27.0184.02000

Seventieth
Legislative Assembly
of North Dakota

BILL NO.

Introduced by

Senator Rummel

A BILL for an Act to create and enact a new subsection to section 54-35-02.9 of the North Dakota Century Code, relating to budget section approval of the primary residence credit; to amend and reenact sections 54-27-32, 54-27-33, and 57-02-08.9 and subdivision b of subsection 1 of section 57-20-07.1 of the North Dakota Century Code, relating to the legacy fund distribution, uses of the legacy property tax relief fund, the primary residence credit, and required contents of the real estate tax statement; to provide a continuing appropriation; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-27-32 of the North Dakota Century Code is amended and reenacted as follows:

54-27-32. 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 ~~eight~~nine 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 the 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 remaining amount as follows:

(1) Thirty percent to the highway fund.

(2) The remainder to the legacy property tax relief fund.

SECTION 2. AMENDMENT. Section 54-27-33 of the North Dakota Century Code is amended and reenacted as follows:

54-27-33. Legacy property tax relief fund - Tax commissioner - Continuing appropriation - Deficiency appropriation request.

1. 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 54-27-32 and all moneys transferred to the fund by the legislative assembly.
2. Moneys in the fund are appropriated to the tax commissioner on a continuing basis and may be used only for state reimbursement of the following:
   a. The homestead credit under section 57-02-08.2;
   b. The disabled veterans' credit under section 57-02-08.8; and
   c. The primary residence credit under section 57-02-08.10.
3. If moneys available in the fund or the amounts appropriated are insufficient for the reimbursements, the tax commissioner shall request a deficiency appropriation from the legislative assembly during the next regular legislative session.

SECTION 3. A new subsection to section 54-35-02.9 of the North Dakota Century Code is created and enacted as follows:

By October first of each year, the budget section shall determine the maximum amount of the primary residence credit applicable to the relevant tax year under section 57-02-08.9. The maximum amount determined by the budget section may not be less than the maximum amount in the prior year. To determine the maximum credit amount, the budget section shall gather documentation from state agencies and other sources and shall consider the following criteria:

a. The amount of funding available in the legacy property tax relief fund under section 54-27-33, including consideration of the balance of the fund and future allocations to the fund from the legacy earnings fund;

b. The estimated cost of the state reimbursement of the homestead credit, disabled veterans' credit, and primary residence credit for the relevant tax year and the biennium, including consideration of the historical cost of the credits, legislative changes to the credits, and the number of qualified applicants; and

c. The estimated impact of future increases in the cost of the state reimbursement of the credits resulting from potential increases to property tax liability associated with primary residential property, the number of qualified applicants, and the maximum amount of the credit that a qualified applicant may receive.

SECTION 4. 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.

1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary residential property as provided in this section. The credit:
   a. Is limited to:
      (1) For a primary residence taxed as real estate under this title, the maximum amount determined by the budget section under section 54-35-02.9.
      (2) For a primary residence taxed as a mobile home under chapter 57-55:
         (a) For taxable year 2027, one thousand six hundred dollars.
         (b) For taxable years after 2027, the maximum amount determined by the budget section under section 54-35-02.9.
   b. May not reduce the property tax due on mills levied by a school district under section 21-03-15 and subdivision b of subsection 7 of section 57-15-14.2 for repayment of bonds approved after December 31, 2027.
   c. May not reduce the liability for special assessments levied upon any property.
   ~~c.~~d. May not exceed the amount of property tax due against the parcel of primary residential property.

~~d.~~e. Must be applied to reduce the property tax owed on the parcel of primary residential property after other exemptions, credits, or discounts have been applied.

2. Only one credit under this section may be applied against the property taxes levied against any parcel of primary residential property. A trust may not claim a credit for more than one parcel of primary residential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary residential 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.

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

SECTION 5. AMENDMENT. Subdivision b of subsection 1 of section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

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:

(1) 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.

(2) The amount of property tax levied as a result of mills levied by a school district under section 21-03-15 and subdivision b of subsection 7 of section 57-15-14.2 for repayment of bonds approved on or before December 31, 2027.

(3) The amount of property tax levied as a result of mills levied by a school district under section 21-03-15 and subdivision b of subsection 7 of section 57-15-14.2 for repayment of bonds approved after December 31, 2027.

SECTION 6. EFFECTIVE DATE. Section 4 of this Act is effective for taxable years beginning after December 31, 2026.