

2013 HOUSE FINANCE AND TAXATION

HB 1273

2013 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1273
January 28, 2013
Job #17827

☐ Conference Committee

Committee Clerk Signature

Mary Brucker

Explanation or reason for introduction of bill/resolution:

A Bill relating to property tax relief through residential, agriculture, commercial property tax reduction and provide optional residential property tax freeze for owners who are disabled or age sixty-five or older; relating to providing property tax relief through allocation of state fund to school districts for mill levy reduction grants.

Minutes:

Attached testimony #1, 2, 3

Chairman Belter: Opened hearing on HB 1273.

Representative Kasper: Introduced bill. Reviewed the bill and will be providing the committee with amendments once they are completed. If this bill were adopted it would replace the current method of property tax buy down through the education formula; this would not be an addition to it.

Chairman Belter: How does that pertain to properties? Say a developer owns ten properties that are undeveloped or is agriculture considered one property?

Representative Kasper: Agriculture is coming in the next section which I have an amendment for that as well. If we are referring to raw land it probably wouldn't be more than 640 acres so that raw land would be eligible under the commercial or the farm land; it would be the same at \$5400 credit. Representative Kasper continued with review of the bill and forthcoming amendments. Distributed handouts #1, 2, 3 that are examples in how the bill works.

Representative Froseth: One of the things we've struggled with the present 75 mill buy down program is that it started out being a \$295 million cost to the state six years is now \$412 million or something like that. I see this program would put the limiters on that if you have \$5,400 or 80% maximum with the exception of all the new property that comes up every biennium. Is there any way to calculate or determine what the increase in the \$478 million fiscal note would be?

Representative Kasper: I have not had the discussion with the tax department. I think it's almost impossible to calculate at this point. We don't know what's going to happen especially in the higher growth areas of the state. I would see if the new property gets out

of hand the bill could be amended to reduce down the buy down somewhat. This is a relief as the reform part would be capping the spending. Representative Kasper continued to review the handouts. We have a bill that focuses on homestead property tax relief and we also want to bring the property tax relief to commercial and the farmers. The fiscal note is \$478 million because the current method goes away and this would come into play.

Representative Drovdal: I'm assuming I heard right when you said that nonresidents do not get any tax relief on the residential property tax, is that correct?

Representative Kasper: That is correct.

Representative Drovdal: On apartment complexes where there may be multiple investors if any one of those investors is a nonresident then there's no property tax relief for them or a portion of property tax relief?

Representative Kasper: I think there is an 80% requirement in the bill. If it isn't then we may need another amendment to be added.

Representative Drovdal: If less than 80% of the ownership is in state residence then there's zero property tax relief?

Representative Kasper: The intent is that we're focusing on the residents of North Dakota and so whether it's 80% or 70% that is a work in progress.

Representative Drovdal: If an individual is a resident of the state and owns property in several counties is he entitled to the reduction on each one of those properties or only the one that is his primary residence?

Representative Kasper: It's in all counties and that's why we need the social security number tagged to the form when they are applying for the property tax relief.

Chairman Belter: For corporations or pass through entities say they own ten commercial buildings would that get passed through to everyone?

Representative Kasper: Yes it would pass through according to how the taxes are calculated.

Representative Froseth: On page two line 20 commercial property how do we know for sure if he has a primary residence in North Dakota or not?

Representative Kasper: I think that would be the form that is filled out through the tax commissioner that would verify that.

Representative Trottier: You mentioned earlier about 640 acres tracks. When you give the \$5,400 credit that could be for one quarter, 160 acres or 640 acres?

Representative Kasper: That's the intent that you would qualify based on the valuation of that acreage. The amendment should make that clear.

Representative Drovdal: If a person owned 1280 acres would he only be eligible for reduction on the 640?

Representative Kasper: No it would be every 640 acre parcel would have the credit given to it. A percentage of it would still have the credit given to it based on the market value.

Chairman Belter: As a point of clarification it's based on valuation but if a person has five quarters or 640 plus another quarter so they would be eligible for the 640 plus the other quarter?

Representative Kasper: Yes.

Chairman Belter: Further testimony in support of 1273? Any opposition to 1273?

