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Sixty-eighth  
Legislative Assembly  
of North Dakota

**PROPOSED AMENDMENT TO HOUSE BILL NO. 1158**

Introduced by **(INCLUDES SB 2136 HOMESTEAD CREDIT)**

Representatives Headland, Bosch, Dockter, Grueneich, Hagert, Heinert

Senators Axtman, Conley, Kannianen, Meyer, K. Roers, Wanzek

A BILL for an Act to amend and reenact subsection 1 of section 57-02-081 of the North Dakota Century Code, relating to the homestead tax credit; to provide an appropriation; and to provide an effective date; 57-38-30.3 of the North Dakota Century Code, relating to the imposition of a flat income tax rate of one and one-half percent for individuals, estates, and trusts; and to provide an effective date.

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

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

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

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

(1) If the person's income is not in excess of fifty thousand dollars, the exemption must be determined as a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of nine thousand dollars of taxable valuation.

(2) If the person's income is in excess fifty thousand dollars and not in excess of seventy-five thousand dollars, a reduction of fifty percent of the taxable valuation of the person's homestead up to a maximum reduction of nine thousand dollars of taxable valuation.

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

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

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

g. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

h. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

i. A person who is eligible for an exemption under this subsection is eligible to receive a full or partial exemption under this subsection based on the date of submission of the verified statement of facts required under subdivision f. If the person submits the verified statement of facts:

(1) By February first of the current taxable year, the person is eligible for the full exemption under this subsection.

(2) After February first of the current taxable year and no later than November fifth of the current taxable year, the person is eligible to receive a pro rata share of the exemption under this subsection. To claim a pro rata share of the exemption under this subsection, the person shall submit verified statement of facts by the fifth day of the month preceding the first full month of the prorated exemption. The tax commissioner shall calculate the pro rata share of the exemption based on the number of months remaining in the taxable year, beginning the month after the verified statement of facts is timely submitted.

**SECTION 2. APPROPRIATION – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND – HOMESTEAD TAX CREDIT PROGRAM.** There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of **\$80,000,000**, or so much of the sum as may be necessary, to the tax commissioner for the purpose of paying the state reimbursement under the homestead tax credit, for the biennium beginning July 1, 2023, and ending June 30, 2025.

**SECTION 3. AMENDMENT.** Subsection 1 of the section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

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

a. Single, other than head of the household or surviving ~~spouse~~qualifying widow or widower is one and one-half percent of North Dakota taxable income exceeding forty-four thousand seven hundred twenty-five dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$37,450	<del>1.10%</del> \$0	
\$37,450	\$90,750	\$411.95 + 2.04%	\$37,450
\$90,750	\$189,300	\$1,499.27 + 2.27%	\$90,750
\$189,300	\$411,500	\$3,736.36 + 2.64%	\$189,300
\$411,500		\$9,602.44 + 2.90%	\$411,500

b. Married filing jointly and surviving ~~spouse~~qualifying widow or widower is one and one-half percent of North Dakota taxable income exceeding seventy-four thousand seven hundred fifty dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$62,600	1.10%	\$0
\$62,600	\$151,200	\$688.60 + 2.04%	\$62,600
\$151,200	\$230,450	\$2,496.04 + 2.64%	\$151,200
\$230,450	\$411,500	\$4,295.02 + 2.64%	\$230,450

\$411,500                                      \$9,074.74 + 2.90%                                      \$411,500

- c. Married filing separately is one and one-half percent of North Dakota taxable income exceeding thirty-seven thousand three hundred seventy-five dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$31,300	1.10%	\$0
\$31,300	\$75,600	\$344.30 + 2.04%	\$31,300
\$75,600	\$115,225	\$1,248.02 + 2.27%	\$75,600
\$115,225	\$205,750	\$2,147.51 + 2.64%	\$115,225
\$205,750		\$4,537.37 + 2.90%	\$205,750

- d. Head of household is one and one-half percent of North Dakota taxable income exceeding fifty-nine thousand nine hundred fifty dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$50,200	1.10%	\$0
\$50,200	\$129,600	\$552.20 + 2.04%	\$50,200
\$129,600	\$209,850	\$2,171.96 + 2.47%	\$129,600
\$209,850	\$411,500	\$3,993.64 + 2.64%	\$209,850
\$411,500		\$9,317.20 + 2.9%	\$411,500

- e. Estates and trusts is one and one-half percent of North Dakota taxable income exceeding three thousand dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$2,500	1.10%	\$0
\$2,500	\$5,900	\$27.50 + 2.04%	2,500
\$5,900	\$9,050	\$96.86 + 2.27%	\$5,900
\$9,050	\$12,300	\$168.37 + 2.64%	\$9,050
\$12,300		\$254.17 + 2.90%	\$12,300

- f. For an individual who is not a resident of this state for the entire year, or for a nonresident estate or trust, the tax is equal to the tax otherwise computed under this subsection multiplied by a fraction in which:

- 1) The numerator is the federal adjusted gross income allocable and apportionable to this state; and

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

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

- g. The tax commissioner shall prescribe new ~~rate schedules~~rates that apply in lieu of the ~~schedules~~rates set forth in subdivisions a through e. The new ~~schedules~~rates must be determined by increasing the ~~minimum and maximum~~North Dakota taxable income threshold dollar amounts for each ~~income bracket for which a tax is imposed~~ by the cost-of-living adjustment for the taxable year as determined by the secretary of the United States treasury for purposes of section 1(f) of the United States Internal Revenue Code of 1954, as amended. For this purpose, the rate applicable to ~~each income bracket~~ may not be changed, and the manner of applying the cost-of-living adjustment must be the same as that used for adjusting the income brackets for federal income tax purposes.
- h. The tax commissioner shall prescribe an optional simplified method of computing tax under this section that may be used by an individual taxpayer who is not entitled to claim an adjustment under subsection 2 or credit against income tax liability under subsection 7.

**SECTION 4. EFFECTIVE DATE.** Sections 1 and 3 of this Act are effective for taxable years beginning after December 31, 2022.