ~~purpose used. This section does not apply to property of the United States, this state, or a~~
13 ~~political subdivision of this state or farm buildings or farm residences exempt from property~~
14 ~~taxes by law.~~

15 ~~— **SECTION 6.** A new section to chapter 57-15 of the North Dakota Century Code is created~~
16 ~~and enacted as follows:~~

17 ~~— **Limitation on effective tax rate on property.**~~

18 ~~— 1. For purposes of this section:~~

19 ~~— a. "Effective tax rate" means the rate generated by dividing the dollar amount of~~
20 ~~property tax levied against an individual parcel of property by all taxing districts,~~
21 ~~except a levy approved by electors for a designated project under subsection 4,~~
22 ~~by the true and full value of the individual parcel of property.~~

23 ~~— b. "Primary residence" means a dwelling in this state owned and occupied by an~~
24 ~~individual as that individual's primary residence as of the assessment date of the~~
25 ~~taxable year. The term includes a farm residence. The term does not include~~
26 ~~commercial property or property used for investment purposes.~~

27 ~~— 2. Notwithstanding any other provision of law, the effective tax rate on any parcel of~~
28 ~~taxable property used as a primary residence may not exceed one percent, unless a~~
29 ~~greater effective tax rate is approved by electors as provided in subsection 3.~~

30 ~~— 3. An effective tax rate greater than the limitation provided in subsection 2 may be~~
31 ~~permitted upon approval of a ballot measure, stating the proposed maximum allowable~~

1 ~~effective tax rate, by sixty-five percent of the total qualified electors within the county~~
2 ~~voting on the question at a regular or special election of the county. An effective tax~~
3 ~~rate exceeding the limitations under subsection 1 may be approved by electors for not~~
4 ~~more than one taxable year at a time.~~

5 ~~4. Notwithstanding the effective tax rate limitation in this section, the governing body of a~~
6 ~~taxing district may place on the general or special election ballot a one-time levy for a~~
7 ~~designated project. The ballot must specify the number of mills proposed by the taxing~~
8 ~~district for the one-time levy and a description of the designated project for which the~~
9 ~~levy proceeds must be used. When authorized to do so by sixty-five percent of the~~
10 ~~qualified electors of a taxing district voting upon the question at a general or special~~
11 ~~election, the taxing district may levy the approved mills for the sole purpose of funding~~
12 ~~the designated project specifically identified on the ballot. The levy provided in this~~
13 ~~subsection may not be included in the calculation of the effective tax rate for purposes~~
14 ~~of the limitation in subsection 2. Approval or reauthorization by electors of levy~~
15 ~~authority under this section may not be effective for more than one taxable year.~~

16 ~~5. If the amount of property tax levied in dollars by all taxing districts on an individual~~
17 ~~parcel of property results in an effective tax rate in excess of the limitation under~~
18 ~~subsection 2, the amount of property tax levied in dollars by all taxing districts on an~~
19 ~~individual parcel of property must be reduced on a pro rata basis, except taxes levied~~
20 ~~for the following purposes may not be reduced and must be accounted for before any~~
21 ~~pro rata reductions necessary to satisfy the limitation under subsection 2:~~

22 ~~a. Any irrevocable tax to pay bonded indebtedness levied under section 16 of~~
23 ~~article X of the Constitution of North Dakota. Any tax levied for this purpose must~~
24 ~~be excluded from the limitation provided in subsection 2.~~

25 ~~b. The one-mill levy for the state medical center authorized by section 10 of article X~~
26 ~~of the Constitution of North Dakota. Any tax levied for this purpose must be~~
27 ~~excluded from the limitation provided in subsection 2.~~

28 ~~c. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District,~~
29 ~~authorized by section 57-15-26.8.~~

30 ~~d. Taxes or special assessments levied to pay the principal and interest on any~~
31 ~~obligations of any political subdivision, including taxes levied for deficiencies in~~