Dan Stevenson, rural Burleigh County: I know you've been bombarded with facts, figures, and calculations but I hope the number that gets the most attention is the one that comes on your property tax bill. From what I hear the property tax number on our statements is a combination of three parts; mill levies, property tax valuation, and whatever the state contribution is going to be. I hope that there is a combination of bills that cover all three parts so that the next number on my next statement is a decrease and not just a status quo. I was a little disappointed with the tax freeze at age 65 as I was hoping that would go through. I hope that some consideration could be given after the age of 65 or 62 and if an increase is to take place that it could be based on the same increase as social security or some other standard in place than just a freeze. I don't mind paying taxes as I like to see the school buses go by and the sheriff. I also would like you to consider that property tax valuation only be changed when the property is sold. We just replaced the carpet in our house and I don't see why my property value would go up as I look at that as a repair. I don't think I should have to pay a higher property tax for home improvements. Property tax valuation seems to be on a perception; just because someone else's is higher. I'm about to send in my 41st check and I believe I have skin in the game so I don't think it would be too much to ask that I start receiving some senior benefits.

Chairman Belter: Any other testimony in support of 1273?

Kevin Ternes, Assessor for city of Minot: I assume the verification form that would be signed by the commercial property owner would be satisfactory? If we have an application ABC Investments we just don't know who they are or where they live so we don't think we would be able to assist in verifying if they are local. The form would have to be filled out by October 1 then in our office you'd be dealing with 12,000 forms in the first year and 20% of them wouldn't get there by October 1 so is there an option for people to get the form after the first? How do we handle that if they can't get us the form? On page 3 line 8 we don't use an assessor sheet anymore, it's all computerized. Can that be made to work for those of us who are computerized?

Chairman Belter: Any other neutral testimony?

Marcy Dickerson, State Supervisor of Assessments: One of my comments has to do with the October 1 date that Kevin just mentioned and October 1 is going to be too late for a reduction that may be claimed so you'd have to file more like March 1 or something because that's the way the assessment process works. By October 1 all of the valuations have been finalized and they are working on the mill levies so it wouldn't work to file by October 1 for the next year because it isn't February 1 yet so you don't know in October if you're going to qualify by February 1 so I think it would have to be put back to an earlier date. The other comment I am going to make is in reference to the 640 acre tracks. By law the largest track that can be assessed separately is a quarter section. I'm not saying there aren't some larger than that being assessed but by law they are not supposed to be. You can't look at a parcel with more than 160 acres in it so if you have many sections you're going to have a lot of property tax statements. I think it will still work out because of the amount of money or the 80%, whichever is less, so on your smaller parcels the 80% will probably come into play.

Chairman Belter: Any other neutral testimony on 1273? If not we will close the hearing on 1273.

2013 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1273
February 5, 2013
Job #18335

☐ Conference Committee

Committee Clerk Signature

Mary Brucher

Explanation or reason for introduction of bill/resolution:

A Bill relating to property tax relief through a residential, agricultural, and commercial property tax reduction; relating to providing property tax relief through allocation of state funding to school districts for mill levy reduction grants.

Minutes:

Attached amendments #1 and bill #2

Representative Kasper: Distributed amendments #1 and #2 red and green version of the bill. Reviewed the red and green version of the bill.

Representative Owens: The red and green copy of the bill you just handed us...

Representative Kasper: They were handed out previously when I testified on the original hearing, did you not get that?

Representative Owens: I got that but that is not what the red and green copy does now. The red and green copy creates the same problem we have with the current mill buy down in that 20% of the taxable value of the property....will receive a reduction of 20% of the taxable value which means every time the taxable value goes up the exemption will grow as well and we'll be locked into this thing forever. What you had before controlled it; this doesn't control it.

Representative Kasper: Instead of referring in English could you reference the bill?

Representative Owens: Where you were just talking, line 19 and 20.

Representative Kasper: What page?

Representative Owens: Page two. The owner of a parcel is entitled to receive a reduction of 20% of the taxable value.

Representative Kasper: I'm talking about now about commercial property, not residential property.

Representative Owens: It doesn't matter; it still creates the same problem.

Representative Kasper: Let me continue to explain what the bill does and then you can address your problems all you like. This bill provides a 20% property tax credit on the commercial property taxes, there is no cap. If you're concerned about a cap on the 20% credit then the committee can amend to your heart's content. Representative Kasper continued to review the marked up bill and amendment.

Vice Chairman Headland: How is the 20% credit going to be distributed amongst the different owners or does the 40% owner gets all of it?

