

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

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 ~~three~~two new sections to chapter 54-27, four new sections
2 to chapter 57-02, and a new subdivision to subsection 1 of section 57-55-10 of the North
3 Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund,
4 primary residence certification, a state reimbursed taxable valuation reduction for primary
5 residential property, and a state reimbursed taxable valuation reduction for agricultural and
6 commercial property owned by resident individuals or entities domiciled in the state and
7 commercial property, and limitations on taxable valuation increases without voter approval; to
8 amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 54-27-19.3
9 and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2
10 of section 57-02-08.1, sections 57-02-08.10, 57-02-27, and 57-02-27.1, and subsection 1 of
11 section 57-38-30.3 of the North Dakota Century Code, relating to funds invested by the state
12 investment board, property classifications and, the homestead tax credit and renters refund, the
13 primary residence credit certification and state reimbursement, and income tax rates for
14 individuals, estates, and trusts; to repeal ~~section~~sections 21-10-12, 21-10-13, and 57-02-08.9 of
15 the North Dakota Century Code, relating to legacy fund definitions, the legacy earnings fund,
16 and the primary residence credit; to provide an appropriation; to provide for a transfer; to
17 provide an effective date; and to provide an expiration date.

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

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

1 **6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public**
2 **finance authority.**

3 There is created in the state treasury the legacy sinking and interest fund. The fund consists
4 of all moneys deposited in the fund under section ~~21-10-134~~ of this Act. Moneys in the fund may
5 be spent by the public finance authority pursuant to legislative appropriations to meet the debt
6 service requirements for evidences of indebtedness issued by the authority for transfer to the
7 Bank of North Dakota for allocations to infrastructure projects and programs.

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

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

- 12 a. State bonding fund.
- 13 b. Teachers' fund for retirement.
- 14 c. State fire and tornado fund.
- 15 d. Workforce safety and insurance fund.
- 16 e. Public employees retirement system.
- 17 f. Insurance regulatory trust fund.
- 18 g. State risk management fund.
- 19 h. Budget stabilization fund.
- 20 i. Water projects stabilization fund.
- 21 j. Health care trust fund.
- 22 k. Cultural endowment fund.
- 23 l. Petroleum tank release compensation fund.
- 24 m. Legacy fund.
- 25 n. ~~Legacy earnings fund.~~
- 26 ~~e.~~ Opioid settlement fund.

27 p-o. A fund under contract with the board pursuant to subsection 3.

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

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

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

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

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

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 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.
2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate 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.

1 b. The next two hundred twenty-five million dollars to the general fund to provide
2 support for tax relief initiatives approved by the legislative assembly.

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

5 d. The remaining amount to the legacy property tax relief fund under section 5 of
6 this Act.

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

9 **Legacy property tax relief fund.**

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

13 **SECTION 6. AMENDMENT.** Section 57-02-01 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **57-02-01. Definitions.**

16 As used in this title, unless the context or subject matter otherwise requires:

- 17 1. "Agricultural property" means platted or unplatted lands used for raising agricultural
18 crops or grazing farm animals, except lands platted and assessed as agricultural
19 property prior to March 30, 1981, shall continue to be assessed as agricultural
20 property until put to a use other than raising agricultural crops or grazing farm animals.
21 Agricultural property includes land on which a greenhouse or other building is located
22 if the land is used for a nursery or other purpose associated with the operation of the
23 greenhouse. The time limitations contained in this section may not be construed to
24 prevent property that was assessed as other than agricultural property from being
25 assessed as agricultural property if the property otherwise qualifies under this
26 subsection.
- 27 a. Property platted on or after March 30, 1981, is not agricultural property when any
28 four of the following conditions exist:
- 29 (1) The land is platted by the owner.
- 30 (2) Public improvements, including sewer, water, or streets, are in place.

- 1 (3) Topsoil is removed or topography is disturbed to the extent that the property
2 cannot be used to raise crops or graze farm animals.
- 3 (4) Property is zoned other than agricultural.
- 4 (5) Property has assumed an urban atmosphere because of adjacent
5 residential or commercial development on three or more sides.
- 6 (6) The parcel is less than ten acres [4.05 hectares] and not contiguous to
7 agricultural property.
- 8 (7) The property sells for more than four times the county average true and full
9 agricultural value.
- 10 b. Land that was assessed as agricultural property at the time the land was put to
11 use for extraction of oil, natural gas, or subsurface minerals as defined in section
12 38-12-01 must continue to be assessed as agricultural property if the remainder
13 of the surface owner's parcel of property on which the subsurface mineral activity
14 is occurring continues to qualify for assessment as agricultural property under
15 this subsection.
- 16 2. "Air carrier transportation property" means the operative property of each airline
17 whose property is assessed for taxation purposes pursuant to chapters 57-06 and
18 57-32.
- 19 3. "Assessed valuation" means fifty percent of the true and full value of property.
- 20 4. "Centrally assessed property" means all property which is assessed by the state board
21 of equalization under chapters 57-05, 57-06, and 57-32.
- 22 5. "Commercial property" means all property, or portions of property, not included in the
23 classes of property defined in subsections 1, 4, ~~11~~, 10, 12, 13, and 14.
- 24 6. "Credits" means and includes every claim and demand for money or other valuable
25 thing, and every annuity or sum of money receivable at stated periods, due or to
26 become due, and all claims and demands secured by deeds or mortgages, due or to
27 become due.
- 28 7. "Governing body" means a board of county commissioners, city council, board of city
29 commissioners, school board, or board of education, or the similarly constituted and
30 acting board of any other municipality.

