

**FIRST ENGROSSMENT**

**ENGROSSED HOUSE BILL NO. 1575**

Introduced by

Representatives Weisz, Beltz, Dockter, Dressler, Hagert, Headland, Kempenich

Senators Klein, Schaible, Thomas

1 A BILL for an Act to create and enact two new sections to chapter 54-27, two new sections to  
2 chapter 57-02, and a new subdivision to subsection 1 of section 57-55-10 of the North Dakota  
3 Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a state  
4 reimbursed taxable valuation reduction for residential, agricultural, and commercial property,  
5 and limitations on taxable valuation increases without voter approval; to amend and reenact  
6 section 6-09.4-10.1, subsection 1 of section 21-10-06, section 54-27-19.3, subdivision c of  
7 subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, and  
8 section 57-02-08.10, of the North Dakota Century Code, relating to funds invested by the state  
9 investment board, the homestead tax credit and renters refund, and the primary residence  
10 credit certification and state reimbursement; to repeal sections 21-10-12, 21-10-13, and  
11 57-02-08.9 of the North Dakota Century Code, relating to legacy fund definitions, the legacy  
12 earnings fund, and the primary residence credit; to provide an appropriation; to provide for a  
13 transfer; to provide an effective date; and to provide an expiration date.

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

15 **SECTION 1. AMENDMENT.** Section 6-09.4-10.1 of the North Dakota Century Code is  
16 amended and reenacted as follows:

17 **6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public**  
18 **finance authority.**

19 There is created in the state treasury the legacy sinking and interest fund. The fund consists  
20 of all moneys deposited in the fund under section ~~21-10-134~~ of this Act. Moneys in the fund may  
21 be spent by the public finance authority pursuant to legislative appropriations to meet the debt

1 service requirements for evidences of indebtedness issued by the authority for transfer to the  
2 Bank of North Dakota for allocations to infrastructure projects and programs.

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

5 1. Subject to the provisions of section 21-10-02, the board shall invest the following  
6 funds:

- 7 a. State bonding fund.
- 8 b. Teachers' fund for retirement.
- 9 c. State fire and tornado fund.
- 10 d. Workforce safety and insurance fund.
- 11 e. Public employees retirement system.
- 12 f. Insurance regulatory trust fund.
- 13 g. State risk management fund.
- 14 h. Budget stabilization fund.
- 15 i. Water projects stabilization fund.
- 16 j. Health care trust fund.
- 17 k. Cultural endowment fund.
- 18 l. Petroleum tank release compensation fund.
- 19 m. Legacy fund.
- 20 n. ~~Legacy earnings fund.~~
- 21 e. Opioid settlement fund.
- 22 ~~p-o.~~ A fund under contract with the board pursuant to subsection 3.

23 **SECTION 3. AMENDMENT.** Section 54-27-19.3 of the North Dakota Century Code is  
24 amended and reenacted as follows:

25 **54-27-19.3. Legacy earnings highway distribution fund.**

26 A legacy earnings highway distribution fund is created as a special fund in the state treasury  
27 into which must be deposited any allocations of legacy fund earnings made under section  
28 ~~21-10-134 of this Act~~. Any moneys in the legacy earnings highway distribution fund must be  
29 allocated and transferred by the state treasurer, as follows:

- 30 1. Sixty percent must be transferred to the department of transportation for deposit in the  
31 state highway fund;

- 1        2.    Ten percent must be transferred to the legacy earnings township highway aid fund;
- 2        3.    One and five-tenths percent must be transferred to the public transportation fund; and
- 3        4.    Twenty-eight and five-tenths percent must be allocated to cities and counties using the
- 4                formula established in subsection 4 of section 54-27-19. Moneys received by counties
- 5                and cities must be used for roadway purposes in accordance with section 11 of
- 6                article X of the Constitution of North Dakota.