Representative Kasper: So long as there is a 40% ownership in North Dakota the tax would be credited at 100% of the tax.

Vice Chairman Headland: If there's an owner of at least 40% then the property will get relieved by 20 percent.

Representative Kasper: Correct. The residential requirement is 40% and the credit is 20% against the tax. There is no cap on it.

Chairman Belter: You have three individuals, one in state and two out of state have undivided shares of a piece of property there would be no property tax relief then on that property?

Representative Kasper: If the two out of state do not have a residence in North Dakota then you're correct.

Chairman Belter: That works for both commercial and agriculture?

Representative Kasper: Yes. That's the beauty of the design of the plan. On page 3 line 12 and 13 Kathy at the tax department had trouble with the timing of getting the paperwork filed so you can get a 2013 property tax credit because the 2013 property taxes are payable in 2014. I had originally put in October 1 but the tax department wanted it to move back to July and I said that was way too short so John Walstad recommended September 1 and they'll just have to get to work because we don't want a lot of our taxpayers to lose their property tax credit for 2013. Representative Kasper continued to review the marked up bill.

Representative Schmidt: On page 3 line 5 I didn't think a corporation could own agriculture land.

Representative Belter: A family corporation can own agriculture land if its first generation.

Representative Schmidt: Does that need to be clarified then?

Representative Kasper: Mr. Walstad and I talked about that and he said it is fine the way it is. Representative Kasper continued to review the marked up bill.

Vice Chairman Headland: The old fiscal note was almost \$500 million and you're going to add a lot to that when you add all that agriculture and commercial property.

Representative Kasper: We will wait to see what the number is. That was a biennium so it would be \$230 million per year. Representative Kasper continued reviewing the marked up bill.

Chairman Belter: How is the proof of ownership going to be figured out?

Representative Kasper: When the tax department designs the reporting form you complete to get your property tax relief it will include your social security number, location of claimed property, and it makes that a confidential record. The tax department can cross check by the social security number whether or not somebody is claiming more deductions than what they have coming.

Chairman Belter: Is it going to be an honor system then?

Representative Kasper: There is a penalty in here and if you misstate your ability to have the property tax relief the penalty is you lose property tax exemptions for the year that you were erroneously asking for it plus two years coming up, so you have a three year loss of the property tax exemption. There is no other penalty on the bill.

Chairman Belter: Is it your intent on this form that once the taxpayer fills out this form then in the next year would it be your intent that the form will already have previous properties listed or will the property owner have to put all the property down again?

Representative Kasper: Once they file the form that's all they need to file unless there's a change in their status.

Chairman Belter: Would the form just list the track number or will that be up to the tax department to figure out?

Representative Kasper: That would be up to the tax department; however, they identify it now.

Chairman Belter: To my knowledge the tax department doesn't have any of that information, it's all county.

Representative Kasper: Then they would have to work in conjunction with the county.

Representative Kelsh: On the bottom of page 4 on the engrossed version of the bill under the definition of "primary residence" you take out the phrase "and which is not exempt from property taxes is a farm residence" and I'm wondering what the reasoning is with that coming out of there.

Representative Kasper: We don't care in this bill if you're a farmer that lives on a farmstead or whether you're a farmer who lives in town or rents, you're eligible in all places so we don't need to specifically have the exemption because it's covered by taking it out.

Chairman Belter: There's just that one amendment?

Representative Kasper: Yes. The amendment I handed out covers all the changes.

Chairman Belter: There was that one line or one word and that's the only amendment?

Representative Kasper: Yes. I think I'd like to have Mr. Walstad verify that I'm correct with this.

Chairman Belter: You want to check on that for us?

Representative Kasper: Sure.

Representative Trottier: Is there a penalty for the delinquent application?

Representative Kasper: I don't think so. A delinquent application would probably disqualify you for the property tax exemption or credit so you're penalizing yourself by not getting your form in.

Chairman Belter: No further questions.

2013 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1273
February 13, 2013
Job #18901 & 18903

☐ Conference Committee

Committee Clerk Signature

Mary Brucker

Explanation or reason for introduction of bill/resolution:

A Bill relating to property tax relief through a residential, agricultural, and commercial property tax reduction; relating to providing property tax relief through allocation of state funding to school districts for mill levy reduction grants.

Minutes:

Attached amendments #1 and 2.