Sixty-ninth
Legislative Assembly

- 1 8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and
2 every deposit which any person owning the same or holding in trust and residing in
3 this state is entitled to withdraw as money or on demand.
- 4 9. "Municipality" or "taxing district" means a county, city, township, school district, water
5 conservation and flood control district, Garrison Diversion Conservancy District, county
6 park district, joint county park district, irrigation district, park district, rural fire protection
7 district, or any other subdivision of the state empowered to levy taxes.
- 8 10. "Nonprimary residential property" means residential property, or portions of residential
9 property, not included in the class of property defined in subsection 12.
- 10 11. "Person" includes a firm, corporation, or limited liability company.
- 11 ~~41.12.~~ "Primary residential property" means residential property certified as a primary
12 residence under section 27 of this Act.
- 13 13. "Railroad property" means the operating property, including franchises, of each
14 railroad operated in this state, including any electric or other street or interurban
15 railway.
- 16 ~~42.14.~~ "Residential property" means all property, or portions of property, used by an individual
17 or group of individuals as a dwelling, including property upon which a mobile home is
18 located but not including hotel and motel accommodations required to be licensed
19 under chapter 23-09 nor structures providing living accommodations for four or more
20 separate family units nor any tract of land upon which four or more mobile homes are
21 located. The term includes nonprimary residential property and primary residential
22 property.
- 23 ~~43.15.~~ "Taxable valuation" signifies the valuation remaining after deducting exemptions and
24 making other reductions from the original assessed valuation, and is the valuation
25 upon which the rate of levy finally is computed and against which the taxes finally are
26 extended.
- 27 ~~44.16.~~ "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any
28 contiguous quantity of land in the possession of, owned by or recorded as the property
29 of, the same claimant, person, or company.
- 30 ~~45.17.~~ "True and full value" means the value determined by considering the earning or
31 productive capacity, if any, the market value, if any, and all other matters that affect the

1 actual value of the property to be assessed. This shall include, for purposes of arriving
2 at the true and full value of property used for agricultural purposes, farm rentals, soil
3 capability, soil productivity, and soils analysis.

4 ~~16.18.~~ "Unencumbered cash" means the total cash on hand in any fund, less the amount
5 belonging to the fund in closed banks and less the amount of outstanding warrants,
6 bills, accounts, and contracts which are chargeable against the fund.

7 ~~17.19.~~ There shall be a presumption that a unit of land is not a farm unless such unit contains
8 a minimum of ten acres [4.05 hectares], and the taxing authority, in determining
9 whether such presumption shall apply, shall consider such things as the present use,
10 the adaptability to use, and how similar type properties in the immediate area are
11 classified for tax purposes.

12 **SECTION 7.** A new section to chapter 57-02 of the North Dakota Century Code is created
13 and enacted as follows:

14 **Primary residence certification - Eligibility for primary residential property**
15 **classification - Application.**

- 16 1. To be eligible for a primary residential property classification under this chapter, a
17 primary residence must be certified by the county director of tax equalization as
18 provided in this section.
- 19 2. A dwelling does not lose its character as a primary residence if the owner of the
20 dwelling does not reside in the primary residence because the individual is confined in
21 a nursing home, hospital, or other care facility, for as long as that confinement lasts
22 and the portion of the primary residence previously occupied by the individual is not
23 rented to another person.
- 24 3. To be certified as a primary residence and eligible for the primary residential property
25 classification under this chapter, an owner shall sign and file with the tax commissioner
26 an application containing a verified statement of facts establishing the owner's
27 property meets the eligibility requirements to be considered a primary residence under
28 this section as of the date of the application on a form and in the manner prescribed
29 by the tax commissioner.

- 1 a. For assessments for taxable year 2025 for a primary residence taxed as real
2 estate under this title and assessments for taxable years 2025 and 2026 for a
3 primary residence taxed as a mobile home under chapter 57-55:
- 4 (1) An application for primary residence certification must be filed by August 1,
5 2025, to request a primary residence certification for:
- 6 (a) Taxable year 2025 for a primary residence taxed as real estate under
7 this title.
- 8 (b) Taxable years 2025 and 2026 for a primary residence taxed as a
9 mobile home under chapter 57-55.
- 10 (2) By October 31, 2025, the tax commissioner shall:
- 11 (a) Review the applications received under this subdivision and
12 determine which applicants qualify for the primary residence
13 certification; and
- 14 (b) Provide to each county director of tax equalization a copy of each
15 approved or rejected application received under this subdivision which
16 identifies property located in the county.
- 17 (3) By November 28, 2025, the county director of tax equalization shall:
- 18 (a) Notify the applicant of the approval or denial of the application.
- 19 (b) Adjust the corresponding taxable year classification from a residential
20 classification to the appropriate classification of primary residential
21 property or nonprimary residential property and correct the
22 assessment list to reflect the appropriate classification of the property.
- 23 b. For assessments for taxable years after 2025 for a primary residence taxed as
24 real estate under this title and assessments after 2026 for a primary residence
25 taxed as a mobile home under chapter 57-55:
- 26 (1) An application for primary residence certification must be filed by February
27 first of each year after 2025 to request a primary residence certification for:
- 28 (a) The taxable year during which the application is filed for a primary
29 residence taxed as real estate under this title.

