

FISCAL NOTE
HOUSE BILL NO. 1168
LC# 25.0044.10000
05/02/2025

1 - State Fiscal Effect

Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

| | 2023-2025 Biennium | | 2025-2027 Biennium | | 2027-2029 Biennium | |
|----------------|--------------------|-------------|--------------------|---------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | | \$330,020,000 | | |
| Appropriations | | | | \$295,000,000 | | |

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

| | 2023-2025 Biennium | 2025-2027 Biennium | 2027-2029 Biennium |
|------------------|--------------------|--------------------|--------------------|
| Counties | | | |
| Cities | | | |
| School Districts | | | |
| Townships | | | |

3 - Bill and Fiscal Impact Summary

Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

HB 1168 increases the PRC tax credit to \$1,000 annually, expands homestead income thresholds to \$50K and \$80K; increases renter’s refund amount to \$600 and adjusts the maximum taxable value reduction for disabled veteran’s program to \$9,000.

4 - Fiscal Impact Sections Detail

Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.

Section 8 of HB 1168 as amended expands the homestead property tax credit by increasing income level maximums to determine eligibility, from \$40,000 to \$50,000 and from \$70,000 to \$80,000.

The amount of credit is based on the following schedule: An eligible person with an income of not more than

\$50,000 is entitled to a reduction of 100 percent in the taxable value of the person's homestead, up to a maximum reduction of \$9,000. An eligible person with an income of more than \$50,000 but not more than \$80,000 may receive a 50 percent reduction in the taxable value of the person's homestead, up to a maximum reduction of \$4,500.

Section 9 of HB 1168 expands the current renter's refund program by increasing the maximum benefit a qualified individual can receive from a maximum refund amount of \$400 to \$600 annually.

Section 10 of HB 1168 increases the credit amount applied against the taxable valuation of the homestead owned and occupied by the disabled veteran or surviving spouse, from the first \$8,100 to the first \$9,000, equal to the percentage of the disabled veteran's disability compensation rating for service-connected disabilities.

Section 11 of HB 1168 expands the primary residence credit program beginning with the 2025 property tax year, increasing the maximum credit to up to \$1,000 against the consolidated tax due for the person's primary residence.

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

N/A

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

If enacted, section 8 of HB 1168 is expected to provide \$11.62M in new, homestead property tax relief in the 2025-2027 biennium.

If enacted, section 9 of HB 1168 expands the maximum credit amount for the renter's refund program and is expected to provide \$1M in new, additional relief for renters in the 2025-2027 biennium.

If enacted, section 10 of HB 1168 is expected to provide \$7.4M in additional, disabled veteran's property tax relief in the 2025-2027 biennium.

If enacted, sections 11 and 12 of HB 1168 are expected to provide \$310.0M, in total, in primary residence property tax relief in the 2025-2027 biennium.

In total, HB 1168 is projected to generate an additional \$330.02M in relief in the 2025-2027 biennium.

7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.

Section 5 creates a new section to chapter 54-27 of the North Dakota Century Code as follows: Legacy earnings fund - State treasurer - Legacy fund distribution – Allocations in summary:

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 seven 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.

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.

The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.

The remaining amount to the legacy property tax relief fund created under section 6 of this Act.

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