Chairman Belter: Distributed amendments. See attached amendments 3007 #1.

Representative Jim Kasper: Last week I handed the committee the marked up version 3006 and the amendments 03007 which coincided with the two and asked the committee to adopt the 03007 amendment.

Chairman Belter: The amendments would be on the original 3000?

Representative Kasper: Yes. Unless there were other amendments added from the original bill. We need to clarify with Mr. Walstad if the 03007 the amendment is on the red mark up or on the original mark up and I think it's on the original bill but I want to be sure because it is pretty important.

Representative Kelsh: I have a one sheet amendment and on the back it says it's page 3 so I'm missing a page.

Representative Kasper: I only have one sheet also.

Chairman Belter: 3007 is just front and back.

Representative Kelsh: It doesn't look like it reads right.

Chairman Belter: Representative Kasper, do you want to run up and ask Mr. Walstad?

Representative Kasper: Yes I will do that.

****New job number for continued discussion on amendments.

Representative Kasper: Came back with corrected amendments. Distributed amendments #2. I would throw away the marked up bill because 3007 amends the original bill which is 03000.

Vice Chairman Headland: Do you have any idea what the fiscal note would be?

Representative Kasper: It will probably be less than yours but I can't say how much. As you know I can't get a fiscal note, you have to request it. So I have no idea. It was \$478 before and I made some changes going to a percentage to 20% for commercial and agriculture across the board so I will wait for the fiscal note but it is less than some bills coming.

Representative Drovdal: This is residence only and is it commercial or agriculture or all three?

Representative Kasper: Sounds pretty good to me. This is the overall view of the bill. The key to property tax relief is that you're a resident in North Dakota and if you are a resident whether you own a home that is currently subject to property tax whether you own a farmstead that is property tax exempt or whether you live in an apartment complex where you're paying rent but do not own a home that triggers your ability to have property tax relief in the bill. I'm targeting residents unlike some other bills are going to give property tax relief to not only residents but also nonresidents. I don't know what the impact would be because we are limiting the property tax relief on agriculture and commercial to resident people only, not across the board. It would be real easy to figure out if we looked across the board. On the homestead tax credit we are giving a 20% property tax relief. On the commercial it's the same way; 20% reduction in the property tax whatever it is. The same way with the agriculture land; whatever your property tax is on each piece of agriculture land you own you will have a 20% reduction in your property tax. You must have the resident qualification to be able to get the agriculture and the commercial.

Representative Drovdal: So the resident is 20% discount and the recorder has to it on the statement how much is coming back from the state. Is there any control of this to control the cost of the local subdivisions can't increase expenditures and get the same amount from the taxpayers?

Representative Kasper: Yes there is but it's in another bill. It's the cap bill that you have before you. It's meant to control the costs with HB1290. This is a homestead tax credit for all three pieces of property.

Chairman Belter: In this bill the taxpayer is still going to have to certify the property they own?

Representative Kasper: Yes. There would be a form that would be designed. To qualify you have to prove your residency then the form would have the social security number on it so that you don't have double or triple dipping and that would be the identification marker. It makes it a confidential record and not a public record with the social security number on

that form. Once the form is filed you do not need to file the form year after year unless you have a change in the ownership of your property.

Chairman Belter: Could you refresh our memory on the provision where you have joint ownerships, limited partnerships, corporations, where you have in state and out of state ownership?

Representative Kasper: I now amended that down to 40% aggregate ownership and joint ownership property. If you have a partnership whereby 40% of the partnership is owned by people who have a residence in North Dakota that would qualify for the entire exemption. If you have anything less than 40% that would eliminate it. My focus and my desire are to benefit the citizens of North Dakota for property tax relief. I'm not concerned about providing K-Mart, Costco, Wal-Mart, with property tax relief. I want the money to be geared towards the citizens of North Dakota who live here and claim North Dakota as a residence.

Chairman Belter: Is there a motion to adopt the 3007 amendments?

Representative Klein: Made a motion to adopt the 3007 amendments.

Vice Chairman Headland: Seconded.

VOICE VOTE: MOTION CARRIED.

Chairman Belter: We have the amended bill before us. What are your wishes?

Representative Drovda: There are a lot of good things in here but one of the things that bothered me is if they pay property tax they get a property tax credit if we give it out. I have a bit of a problem with excluding non-residents. I know giving money back to Wal-Mart is not a popular thing but they are also providing jobs and doing business in the state. I believe they should all be equal. I'm going to resist this bill. **Made a motion for a Do Not Pass as Amended.**

Representative Hatlestad: Seconded.