- 1 (b) The taxable year succeeding the taxable year during which the
2 application is filed for a primary residence taxed as a mobile home
3 under chapter 57-55.
- 4 (2) As soon as practicable after receiving the applications, no later than
5 February twenty-eighth of each year after 2025, the tax department shall:
- 6 (a) Review the applications received under this subdivision and
7 determine which applicants qualify for the primary residence
8 certification; and
- 9 (b) Provide to each county director of tax equalization a copy of each
10 approved or rejected application received under this subdivision which
11 identifies property located in the county.
- 12 (3) Within fifteen days of receipt of the applications from the tax department
13 under paragraph 2, no later than March fifteenth of each year after 2025,
14 the county director of tax equalization shall notify the applicant of the
15 approval or denial of the application and reflect the appropriate classification
16 of the property on the assessment list.
- 17 c. The tax department may request additional documentation from the applicant
18 when making the determination of eligibility.
- 19 d. Determinations of eligibility under this subsection may be appealed through the
20 informal equalization process and formal abatement process.
- 21 4. A primary residence certification under this section is valid for the entire taxable year
22 for which the application for certification was approved, without regard to any change
23 of ownership of the property which occurs after the application for certification was
24 approved.
- 25 5. The tax commissioner shall prescribe, design, and make available all forms necessary
26 to effectuate this section. Application forms must include the full name and address of
27 the applicant and any other information prescribed by the tax commissioner. The
28 county director of tax equalization shall make these forms available to applicants upon
29 request.
- 30 6. For purposes of this section:

- 1 a. "Owned" means the individual holds a present ownership interest, including
2 ownership in fee simple, holds a present life estate or other terminable present
3 ownership interest, holds a beneficial interest in a qualifying trust, or is a
4 purchaser under a contract for deed. The term does not include a mere right of
5 occupancy or a tenancy under a lease.
- 6 b. (1) "Primary residence" means a dwelling in this state, including the land,
7 appurtenances, and improvements used in the residential occupancy of the
8 dwelling, which is not exempt from property taxes as a farm residence and,
9 subject to subsection 2 and paragraph 2, as of the assessment date of the
10 taxable year, is:
- 11 (a) Owned by one or more individuals, either directly or through a
12 beneficial interest in a qualifying trust;
- 13 (b) Designed or adapted for human residence;
- 14 (c) Used as a residence; and
- 15 (d) Occupied as a primary place of residence by an owner, an individual
16 who has a life estate in the property, or, for property owned through a
17 beneficial interest in a qualifying trust, by a trustor or beneficiary of the
18 trust who qualifies for the certification.
- 19 (2) For purposes of the term:
- 20 (a) An individual may not have more than one primary residence.
- 21 (b) A primary residence includes a primary residence taxed as a mobile
22 home under chapter 57-55.
- 23 c. "Qualifying trust" means a trust:
- 24 (1) In which the agreement, will, or court order creating the trust, an instrument
25 transferring property to the trust, or any other agreement that is binding on
26 the trustee provides that the trustor of the trust or a beneficiary of the trust
27 has the right to use and occupy as the trustor's or beneficiary's primary
28 residence rent free and without charge except for taxes and other costs and
29 expenses specified in the instrument or court order:
- 30 (a) For life;
- 31 (b) For the lesser of life or a term of years; or

- 1 (c) Until the date the trust is revoked or terminated by an instrument or
2 court order that describes the property with sufficient certainty to
3 identify it and is recorded in the real property records of the county in
4 which the property is located; and
- 5 (2) That acquires the property in an instrument of title or under a court order
6 that:
- 7 (a) Describes the property with sufficient certainty to identify it and the
8 interest acquired; and
- 9 (b) Is recorded in the real property records of the county in which the
10 property is located.
- 11 d. "Trustor" means an individual who transfers an interest in real or personal
12 property to a qualifying trust, whether during the individual's lifetime or at death,
13 or the individual's spouse.

14 **SECTION 8. AMENDMENT.** Subdivision c of subsection 1 of section 57-02-08.1 of the
15 North Dakota Century Code is amended and reenacted as follows:

- 16 c. The exemption must be determined according to the following schedule:
- 17 (1) If the person's income is not in excess of ~~forty thousand~~ fifty thousand
18 dollars, a reduction of one hundred percent of the taxable valuation of the
19 person's homestead up to a maximum reduction of ~~nine thousand eleven~~
20 thousand two hundred fifty dollars of taxable valuation.
- 21 (2) If the person's income is in excess of ~~forty thousand~~ fifty thousand dollars
22 and not in excess of ~~seventy thousand~~ eighty thousand dollars, a reduction
23 of fifty percent of the taxable valuation of the person's homestead up to a
24 maximum reduction of ~~four thousand five hundred~~ five thousand six hundred
25 twenty-five dollars of taxable valuation.

26 **SECTION 9. AMENDMENT.** Subdivision b of subsection 2 of section 57-02-08.1 of the
27 North Dakota Century Code is amended and reenacted as follows:

- 28 b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of
29 any federal rent subsidy and of charges for any utilities, services, furniture,
30 furnishings, or personal property appliances furnished by the landlord as part of
31 the rental agreement, whether expressly set out in the rental agreement, must be

1 considered as payment made for property tax. When any part of the twenty
2 percent of the annual rent exceeds four percent of the annual income of a
3 qualified applicant, the applicant is entitled to receive a refund from the state
4 general fund for that amount in excess of four percent of the person's annual
5 income, but the refund may not be in excess of ~~four hundred~~six hundred dollars.
6 If the calculation for the refund is less than five dollars, a minimum of five dollars
7 must be sent to the qualifying applicant.

