

What we did is that we Hog Housed HB 1168 by replacing it with the language contained in HB 1176 that we passed in the Senate several weeks ago and we also incorporated additional amendments which I am going to explain.

The amendment raises the primary resident credit from \$1,250 (which is the amount in HB 1176) to the new level of \$1,650. It still includes the "skin in the game provision" whereby the primary resident credit is limited to 75% of the property tax due, but the credit may not be less than \$500 or more than \$1,650.

Two years ago, we passed the \$500 credit. The total dollar amount paid out from the Tax Commissioner's office averaged something less than the \$500 amount. Based on the total number of applications submitted to the Tax

Commissioner's office before the March 2025 deadline, it appears the program is going to cost less than we had anticipated. It is likely that we can raise the credit to \$1,650 without costing any more than what we had been estimating with the credit at the \$1,250 level.

We amended the bill so that now, the primary resident credit can be applied to lower the property tax due on any voter approved mill levy including school bond issues. But the credit cannot be applied to special assessments.

We raised the disabled veterans true and full value exemption language from the current level of \$180,000 to match the \$200,000 true and full value exemption that is in current law. This will put the disabled veterans true and full value

exemption on par with the rest of the homeowners.

Most people pay their property taxes to the county by February. Now that the amount has increased from \$500 to \$1,650 the state will need to pay the counties as quickly as possible.

To ensure that the counties receive the remainder of the money due from the state more quickly, we had to change some dates as to when the various political subs must submit their information and when the state makes payment to the counties.

Recall that HB 1176 requires that if the people in any political sub want to go above the 3% cap they may vote but the vote can only be held on North Dakota's general election day. Current law requires townships to hold their annual meeting

in the month of March and this is when they vote to raise their mill levies. It seemed unnecessary for townships to have to vote again on general election day so we exempted them from having to vote again.

A typical bond issue is for 20 years. Recall that in HB 1176 you can vote to go over the 3 % cap but the maximum number of years that you could continue to go over the cap would be 4 years. Because bonds are typically 20 years, we added needed language to exempt bonds.

Current law requires that all schools must be at 60 mills. But as a school district grows in assessed value on existing property it is more than likely they will exceed the 3% cap. This will force the school to have to lower their mills below 60 mills.

But under current law, the school funding formula still will pay the school as if they were at 60 mills. Only now the school may be collecting something less than 60 mills. So the school will get short changed.

Thus we added language that will change the current school funding formula so that if the school is now at less than 60 mills that the state can pay a higher amount back to the school. The state would need to match whatever the reduced mill levy rate is.

HB 1176 included future intent language to use any excess funding available from the legacy property tax relief fund for relief to other property classes, including agriculture. It did not specify the other classes. We added specific reference

to commercial, centrally assessed, and nonprimary residential property, besides agriculture.

The appropriation stays at the same level of \$398.4 million from the Legacy Fund, but we added language to say that if the Tax Commissioner anticipates a shortfall in the amount appropriated for the 2025-27 biennium to pay out the primary residence credit, the commissioner shall request a deficiency appropriation from the 70th Legislative Assembly.

Mr. President, that is the explanation as best that I can give. Your Finance & Tax Committee passed the amendments to HB 1168 with a 6-0 vote and that it be referred to the Appropriations Committee and we ask the Senate to do the same.