Chairman Belter: I'm also going to support the Do Not Pass. We can single out the Wal-Marts but I'm thinking about the amount of property that is owned whether it's an office building and end up with a situation where you have one office building that's owned by out of state on one side of the street and in state on the other side of the street so now you have a cost differential between the two properties. If you have the situation where it's owned 50-50 in state and out of state the in state people are not going to get that break and you end up having these divisions of property values. The other concern is the paperwork that goes along with this because the taxpayer is going to have to file these papers and if there's a change in ownership they'll have to file more. There's going to be paperwork mill for the counties because they have to keep track of all the properties and who owns what. From that standpoint I'm not going to support the issue.

Representative Trottier: I struggle with it but on the other hand in listening to the voters most of them take care of the North Dakota people and do just what this does and not treat out of staters this way.

Vice Chairman Headland: As much as my good friend and respected colleague has put a ton of work into this bill I tried to indicate to him that in order for this bill to get my support all classes of property needed to be treated equally. I think other bills coming out of this committee has done this and for that reason I can't support the bill either.

Representative Marie Strinden: I'm going to resist the Do Not Pass. I agree with Representative Trottier, I think this bill more than other property tax bills will keep North Dakota money in North Dakota. I think it is giving the tax advantages to the people who deserve it the most.

Chairman Belter: When you carve out residents only you're saying to Bobcat, John Deere, Caterpillar, all the oil companies that have property here we are sending an unfriendly message to them. I have a real problem with that.

Representative Owens: It's no secret that I agree with Representative Kasper on a homestead act for residents. However, I'm going to have to support the Do Not Pass because he had it drawn up perfectly the first time with defined amounts and now we've gone to 20% which takes us right back to the growth of property tax that the state owes in relationship to the mill levy buy down and that's the one thing I want to desperately get rid of is that constant growth. I support the direction the bill is going in but it's the formula I can't agree too.

Representative Drovdal: The reason we've been able to do these in large part is because of the oil tax revenue, the 11 1/2% percent. Many of the dollars are paid for by the nonresidents so it just isn't our money; it's money we are getting from nonresidents also.

ROLL CALL VOTE: 7 YES 6 NO 1 ABSENT

Chairman Belter will carry this bill.

FISCAL NOTE
Requested by Legislative Council
02/25/2013

Amendment to: HB 1273

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$377,600,000			
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed HB 1273 creates residential, agricultural, and commercial property tax credits, and repeals the mill levy reduction grant program.

- B. **Fiscal impact sections:** *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 1 of engrossed HB 1273 creates a property tax credit for a resident's primary residence, for agricultural property and for commercial property provided the owners are North Dakota residents. Section 3 repeals the existing mill levy reduction grant program.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *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, the property tax credit provisions of Section 1 of engrossed HB 1273 are expected to increase expenditures by an estimated \$780.6 million in the 2013-15 biennium. The repeal of the mill levy reduction grant program is expected to reduce expenditures by an estimated \$403 million in the 2013-15 biennium. The net effect is an estimated increase in expenditures of \$377.6 million for the 2013-15 biennium.

- C. **Appropriations:** *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 is also included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 02/26/2013

FISCAL NOTE
Requested by Legislative Council
01/15/2013

Bill/Resolution No.: HB 1273

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$478,000,000			
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **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 1273 creates residential, agricultural, and commercial property tax credits, and repeals the mill levy reduction grant program.

- B. **Fiscal impact sections:** *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 1 of HB 1273 creates a property tax credit for a resident's primary residence, and a property tax credit for certain agricultural property adjacent to an exempt farm residence. Section 1 also creates a commercial property tax credit provided the owners are North Dakota residents. Section 3 repeals the existing mill levy reduction grant program.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Section 2 authorizes an optional freeze of the taxable valuation of a primary residence owned by a person over the age of 65, a person with a disability, or a disabled veteran. In the 2013-15 biennium, this optional valuation freeze is expected to shift an estimated \$10.6 million from qualifying elderly and disabled taxpayers to other taxpayers in the county through increased mill levies. This taxable valuation freeze is not a tax credit and is not reimbursed to counties by the state.