8 **SECTION 10. AMENDMENT.** Section 57-02-08.10 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **57-02-08.10. Primary residence credit - Certification - Distribution. (Effective through**
11 **~~June 30, 2026~~August 1, 2025)**

- 12 1. By June first of each year ~~2025~~, the tax commissioner shall:
- 13 a. Review the applications received under section 57-02-08.9, as it existed on
14 December 31, 2024, and determine which applicants qualify for the credit allowed
15 under section 57-02-08.9, as it existed on December 31, 2024; and
- 16 b. Provide to each county auditor:
- 17 (1) A copy of each approved application under subdivision a which identifies a
18 primary residence located in the county; and
- 19 (2) The sum of the credits allowed under section 57-02-08.9, as it existed on
20 December 31, 2024, in the county for the current taxable year.
- 21 2. The county auditor shall apply the credit under section 57-02-08.9, as it existed on
22 December 31, 2024, to each primary residence identified by the tax commissioner as
23 a qualifying primary residence on the corresponding property tax statement.
- 24 3. ~~By January first of each year, the county auditor shall certify to the tax commissioner~~
25 ~~the sum of the credits approved by the tax commissioner under subsection 1 which~~
26 ~~were applied toward property taxes owed on primary residences in the county for the~~
27 ~~preceding year.~~
- 28 4. By June first of each year ~~after 2024~~2025, the tax commissioner shall review a
29 sampling of information provided by the county auditor to verify the accuracy of the
30 application of the credit and certify to the state treasurer for payment to each county

1 the aggregate dollar amount of credits allowed under section 57-02-08.9, as it existed
2 on December 31, 2024, in each county for the preceding year.

3 ~~5.4.~~ Within fourteen days of receiving the payment from the state treasurer, but no later
4 than June thirtieth of ~~each year after 2024~~2025, the county treasurer shall apportion
5 and distribute the payment to the county and to the taxing districts of the county on the
6 same basis as property taxes for the preceding year were apportioned and distributed.

7 ~~6.5.~~ Supplemental certifications by the county auditor and the tax commissioner and
8 supplemental payments by the state treasurer may be made after the dates prescribed
9 in this section to make corrections necessary because of errors.

10 ~~7.6.~~ The county auditors shall provide information requested by the tax commissioner to
11 effectuate this section.

12 ~~8.7.~~ The tax commissioner shall prescribe, design, and make available all forms necessary
13 to effectuate this section.

14 **SECTION 11.** A new section to chapter 57-02 of the North Dakota Century Code is created
15 and enacted as follows:

16 **Primary residential valuation reduction - Qualification - Certification - State**
17 **reimbursement.**

18 1. A taxpayer is entitled to a reduction of the taxable valuation of the taxpayer's parcel of
19 primary residential property as defined under section 57-02-01 equal to three and
20 one-half percent of the assessed value of the parcel of primary residential property.
21 The reduction under this section must be applied before other credits under this
22 chapter, including the credits under sections 57-02-08.1 and 57-02-08.8, have been
23 applied.

24 2. Individuals residing together who are co-owners of the property but who are not
25 spouses or dependents each are entitled to a percentage of a full reduction under
26 subsection 1 equal to their ownership interests in the property.

27 3. a. For taxable year 2025:

28 (1) The county auditor shall apply the reduction under this section to each
29 parcel of primary residential property taxed as real estate under this title on
30 the corresponding tax statement.

1 (2) The county auditor shall consider an application received under section 27
2 of this Act for primary residential property certification for a parcel of primary
3 residential property taxed as a mobile home under chapter 57-55 and
4 identified by the tax commissioner as a certified primary residence under
5 section 27 of this Act as an application for an abatement and refund of taxes
6 in an amount consistent with the reduction allowed. The county auditor shall
7 present the application for abatement and refund of taxes to the board of
8 county commissioners at its next regular meeting. The county
9 commissioners shall approve the applications filed under this paragraph as
10 soon as practicable and refunds must be issued without delay according to
11 the procedures in section 57-23-09. The application, notice, and hearing
12 requirements and procedures under chapter 57-23 and sections 57-55-04.1
13 and 57-55-12 do not apply to an application for abatement and refund filed
14 under this paragraph.

15 b. For taxable years after 2025, the county auditor shall apply the reduction under
16 this section to each parcel of primary residential property on the corresponding
17 property tax statement or mobile home tax statement.

18 4. A reduction under this section is valid for the entire taxable year for which the property
19 is certified as primary residential property, without regard to any change of ownership
20 of the property which occurs after the property was classified as primary residential
21 property for the taxable year.

22 5. This section does not reduce the liability of any individual for special assessments
23 levied upon any property.

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

28 7. a. Before January 15, 2026, the county auditor of each county shall certify to the tax
29 commissioner, on forms prescribed by the tax commissioner the following
30 information applicable to taxable year 2025 for primary residential property taxed

1 as real estate under this title and taxable years 2025 and 2026 for primary
2 residential property taxed as a mobile home under chapter 57-55:

3 (1) The full name, address, and social security or taxpayer identification number
4 of each individual or entity for whom the reduction under this section was
5 allowed;

6 (2) The legal description of the property;

7 (3) The taxable value of the property;

8 (4) The dollar amount of each reduction in taxable value allowed;

9 (5) The total of the tax mill rates used to calculate taxes for the corresponding
10 year of all taxing districts in which the property was contained, exclusive of
11 any state mill rates; and

12 (6) Any other information prescribed by the tax commissioner.