1 ~~special assessment and improvement district funds and revenue bond and~~
2 ~~reserve funds.~~
3 ~~e. Taxes levied pursuant to law for the proportion of the cost to any taxing district for~~
4 ~~a special improvement project by general taxation.~~
5 ~~f. Taxes levied under sections 40-24-10, 40-43-01, 57-15-41, and 61-21-52.~~
6 ~~6. A city or county may not supersede or modify the application of this section under~~
7 ~~home rule authority.~~
8 ~~**SECTION 7. AMENDMENT.** Section 57-15-31.1 of the North Dakota Century Code is~~
9 ~~amended and reenacted as follows:~~
10 ~~**57-15-31.1. Deadline date for amending budgets and certifying taxes.**~~
11 ~~No taxing district may certify any taxes or amend its current budget and no county auditor~~
12 ~~may accept a certification of taxes or amended budget after the tenth day of October of each~~
13 ~~year if such certification or amendment results in a change in the amount of tax levied. The~~
14 ~~current budget, except for property taxes, may be amended during the year for any revenues~~
15 ~~and appropriations not anticipated at the time the budget was prepared and to reflect any~~
16 ~~reductions required pursuant to section 6 of this Act.~~
17 ~~**SECTION 8. AMENDMENT.** Section 57-15-34 of the North Dakota Century Code is~~
18 ~~amended and reenacted as follows:~~
19 ~~**57-15-34. Duty of county auditor upon certification of levy.**~~
20 ~~The county auditor of each county, upon~~
21 ~~1. Upon receipt of tax levies certified to the county auditor by the proper authorities of the~~
22 ~~state or any taxing district or municipality, the county auditor of each county~~
23 ~~immediately shall acknowledge receipt thereof of the tax levies to the official so~~
24 ~~certifying them immediately upon receiving such certifying the levies.~~
25 ~~2. As soon as practicable following the receipt of all tax levy certifications, the county~~
26 ~~auditor shall calculate the effective tax rate for each parcel of taxable property used as~~
27 ~~a primary residence in the county and reduce the amounts certified under subsection 1~~
28 ~~in accordance with section 6 of this Act.~~
29 ~~3. The county auditor shall notify the proper authority of the taxing district or municipality~~
30 ~~of any reductions to the amount certified under subsection 1.~~

1 ~~SECTION 9. AMENDMENT.~~ Subsection 2 of section 57-55-10 of the North Dakota Century
2 Code is amended and reenacted as follows: ~~_____~~

3 ~~2.~~ This chapter does not apply to a mobile home that:

4 ~~a.~~ Is used only for the temporary living quarters of the owner or other occupant
5 while the person is engaged in recreational or vacation activities, provided the
6 unit:

7 ~~(1)~~ Displays a current travel trailer license; or

8 ~~(2)~~ Is a park model trailer that is used only for seasonal or recreational living
9 quarters and not as a primary residence, and which is located in a trailer
10 park or campground, and for which the owner has paid a park model trailer
11 fee under section 39-18-03.2. For purposes of this paragraph, "park model"
12 trailer means a recreational vehicle not exceeding forty feet [12.19 meters]
13 in length which is primarily designed to provide temporary living quarters for
14 recreation, camping, or seasonal use, is built on a single chassis, is
15 mounted on wheels, has a gross trailer area not exceeding four hundred
16 square feet [37.16 square meters] of enclosed living space in the setup
17 mode, and is certified by the manufacturer as complying with American
18 national standards institute standard A119.5.

19 ~~b.~~ Qualifies as a farm residence as described by subsection 15 of section 57-02-08,
20 provided such mobile home is permanently attached to a foundation.

21 ~~c.~~ Is permanently attached to a foundation and is assessed as real property,
22 provided the owner of such mobile home also owns the land on which such
23 mobile home is located or is in possession of the real property under the terms of
24 a lease in recordable form which has a term that continues for at least twenty
25 years after the date of execution with the consent of the lessor of the real
26 property.

27 ~~d.e.~~ Is owned by a licensed mobile home dealer who holds such mobile home solely
28 for the purpose of resale, and provided that such mobile home is not used as
29 living quarters or as the place for the conducting of any business.

30 ~~SECTION 10. EFFECTIVE DATE.~~ This Act is effective for taxable years beginning after
31 December 31, 2023.

1 **SECTION 1. LEGISLATIVE MANAGEMENT STUDY - PROPERTY TAX REFORM**
2 **THROUGH GRADUATED ASSESSMENTS.** During the 2023-24 interim, the legislative
3 management shall consider studying the feasibility and desirability of implementing property tax
4 reform through the use of a graduated property assessment method in which property is
5 assessed at a base property value and then is subject to an annual rate of property valuation
6 increase. The study must include consideration of potential benefits and challenges associated
7 with a graduated property assessment method. The legislative management shall report its
8 findings and recommendations, together with any legislation required to implement the
9 recommendations, to the sixty-ninth legislative assembly.