7        **SECTION 4.** A new section to chapter 54-27 of the North Dakota Century Code is created  
8 and enacted as follows:

9        **Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.**

- 10       1.    There is created in the state treasury the legacy earnings fund. The fund consists of all
- 11                moneys distributed by the state treasurer from the legacy fund pursuant to section 26
- 12                of article X of the Constitution of North Dakota. The distribution from the legacy fund
- 13                on July first of each odd-numbered year must be equal to seven percent of the
- 14                five-year average value of the legacy fund balance as reported by the state investment
- 15                board. The average value of the legacy fund balance must be calculated using the
- 16                fund balance at the end of each fiscal year for the five-year period ending with the
- 17                most recently completed even-numbered fiscal year.
- 18       2.    From the amount distributed to the legacy earnings fund under subsection 1, the state
- 19                treasurer shall allocate funding in July of each odd-numbered year in the following
- 20                order:
- 21                a.    The first one hundred two million six hundred twenty-four thousand dollars or an
- 22                amount equal to the amount appropriated from the legacy sinking and interest
- 23                fund for debt service payments for a biennium, whichever is less, to the legacy
- 24                sinking and interest fund under section 6-09.4-10.1.
- 25                b.    The next one hundred million dollars to the legacy earnings highway distribution
- 26                fund for allocations under section 54-27-19.3.
- 27                c.    The remaining amount to the legacy property tax relief fund under section 5 of
- 28                this Act.

29        **SECTION 5.** A new section to chapter 54-27 of the North Dakota Century Code is created  
30 and enacted as follows:

1        **Legacy property tax relief fund.**

2        There is created in the state treasury the legacy property tax relief fund. The fund consists  
3 of all moneys allocated to the fund under section 4 of this Act and all moneys transferred to the  
4 fund by the legislative assembly.

5        **SECTION 6. AMENDMENT.** Subdivision c of subsection 1 of section 57-02-08.1 of the  
6 North Dakota Century Code is amended and reenacted as follows:

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

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

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

17        **SECTION 7. AMENDMENT.** Subdivision b of subsection 2 of section 57-02-08.1 of the  
18 North Dakota Century Code is amended and reenacted as follows:

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

30        **SECTION 8. AMENDMENT.** Section 57-02-08.10 of the North Dakota Century Code is  
31 amended and reenacted as follows:

1           **57-02-08.10. Primary residence credit - Certification - Distribution. (Effective through**  
2 **~~June 30, 2026~~August 1, 2025)**

- 3           1. By June first of each ~~year~~2025, the tax commissioner shall:
- 4           a. Review the applications received under section 57-02-08.9, as it existed on  
5           December 31, 2024, and determine which applicants qualify for the credit allowed  
6           under section 57-02-08.9, as it existed on December 31, 2024; and
- 7           b. Provide to each county auditor:
- 8           (1) A copy of each approved application under subdivision a which identifies a  
9           primary residence located in the county; and
- 10           (2) The sum of the credits allowed under section 57-02-08.9, as it existed on  
11           December 31, 2024, in the county for the current taxable year.
- 12           2. The county auditor shall apply the credit under section 57-02-08.9, as it existed on  
13           December 31, 2024, to each primary residence identified by the tax commissioner as  
14           a qualifying primary residence on the corresponding property tax statement.
- 15           3. ~~By January first of each year, the county auditor shall certify to the tax commissioner~~  
16           ~~the sum of the credits approved by the tax commissioner under subsection 1 which~~  
17           ~~were applied toward property taxes owed on primary residences in the county for the~~  
18           ~~preceding year.~~
- 19           4. By June first of each year ~~after 2024~~2025, the tax commissioner shall review a  
20           sampling of information provided by the county auditor to verify the accuracy of the  
21           application of the credit and certify to the state treasurer for payment to each county  
22           the aggregate dollar amount of credits allowed under section 57-02-08.9, as it existed  
23           on December 31, 2024, in each county for the preceding year.
- 24           ~~5.4.~~ Within fourteen days of receiving the payment from the state treasurer, but no later  
25           than June thirtieth of each year ~~after 2024~~2025, the county treasurer shall apportion  
26           and distribute the payment to the county and to the taxing districts of the county on the  
27           same basis as property taxes for the preceding year were apportioned and distributed.
- 28           ~~6.5.~~ Supplemental certifications by the county auditor and the tax commissioner and  
29           supplemental payments by the state treasurer may be made after the dates prescribed  
30           in this section to make corrections necessary because of errors.