13 b. Before January fifteenth of each year after 2026, the county auditor of each
14 county shall certify to the tax commissioner, on forms prescribed by the tax
15 commissioner the following information applicable to the taxable year during
16 which the application under section 27 of this Act is filed for primary residential
17 property taxed as real estate under this title and the taxable year succeeding the
18 taxable year during which the application under section 27 of this Act is filed for
19 primary residential property taxed as a mobile home under chapter 57-55:

20 (1) The full name, address, and social security or taxpayer identification number
21 of each individual or entity for whom the reduction under this section was
22 allowed for the corresponding taxable year;

23 (2) The legal description of the property;

24 (3) The taxable value of the property;

25 (4) The dollar amount of each reduction in taxable value allowed;

26 (5) The total of the tax mill rates used to calculate taxes for the corresponding
27 year of all taxing districts in which the property was contained, exclusive of
28 any state mill rates; and

29 (6) Any other information prescribed by the tax commissioner.

30 8. a. By March 15, 2026, the tax commissioner shall:

- 1 (1) Review the certifications under subdivision a of subsection 7, make any
2 required corrections, and certify to the state treasurer for payment to each
3 county the sum of the amounts computed by:
- 4 (a) For primary residential valuation reductions for primary residential
5 property taxed as real estate for taxable year 2025, multiplying the
6 reduction allowed for each qualifying parcel of primary residential
7 property taxed as real estate under this title in the county for taxable
8 year 2025 by the total of the tax mill rates for taxable year 2025 of all
9 taxing districts in which the property was located.
- 10 (b) For primary residential valuation reductions for primary residential
11 property taxed as mobile homes under chapter 57-55 for taxable year
12 2025, multiplying the reduction allowed for each qualifying parcel of
13 primary residential property taxed as a mobile home under chapter
14 57-55 in the county for taxable year 2025 by the total of the tax mill
15 rates used to calculate mobile home taxes under chapter 57-55 in
16 taxable year 2025 of all taxing districts in which the property was
17 located.
- 18 (c) For primary residential valuation reductions for primary residential
19 property taxed as mobile homes under chapter 57-55 for taxable year
20 2026, multiplying the reduction allowed for each qualifying parcel of
21 primary residential property taxed as a mobile home under chapter
22 57-55 in the county for taxable year 2026 by the total of the tax mill
23 rates used to calculate mobile home taxes under chapter 57-55 in
24 taxable year 2026 of all taxing districts in which the property was
25 located.
- 26 (2) Certify to the state treasurer for deposit in the state medical center fund the
27 amount computed by multiplying one mill times the reduction allowed under
28 this section for primary residential property taxed as real estate for taxable
29 year 2025 and primary residential property taxed as mobile homes under
30 chapter 57-55 for taxable years 2025 and 2026.
- 31 b. By March fifteenth of each year after 2026, the tax commissioner shall:

- 1 (1) Review the certifications under subdivision b of subsection 7, make any
2 required corrections, and certify to the state treasurer for payment to each
3 county the sum of the amounts computed by:
- 4 (a) Multiplying the reduction allowed for each qualifying parcel of primary
5 residential property taxed as real estate under this title in the county
6 for the preceding year by the total of the tax mill rates for the
7 preceding year of all taxing districts in which the property was located.
- 8 (b) Multiplying the reduction allowed for each qualifying parcel of primary
9 residential property taxed as a mobile home under chapter 57-55 in
10 the county for the current year by the total of the tax mill rates used to
11 calculate mobile home taxes under chapter 57-55 for the current
12 taxable year of all taxing districts in which the property was located.
- 13 (2) Certify annually to the state treasurer for deposit in the state medical center
14 fund the amount computed by multiplying one mill times the reduction
15 allowed under this section for all eligible parcels of primary residential
16 property in the state for:
- 17 (a) The taxable year during which the application under section 27 of this
18 Act is filed for primary residential property taxed as real estate under
19 this title.
- 20 (b) The taxable year succeeding the taxable year during which the
21 application under section 27 of this Act is filed for primary residential
22 property taxed as a mobile home under chapter 57-55.
- 23 c. In reviewing certifications, the tax commissioner may refer to any income tax
24 return information or other information available to the tax commissioner.
- 25 9. Within fourteen days of receiving the payment from the state treasurer, the county
26 treasurer shall apportion and distribute the payment without delay to the county and to
27 the taxing districts of the county on the same basis property taxes under this chapter
28 and mobile home taxes under chapter 57-55 were apportioned and distributed for the
29 taxable year in which the taxes were levied.
- 30 10. Supplemental certifications by the county auditor and the tax commissioner and
31 supplemental payments by the state treasurer may be made after the dates prescribed

1 in this section to make any corrections necessary because of errors or approval of any
2 application for equalization or abatement filed by an individual or entity because all or
3 part of the reduction under this section was not allowed.

4 11 The tax commissioner shall prescribe, design, and make available all forms necessary
5 to effectuate this section.

6 **SECTION 12.** A new section to chapter 57-02 of the North Dakota Century Code is created
7 and enacted as follows:

8 **Qualifying Commercial property and qualifying agricultural and commercial property**
9 **valuation reduction - Qualification - Certification - State reimbursement.**

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

13 ~~a. For a parcel of qualifying agricultural property, two percent of the assessed value~~
14 ~~of the parcel.~~

15 ~~b. For a parcel of qualifying commercial property, one~~ and one-half percent of the
16 assessed value of the parcel of commercial property or qualifying agricultural
17 property.

18 2. The reduction under this section must be applied before other credits under this
19 chapter.