- B. **Expenditures:** *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, the property tax credit provisions of Section 1 of HB 1273 are expected to increase expenditures by an estimated \$881 million in the 2013-15 biennium. The repeal of the mill levy reduction grant program is expected to reduce expenditures by an estimated \$403 million in the 2013-15 biennium. The net effect is an estimated increase in expenditures of \$478 million for the 2013-15 biennium.

VRL
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PROPOSED AMENDMENTS TO HOUSE BILL NO. 1273

- Page 1, line 1, replace "sections" with "section"
- Page 1, line 1, remove "and 57-02-11.3"
- Page 1, line 3, remove "and providing an optional residential property tax freeze for owners who"
- Page 1, line 4, remove "are disabled or age sixty-five or older"
- Page 1, line 4, after the semicolon insert "to amend and reenact section 57-20-07.1 of the North Dakota Century Code, relating to contents of property tax statements;"
- Page 2, line 6, replace "property" with "residence"
- Page 2, line 17, remove "five"
- Page 2, line 18, replace "thousand four hundred dollars or eighty percent, whichever is less," with "twenty percent"
- Page 2, line 19, remove "all"
- Page 2, line 19, replace "an" with "forty percent or more of the"
- Page 2, line 20, remove "eligible for the reduction under"
- Page 2, line 21, replace "subsection 1 or 2" with "in this state"
- Page 2, line 23, replace "each individual having an" with "individuals having forty percent or more of the"
- Page 2, line 24, replace "resides" with "reside"
- Page 2, line 24, remove "eligible for the reduction under"
- Page 2, line 25, replace "subsection 1 or 2" with "in this state"
- Page 2, line 26, remove "five thousand"
- Page 2, remove line 27
- Page 2, line 28, replace "to six hundred forty acres [258.99 hectares]" with "twenty percent"
- Page 2, line 29, remove "all"
- Page 2, line 29, replace "an" with "forty percent or more of the"
- Page 2, line 30, remove "eligible for the reduction under subsection 1 or 2 and do"
- Page 2, line 31, replace "not reside in residential property exempt from property taxes as a farm residence" with "in this state"
- Page 3, line 2, remove "each"
- Page 3, line 3, replace "individual" with "individuals"
- Page 3, line 3, replace "an" with "forty percent or more of the"

Page 3, line 3, replace "resides" with "reside"

Page 3, line 4, remove "eligible for the reduction under subsection 1 or 2 and do not"

Page 3, remove lines 5 and 6

Page 3, line 7, remove "against all agricultural property owned by that person"

Page 3, line 8, after "To" insert "initially"

Page 3, line 9, replace "October first of the year" with "September first of 2013, for taxable year 2013, and by February first of each taxable year after 2013"

Page 3, line 9, after "is" insert "initially"

Page 3, line 11, after the underscored period insert "A claim of the reduction under this section remains in effect until the ownership of the property changes or the owner no longer qualifies for the reduction."

Page 4, line 20, remove "(1)"

Page 4, line 20, remove "residential property"

Page 4, line 23, remove "and which is not exempt from property"

Page 4, line 24, replace "taxes as a farm residence" with "and, for purposes of an agricultural or commercial property taxable valuation reduction under this section, includes a dwelling in this state rented and occupied by the applicant as that applicant's primary residence as of the assessment date of the taxable year"

Page 4, remove lines 25 through 29

Page 5, line 11, remove "in which the"

Page 5, line 12, replace "property was contained" with ", exclusive of any state mill rates, that was applied to other real estate in the taxing districts for the preceding taxable year"

Page 5, remove lines 28 and 29

Page 6, replace lines 1 through 14 with:

"SECTION 2. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement.

On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. The tax statement must ~~include~~:

1. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. ~~The tax statement must include~~

2. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.
3. Include, for the taxable year to which the statement applies and the two immediately preceding taxable years, an item identified as "legislative property tax relief" showing the dollar amount of the property taxes against the parcel paid through legislative appropriation pursuant to chapter 57-64 or section 57-02-08.9.

Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline."

Renumber accordingly

Date: 2-13-13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1273

House Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment
3007
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep Klein Seconded By Rep. Headland

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley Belter			Rep. Scot Kelsh		
Vice Chairman Craig Headland			Rep. Steve Zaiser		
Rep. Matthew Klein			Rep. Jessica Haak		
Rep. David Drovdal			Rep. Marie Strinden		
Rep. Glen Froseth					
Rep. Mark Owens					
Rep. Patrick Hatlestad					
Rep. Wayne Trottier					
Rep. Jason Dockter					
Rep. Jim Schmidt					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Voice Vote
Motion carried.