1     ~~7.6.~~   The county auditors shall provide information requested by the tax commissioner to  
2             effectuate this section.

3     ~~8.7.~~   The tax commissioner shall prescribe, design, and make available all forms necessary  
4             to effectuate this section.

5             **SECTION 9.** A new section to chapter 57-02 of the North Dakota Century Code is created  
6 and enacted as follows:

7             **Residential, agricultural, and commercial property valuation reduction -**

8     **Qualification - Certification - State reimbursement.**

9             1.   A taxpayer is entitled to a reduction of the taxable valuation of the taxpayer's  
10             residential property, agricultural property, or commercial property as provided in this  
11             section. The reduction is equal to:

12             a.   For residential property, two and three-fourths percent of the assessed value of  
13             the property.

14             b.   For agricultural property and commercial property, one and one-half percent of  
15             the assessed value of the property.

16             2.   The reduction under this section must be applied before other credits under this  
17             chapter.

18             3.   Persons who are co-owners of the property but who are not spouses or dependents  
19             each are entitled to a percentage of a full reduction under subsection 1 equal to their  
20             ownership interests in the property.

21             4.   Determinations of eligibility for a reduction under this section may be appealed through  
22             the equalization and abatement process.

23             5.   The county auditor shall apply the reduction under this section on the corresponding  
24             property tax or mobile home tax statement.

25             6.   This section does not reduce the liability of any owner for special assessments levied  
26             upon any property.

27             7.   A reduction of taxable valuation under this section may not be applied to reduce the  
28             taxable valuation used for purposes of determining the amount subtracted from a  
29             school district's state aid payment under subdivision a of subsection 4 of section  
30             15.1-27-04.1.

- 1       8. Before January fifteenth of each year after 2025, the county auditor of each county  
2       shall certify to the tax commissioner, on forms prescribed by the tax commissioner, the  
3       following information applicable to the preceding taxable year for property taxed as  
4       real estate under this title and the current taxable year for property taxed as a mobile  
5       home under chapter 57-55:
- 6       a. The full name, address, and social security or taxpayer identification number of  
7       each individual or entity for whom the reduction under this section was allowed  
8       for the corresponding taxable year;
- 9       b. The legal description of the property;
- 10      c. The taxable value of the property;
- 11      d. The dollar amount of each reduction in taxable value allowed;
- 12      e. The total of the tax mill rates used to calculate taxes for the corresponding year  
13      of all taxing districts in which the property was contained, exclusive of any state  
14      mill rates; and
- 15      f. Any other information prescribed by the tax commissioner.
- 16      9. By March fifteenth of each year after 2025, the tax commissioner shall:
- 17      a. Review the certifications under subsection 8, make any required corrections, and  
18      certify to the state treasurer for payment to each county the sum of the amounts  
19      computed by:
- 20          (1) Multiplying the reduction allowed for each parcel of residential property,  
21          agricultural property, and commercial property taxed as real estate under  
22          this title in the county for the preceding taxable year by the total of the tax  
23          mill rates for the preceding taxable year of all taxing districts in which the  
24          property was located.
- 25          (2) Multiplying the reduction allowed for each parcel of residential property and  
26          commercial property taxed as a mobile home under chapter 57-55 in the  
27          county for the current taxable year by the total of the tax mill rates used to  
28          calculate mobile home taxes under chapter 57-55 for the current taxable  
29          year of all taxing districts in which the property was located.
- 30      b. Certify annually to the state treasurer for deposit in the state medical center fund  
31      the amount computed by multiplying one mill times the reduction allowed under