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

23 4. To apply for the reduction under this section, an owner shall sign and file with the tax
24 commissioner by August first of each year an application containing a verified
25 statement of facts establishing the owner's property meets the eligibility requirements
26 ~~to be considered qualifying commercial property or qualifying agricultural property for~~
27 the reduction under this section as of the date of the application on a form and in the
28 manner prescribed by the tax commissioner.

29 5. By October first of each year, the tax commissioner shall:

30 a. Review the applications received under subsection 4 and determine which
31 applicants qualify for the reduction under this section; and

- 1 b. Provide to each county director of tax equalization a copy of each approved or
2 rejected application which identifies property located in the county.
- 3 6. The county director of tax equalization shall attach each approved application to the
4 assessment list and list the amount of the reduction allowed on the assessment list.
- 5 7. The tax department may request additional documentation from the applicant when
6 making the determination of eligibility.
- 7 8. If an applicant is found to have claimed a reduction fraudulently under this section to
8 which that applicant is not entitled, all reductions under this section for that applicant
9 for that taxable year must be canceled. If an applicant received a reduction that is
10 canceled under this section, the auditor of the county in which the property is located
11 shall enter the amount of the canceled reduction as omitted property on the
12 assessment list of property that has escaped taxation.
- 13 9. Determinations of eligibility for a reduction under this section may be appealed through
14 the equalization and abatement process.
- 15 10. The county auditor shall apply the reduction under this section to each parcel of
16 ~~qualifying~~ commercial property or qualifying agricultural property on the corresponding
17 property tax statement.
- 18 11. A reduction under this section is valid for the entire taxable year for which the claim
19 was approved, without regard to any change of ownership of the property which
20 occurs after the claim was approved for the taxable year.
- 21 12. This section does not reduce the liability of any owner for special assessments levied
22 upon any property.
- 23 13. A reduction of taxable valuation under this section may not be applied to reduce the
24 taxable valuation used for purposes of determining the amount subtracted from a
25 school district's state aid payment under subdivision a of subsection 4 of section
26 15.1-27-04.1.
- 27 14. Before January fifteenth of each year after 2025, the county auditor of each county
28 shall certify to the tax commissioner, on forms prescribed by the tax commissioner, the
29 following information:

- 1 a. The full name, address, and social security or taxpayer identification number of
2 each individual or entity for whom the reduction under this section was allowed
3 for the preceding taxable year;
- 4 b. The legal description of the property;
- 5 c. The taxable value of the property;
- 6 d. The dollar amount of each reduction in taxable value allowed;
- 7 e. The total of the tax mill rates used to calculate taxes for the preceding year of all
8 taxing districts in which the property was contained, exclusive of any state mill
9 rates; and
- 10 f. Any other information prescribed by the tax commissioner.
- 11 15. By March fifteenth of each year after 2025, the tax commissioner shall:
- 12 a. Review the certifications under subsection 14, make any required corrections,
13 and certify to the state treasurer for payment to each county the sum of the
14 amounts computed by multiplying the reduction allowed for each parcel of
15 qualifying agricultural property and ~~qualifying~~ commercial property in the county
16 for the preceding year by the total of the tax mill rates for the preceding year of all
17 taxing districts in which the property was located.
- 18 b. Certify annually to the state treasurer for deposit in the state medical center fund
19 the amount computed by multiplying one mill times the reduction allowed under
20 this section for all parcels of qualifying agricultural property and ~~qualifying~~
21 commercial property in the state for the preceding taxable year.
- 22 16. In reviewing certifications, the tax commissioner may refer to any income tax return
23 information or other information available to the tax commissioner.
- 24 17. Within fourteen days of receiving the payment from the state treasurer, the county
25 treasurer shall apportion and distribute the payment without delay to the county and to
26 the taxing districts of the county on the same basis property taxes under this chapter
27 were apportioned and distributed for the preceding taxable year.
- 28 18. 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 any corrections necessary because of errors or approval of any

1 application for equalization or abatement filed by an individual or entity because all or
2 part of the reduction under this section was not allowed.

3 19. The tax commissioner shall prescribe, design, and make available all forms necessary
4 to effectuate this section. Application forms must include the full name and address of
5 the applicant and any other information prescribed by the tax commissioner. The
6 county director of tax equalization shall make these forms available to applicants upon
7 request.

8 20. For purposes of this section:

9 a. "Domicile" has the meaning provided under section 47-30.2-01.

10 b. "Owned" means an individual or entity holds a present ownership interest,
11 including ownership in fee simple, holds a present life estate or other terminable
12 present ownership interest, or is a purchaser under a contract for deed. The term
13 does not include a mere right of occupancy or a tenancy under a lease.

14 c. "Qualifying agricultural property" means agricultural property, as defined under
15 section 57-02-01, which is owned by an individual who is a resident of the state
16 or an entity that is domiciled in the state.

17 ~~d. "Qualifying commercial property" means commercial property, as defined under~~
18 ~~section 57-02-01, which is owned by an individual who is a resident of the state~~
19 ~~or an entity that is domiciled in the state.~~

20 **SECTION 13. AMENDMENT.** Section 57-02-27 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **57-02-27. Property to be valued at a percentage of assessed value - Classification of**
23 **property - Limitation on valuation of annexed agricultural lands.**

24 1. All property subject to taxation based on the value thereof must be valued as follows:

25 1-a. All primary residential property and nonprimary residential property to be valued
26 at nine percent of assessed value. If any property is used for both primary
27 residential, nonprimary residential, and nonresidential purposes, the valuation
28 must be prorated accordingly.

