WRITTEN TESTIMONY

Morton County Treasurer's Office

Regarding: SENATE Bill 2405
Submitted by: Kari Hatzenbuhler, Morton County Treasurer, and Kim Pittman, Morton County Real Estate Specialist

Purpose
The Morton County Treasurer's Office recommends clarifying that the five-percent early-payment discount does not reduce the Primary Residence Credit or the amount reimbursed by the state. The taxpayer should receive the full credit for which the taxpayer qualifies, up to $1,600; the state should reimburse the same amount; and the county should distribute that amount to the taxing districts.

Prior to January 2026 HB1626 Amendment
Morton County discovered this issue while processing an abatement and refund, and taxpayers have also brought it to our attention. Under the prior calculation for a taxpayer eligible for the full $1,600 credit, the taxpayer receives $1,520, the state reimburses $1,600, and the county distributes $1,600 to the taxing districts. The taxpayer therefore receives $80 less than the full credit.

The intended calculation is $1,600 to the taxpayer, $1,600 reimbursed by the state, and $1,600 distributed to the taxing districts. The early-payment discount should be calculated separately and should not reduce either the Primary Residence Credit or the corresponding state reimbursement.

Effect of the January Amendment
The January 2026 amendment addresses the calculation for taxpayers whose consolidated real estate taxes exceed $1,600, but it creates a calculation issue for taxpayers whose taxes are less than $1,600. After reviewing the amended language with our tax software programmer (Tyler Technologies), Morton County believes additional clarification is needed so the calculation works consistently for all taxpayers. Our programmer stated if a reversal of the January amendment is made, it will cause stress and concern on their end and will most likely cause some other programming issues. He fully supports the suggested amendments below.

The law should clearly provide that the Primary Residence Credit is not subject to the five-percent early-payment discount and that the state reimburses the consolidated tax, up to $1,600, without applying the discount.

Amendments suggested to January's Bill:

Section 1 Line 9:	residential property after other exemptions or credit under this chapter
Section 1 Line 10:	have been applied, and before any discount is calculated or applied.
Section 2 Line 17:	delinquency. The discount applies to the consolidated general real estate taxes levied for state, county,
Section 2 Line 20:	cannot be applied to or reduce the amount of a Primary Residence Credit under 57-02-08.9. If the
Section 3 Line 6	treasurer shall allow a 5% discount. Discount cannot be applied to reduce the amount of
Section 3 Line 7:	Primary Residence Credit under section 57-02-08.9

Conclusion
The Morton County Treasurer's Office respectfully requests that the bill be amended so the Primary Residence Credit is not reduced by the five-percent early-payment discount and the treatment is clear and consistent for all taxpayers.