Date: 2-13-13
Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1273

House Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☐ Do Pass ☒ Do Not Pass ☒ Amended ☐ Adopt Amendment
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Drovdal Seconded By Rep. Hatlestad

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley Belter	✓		Rep. Scot Kelsh		✓
Vice Chairman Craig Headland	✓		Rep. Steve Zaiser		✓
Rep. Matthew Klein		✓	Rep. Jessica Haak	✓	
Rep. David Drovdal	✓		Rep. Marie Strinden		✓
Rep. Glen Froseth	✓				
Rep. Mark Owens	✓				
Rep. Patrick Hatlestad	✓				
Rep. Wayne Trottier		✓			
Rep. Jason Dockter	✓				
Rep. Jim Schmidt		✓			

Total (Yes) 7 No 6

Absent 1

Floor Assignment Rep. ~~Scot~~ Belter

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1273: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (7 YEAS, 6 NAYS, 1 ABSENT AND NOT VOTING). HB 1273 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "sections" with "section"

Page 1, line 1, remove "and 57-02-11.3"

Page 1, line 3, remove "and providing an optional residential property tax freeze for owners who"

Page 1, line 4, remove "are disabled or age sixty-five or older"

Page 1, line 4, after the semicolon insert "to amend and reenact section 57-20-07.1 of the North Dakota Century Code, relating to contents of property tax statements;"

Page 2, line 6, replace "property" with "residence"

Page 2, line 17, remove "five"

Page 2, line 18, replace "thousand four hundred dollars or eighty percent, whichever is less," with "twenty percent"

Page 2, line 19, remove "all"

Page 2, line 19, replace "an" with "forty percent or more of the"

Page 2, line 20, remove "eligible for the reduction under"

Page 2, line 21, replace "subsection 1 or 2" with "in this state"

Page 2, line 23, replace "each individual having an" with "individuals having forty percent or more of the"

Page 2, line 24, replace "resides" with "reside"

Page 2, line 24, remove "eligible for the reduction under"

Page 2, line 25, replace "subsection 1 or 2" with "in this state"

Page 2, line 26, remove "five thousand"

Page 2, remove line 27

Page 2, line 28, replace "to six hundred forty acres [258.99 hectares]" with "twenty percent"

Page 2, line 29, remove "all"

Page 2, line 29, replace "an" with "forty percent or more of the"

Page 2, line 30, remove "eligible for the reduction under subsection 1 or 2 and do"

Page 2, line 31, replace "not reside in residential property exempt from property taxes as a farm residence" with "in this state"

Page 3, line 2, remove "each"

Page 3, line 3, replace "individual" with "individuals"

Page 3, line 3, replace "an" with "forty percent or more of the"

Page 3, line 3, replace "resides" with "reside"

Page 3, line 4, remove "eligible for the reduction under subsection 1 or 2 and do not"

Page 3, remove lines 5 and 6

Page 3, line 7, remove "against all agricultural property owned by that person"

Page 3, line 8, after "To" insert "initially"

Page 3, line 9, replace "October first of the year" with "September first of 2013, for taxable year 2013, and by February first of each taxable year after 2013"

Page 3, line 9, after "is" insert "initially"

Page 3, line 11, after the underscored period insert "A claim of the reduction under this section remains in effect until the ownership of the property changes or the owner no longer qualifies for the reduction."

Page 4, line 20, remove "(1)"

Page 4, line 20, remove "residential property"

Page 4, line 23, remove "and which is not exempt from property"

Page 4, line 24, replace "taxes as a farm residence" with "and, for purposes of an agricultural or commercial property taxable valuation reduction under this section, includes a dwelling in this state rented and occupied by the applicant as that applicant's primary residence as of the assessment date of the taxable year"

Page 4, remove lines 25 through 29

Page 5, line 11, remove "in which the"

Page 5, line 12, replace "property was contained" with ", exclusive of any state mill rates, that was applied to other real estate in the taxing districts for the preceding taxable year"

Page 5, remove lines 28 and 29

Page 6, replace lines 1 through 14 with:

"SECTION 2. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement.