29 2-b. All agricultural property to be valued at ten percent of assessed value as
30 determined pursuant to section 57-02-27.2.

31 3-c. All commercial property to be valued at ten percent of assessed value.

1 4.d. All centrally assessed property to be valued at ten percent of assessed value
2 except as provided in section 57-06-14.1.

3 2. ~~The resulting amounts must be~~resulting from the calculation under subsection 1 are
4 known as the taxable valuation.

5 3. In determining the assessed value of real and personal property, except agricultural
6 property, the assessor may not adopt a lower or different standard of value because
7 the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion
8 of value the price at which said property would sell at auction, or at forced sale, or in
9 the aggregate with all the property in the town or district, but the assessor shall value
10 each article or description by itself, and at such sum or price as the assessor believes
11 the same to be fairly worth in money. In assessing any tract or lot of real property,
12 there must be determined the value of the land, exclusive of improvements, and the
13 value of all taxable improvements and structures thereon, and the aggregate value of
14 the property, including all taxable structures and other improvements, excluding the
15 value of crops growing upon cultivated lands. In valuing any real property upon which
16 there is a coal or other mine, or stone or other quarry, the same must be valued at
17 such a price as such property, including the mine or quarry, would sell for at a fair
18 voluntary sale for cash. Agricultural lands within the corporate limits of a city which are
19 not platted constitute agricultural property and must be so classified and valued for
20 ad valorem property tax purposes until such lands are put to another use. Agricultural
21 lands, whether within the corporate limits of a city or not, which were platted and
22 assessed as agricultural property prior to March 30, 1981, must be assessed as
23 agricultural property for ad valorem property tax purposes until put to another use.
24 Such valuation must be uniform with the valuation of adjoining unannexed agricultural
25 land.

26 **SECTION 14. AMENDMENT.** Section 57-02-27.1 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **57-02-27.1. Property to be valued at true and full value.**

29 1. All assessors and boards of equalization shall place the values of all items of taxable
30 property at the true and full value of the property except as otherwise specifically
31 provided by law, and the amount of taxes that may be levied on such property must be

1 limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1,
2 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as
3 provided in ~~subsection 15~~ of section 57-02-01, except that "true and full value" of
4 agricultural lands must be as determined pursuant to section 57-02-27.2.

- 5 2. The governing body of the city or township may establish valuations that recognize the
6 supply of vacant lots available for sale.

7 **SECTION 15.** A new section to chapter 57-02 of the North Dakota Century Code is created
8 and enacted as follows:

9 **Limitation on taxable valuation increases.**

- 10 1. Notwithstanding any other provision of law, the taxable valuation on any parcel of
11 taxable property may not exceed by more than three percent the amount of the
12 taxable valuation on that parcel of taxable property in the preceding taxable year,
13 except to the extent improvements to the property have been made which were not
14 included in the taxable valuation of the property in the preceding taxable year. The
15 limitation in this section applies regardless of a sale, transfer, or other change in
16 ownership of the property.
- 17 2. Taxable valuations exceeding the limitations under subsection 1 may be imposed upon
18 approval of a ballot measure, stating the proposed maximum allowable percentage
19 increase in taxable valuation, by a majority of the qualified electors of the taxing district
20 voting on the question at a statewide general or primary election. Taxable valuations
21 exceeding the limitations under subsection 1 may be approved by electors for not
22 more than four taxable years at a time.
- 23 3. A city or county may not supersede or modify the application of this section under
24 home rule authority.

25 **SECTION 16. AMENDMENT.** Subsection 1 of section 57-38-30.3 of the North Dakota
26 Century Code is amended and reenacted as follows:

- 27 1. A tax is hereby imposed for each taxable year upon income earned or received in that
28 taxable year by every resident and nonresident individual, estate, and trust. A taxpayer
29 computing the tax under this section is only eligible for those adjustments or credits
30 that are specifically provided for in this section. Provided, that for purposes of this
31 section, any person required to file a state income tax return under this chapter, but

1 who has not computed a federal taxable income figure, shall compute a federal
2 taxable income figure using a pro forma return in order to determine a federal taxable
3 income figure to be used as a starting point in computing state income tax under this
4 section. The tax for individuals is equal to North Dakota taxable income multiplied by
5 the rates in the applicable rate schedule in subdivisions a through d corresponding to
6 an individual's filing status used for federal income tax purposes. For an estate or
7 trust, the schedule in subdivision e must be used for purposes of this subsection.

8 a. Single, other than head of household or surviving spouse.

9 If North Dakota taxable income is:

10	Over	Not over	The tax is equal to	Of amount over
11	\$0	\$44,725	\$0.00 + 0.00%	\$0
12	\$44,725	\$225,975	\$0.00 + 1.95%	\$44,725
13	\$225,975		\$3,534.38 + 2.50%	\$225,975
14	\$0	\$53,825	\$0.00 + 0.00%	\$0
15	\$53,825	\$244,825	\$0.00 + 1.95%	\$53,825
16	\$244,825		\$3,724.50 + 2.50%	\$244,825

17 b. Married filing jointly and surviving spouse.

18 If North Dakota taxable income is:

19	Over	Not over	The tax is equal to	Of amount over
20	\$0	\$74,750	\$0.00 + 0.00%	\$0
21	\$74,750	\$275,100	\$0.00 + 1.95%	\$74,750
22	\$275,100		\$3,906.83 + 2.50%	\$275,100
23	\$0	\$89,925	\$0.00 + 0.00%	\$0
24	\$89,925	\$298,075	\$0.00 + 1.95%	\$89,925
25	\$298,075		\$4,058.93 + 2.50%	\$298,075

26 c. Married filing separately.