- 1                   this section for all parcels of residential property, agricultural property, and  
2                   commercial property in the state for:
- 3                   (1) The preceding taxable year for property taxed as real estate under this title.  
4                   (2) The current taxable year for property taxed as a mobile home under chapter  
5                   57-55.
- 6       10. Within fourteen days of receiving the payment from the state treasurer, the county  
7       treasurer shall apportion and distribute the payment without delay to the county and to  
8       the taxing districts of the county on the same basis property taxes under this chapter  
9       and mobile home taxes under chapter 57-55 were apportioned and distributed for the  
10       taxable year in which the taxes were levied.
- 11       11. Supplemental certifications by the county auditor and the tax commissioner and  
12       supplemental payments by the state treasurer may be made after the dates prescribed  
13       in this section to make any corrections necessary because of errors or approval of any  
14       application for equalization or abatement filed by an individual or entity because all or  
15       part of the reduction under this section was not allowed.
- 16       12. The tax commissioner shall prescribe, design, and make available all forms necessary  
17       to effectuate this section.
- 18       13. For purposes of this section:
- 19               a. "Commercial property" means commercial property as defined under section  
20               57-02-01 and mobile homes used for commercial purposes and taxed under  
21               chapter 57-55.
- 22               b. "Residential property" means residential property as defined under section  
23               57-02-01 and mobile homes used for residential purposes and taxed under  
24               chapter 57-55.

25       **SECTION 10.** A new section to chapter 57-02 of the North Dakota Century Code is created  
26 and enacted as follows:

27       **Limitation on taxable valuation increases.**

- 28       1. Notwithstanding any other provision of law, the taxable valuation on any parcel of  
29       taxable property may not exceed by more than three percent the amount of the  
30       taxable valuation on that parcel of taxable property in the preceding taxable year,  
31       except to the extent improvements to the property have been made which were not



1 included in the taxable valuation of the property in the preceding taxable year. The  
2 limitation in this section applies regardless of a sale, transfer, or other change in  
3 ownership of the property.

4 2. Taxable valuations exceeding the limitations under subsection 1 may be imposed upon  
5 approval of a ballot measure, stating the proposed maximum allowable percentage  
6 increase in taxable valuation, by a majority of the qualified electors of the taxing district  
7 voting on the question at a statewide general or primary election. Taxable valuations  
8 exceeding the limitations under subsection 1 may be approved by electors for not  
9 more than six taxable years at a time.

10 3. A city or county may not supersede or modify the application of this section under  
11 home rule authority.

12 **SECTION 11.** A new subdivision to subsection 1 of section 57-55-10 of the North Dakota  
13 Century Code is created and enacted as follows:

14 If it is owned by a taxpayer that qualifies for the valuation reduction under  
15 section 9 of this Act, to the extent to which the taxpayer is entitled to the  
16 reduction.

17 **SECTION 12. REPEAL.** Sections 21-10-12 and 21-10-13 of the North Dakota Century  
18 Code are repealed.

19 **SECTION 13. REPEAL.** Section 57-02-08.9 of the North Dakota Century Code is repealed.

20 **SECTION 14. APPROPRIATION - TRANSFER - GENERAL FUND TO LEGACY**

21 **PROPERTY TAX RELIEF FUND - TAX COMMISSIONER.**

22 1. There is appropriated out of any moneys in the general fund in the state treasury, not  
23 otherwise appropriated, the sum of \$85,001,793, which the office of management and  
24 budget shall transfer to the legacy property tax relief fund, during the biennium  
25 beginning July 1, 2025, and ending June 30, 2027. For legislative council budget  
26 status reporting purposes, the transfer under this subsection is considered an ongoing  
27 funding item.

28 2. There is appropriated out of any moneys in the legacy property tax relief fund, not  
29 otherwise appropriated, the sum of \$483,400,000, or so much of the sum as may be  
30 necessary, to the tax commissioner for the state reimbursement of the residential  
31 property, agricultural property, and commercial property taxable valuation reduction for

1           the biennium beginning July 1, 2025, and ending June 30, 2027. Of the \$483,400,000,  
2           \$85,001,793 is from the general fund pursuant to subsection 1, and \$398,398,207 is  
3           from the legacy earnings fund.

4           **SECTION 15. EFFECTIVE DATE.** Sections 6, 7, 9, 10, 11, and 13 of this Act are effective  
5           for taxable years beginning after December 31, 2024.