27 If North Dakota taxable income is:

28	Over	Not over	The tax is equal to	Of amount over
29	\$0	\$37,375	\$0.00 + 0.00%	\$0
30	\$37,375	\$137,550	\$0.00 + 1.95%	\$37,375
31	\$137,550		\$1,953.41 + 2.50%	\$137,550

Sixty-ninth
Legislative Assembly

1	\$0	\$44,950	\$0.00 + 0.00%	\$0
2	\$44,950	\$149,025	\$0.00 + 1.95%	\$44,950
3	\$149,025		\$2,029.46 + 2.50%	\$149,025
4	d. Head of household.			
5	If North Dakota taxable income is:			
6	Over	Not over	The tax is equal to	Of amount over
7	\$0	\$59,950	\$0.00 + 0.00%	\$0
8	\$59,950	\$250,550	\$0.00 + 1.95%	\$59,950
9	\$250,550		\$3,716.70 + 2.50%	\$250,550
10	\$0	\$72,125	\$0.00 + 0.00%	\$0
11	\$72,125	\$271,450	\$0.00 + 1.95%	\$72,125
12	\$271,450		\$3,886.84 + 2.50%	\$271,450
13	e. Estates and trusts.			
14	If North Dakota taxable income is:			
15	Over	Not over	The tax is equal to	Of amount over
16	\$0	\$3,000	\$0.00 + 0.00%	\$0
17	\$3,000	\$10,750	\$0.00 + 1.95%	\$3,000
18	\$10,750		\$151.13 + 2.50%	\$10,750
19	\$0	\$3,600	\$0.00 + 0.00%	\$0
20	\$3,600	\$11,650	\$0.00 + 1.95%	\$3,600
21	\$11,650		\$156.98 + 2.50%	\$11,650
22	f. For an individual who is not a resident of this state for the entire year, or for a			
23	nonresident estate or trust, the tax is equal to the tax otherwise computed under			
24	this subsection multiplied by a fraction in which:			
25	(1) The numerator is the federal adjusted gross income allocable and			
26	apportionable to this state; and			
27	(2) The denominator is the federal adjusted gross income from all sources			
28	reduced by the net income from the amounts specified in subdivisions a and			
29	b of subsection 2.			
30	In the case of married individuals filing a joint return, if one spouse is a resident			
31	of this state for the entire year and the other spouse is a nonresident for part or			

1 all of the tax year, the tax on the joint return must be computed under this
2 subdivision.

3 g. The tax commissioner shall prescribe new rate schedules that apply in lieu of the
4 schedules set forth in subdivisions a through e. The new schedules must be
5 determined by increasing the minimum and maximum dollar amounts for each
6 income bracket for which a tax is imposed by the cost-of-living adjustment for the
7 taxable year as determined by the secretary of the United States treasury for
8 purposes of section 1(f) of the United States Internal Revenue Code of 1954, as
9 amended. For this purpose, the rate applicable to each income bracket may not
10 be changed, and the manner of applying the cost-of-living adjustment must be
11 the same as that used for adjusting the income brackets for federal income tax
12 purposes.

13 h. The tax commissioner shall prescribe an optional simplified method of computing
14 tax under this section that may be used by an individual taxpayer who is not
15 entitled to claim an adjustment under subsection 2 or credit against income tax
16 liability under subsection 7.

17 **SECTION 17.** A new subdivision to subsection 1 of section 57-55-10 of the North Dakota
18 Century Code is created and enacted as follows:

19 If it is owned by an individual who qualifies for the primary residential valuation
20 reduction under section 411 of this Act, to the extent to which the individual is
21 entitled to the reduction.

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

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

25 **SECTION 20. APPROPRIATION - TRANSFER - GENERAL FUND TO LEGACY**
26 **PROPERTY TAX RELIEF FUND - TAX COMMISSIONER.**

27 1. There is appropriated out of any moneys in the general fund in the state treasury, not
28 otherwise appropriated, the sum of \$310,001,793, which the office of management
29 and budget shall transfer to the legacy property tax relief fund, during the biennium
30 beginning July 1, 2025, and ending June 30, 2027. For legislative council budget

1 status reporting purposes, the transfer under this subsection is considered an ongoing
2 funding item.

3 2. There is appropriated out of any moneys in the legacy property tax relief fund, not
4 otherwise appropriated, the sum of \$483,400,000, or so much of the sum as may be
5 necessary, to the tax commissioner for the state reimbursement of the primary
6 residential taxable valuation reduction and the qualifying agricultural property and
7 commercial property taxable valuation reduction, for the biennium beginning July 1,
8 2025, and ending June 30, 2027. Of the \$483,400,000, \$310,001,793 is from the
9 general fund pursuant to subsection 1, and \$173,398,207 is from the legacy earnings
10 fund.

11 **SECTION 21. APPROPRIATION - TAX COMMISSIONER - HOMESTEAD TAX CREDIT.**

12 There is appropriated out of any moneys in the general fund in the state treasury, not otherwise
13 appropriated, the sum of \$5,450,000, or so much of the sum as may be necessary, to the tax
14 commissioner for the purpose of the state reimbursement of the homestead tax credit, for the
15 biennium beginning July 1, 2025, and ending June 30, 2027.

16 **SECTION 22. EFFECTIVE DATE.** Sections ~~1, 2, 4, 5,~~ 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17,
17 and 919 of this Act are effective for taxable years beginning after December 31, 2024.