On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. The tax statement must ~~include~~

1. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. ~~The tax statement must include~~
2. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.
3. Include, for the taxable year to which the statement applies and the two immediately preceding taxable years, an item identified as "legislative property tax relief" showing the dollar amount of the property taxes against the parcel paid through legislative appropriation pursuant to chapter 57-64 or section 57-02-08.9.

Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline."

Renumber accordingly

2013 TESTIMONY

HB 1273

HB 1273 - Rep Jim KASPER (JAN 28, 2013)

#

Residential	CURRENT Law	WITH HB 1273
1. TRUG & Full Value (MARKET VALUE)	\$300,000	\$300,000
2. Divide ÷ 2 - Assessed Value	\$150,000	\$150,000
3. Taxable Value (9% Residential)	\$13,500	\$13,500
4. HB 1273 Homestead Credit Against Taxable Value	-0-	\$5,400
5. Taxable Value	\$13,500	\$8,100
6. Mill Rate - Statewide Average of 300 Mills	\$.300	\$.300
7. PROPERTY TAX Payable For Residence	\$4050	\$2430
8. Reduction of Prop. Tax (40% From Current Tax)	-0-	\$1,620

HB 1273 - Rep Jim KASPER (Jan 28, 2013)

P. 2 #1

Residential	CURRENT Law	WITH HB 1273
1. TRUE & FULL VALUE (MARKET VALUE)	\$300,000	\$300,000
2. Divide ÷ 2 - Assessed Value	\$150,000	\$150,000
3. Taxable Value (9% Residential)	\$13,500	\$13,500
4. HB 1273 Homestead Credit Against Taxable Value	-0-	\$5,400
5. Taxable Value	\$13,500	\$8,100
6. Mill Rate - Statewide Average of 300 Mills	\$.300	\$.300
7. PROPERTY TAX Payable FOR RESIDENCE	\$4050	\$2430
8. Reduction of PROP. TAX (40% FROM CURRENT TAX)	-0-	\$1,620

HB 1273 - Rep Jim Kasper (Jan 28, 2013)

Residential	Current Law	With HB 1273
1. TRUG & TULL VALUE (MARKET VALUE)	\$100,000	\$100,000
2. Divide $\div 2$ = Assessed Value	\$50,000	\$50,000
3. TAXABLE VALUE (9% RESIDENTIAL)	\$4,500	\$4,500
4. HB 1273 Homestead Credit AGAINST TAXABLE VALUE	-0-	\$3,600
5. TAXABLE VALUE	\$4,500	\$900
6. Mill Rate - Statewide AVERAGE OF 300 MILLS	X .300	X .300
7. PROPERTY TAX PAYABLE FOR RESIDENCE	\$1,350	\$270
8. Reduction of Prop Tax (80% of Current Tax)	-0-	\$1,080

HB 1273 - REP Jim Kasper (Jan 28, 2013)

P. 2 of 2

Residential	CURRENT LAW	WITH HB 1273
1. TRUG & TULL VALUE (MARKET VALUE)	\$100,000	\$100,000
2. Divide $\div 2$ = Assessed Value	\$50,000	\$50,000
3. TAXABLE VALUE (9% RESIDENTIAL)	\$4,500	\$4,500
4. HB 1273 Homestead Credit AGAINST TAXABLE VALUE	-0-	\$3,600
5. TAXABLE VALUE	\$4,500	\$900
6. Mill Rate - Statewide AVERAGE OF 300 MILLS	X .300	X .300
7. PROPERTY TAX PAYABLE FOR RESIDENCE	\$1,350	\$270
8. Reduction of Prop Tax (80% of CURRENT TAX)	-0-	\$1,080

HB 1273 - REP. JIM KASPER (JAN 28, 2013)

Commercial & Farm Land	CURRENT Law	WITH HB 1273
1. True & Full Value (Market Value)	\$300,000	\$300,000
2. Divide $\div 2$ = Assessed Value	\$150,000	\$150,000
3. Taxable Value (10% Comm & Farm Land)	\$15,000	\$15,000
4. HB 1273 Homestead TAX Credit	-0-	\$5,400
5. Taxable Value	\$15,000	\$9,600
6. Mill Rate - Statewide AVERAGE OF 300 Mills	X.300	X.300
7. PROPERTY TAX Payable Commercial & Farm Land	\$4,500	\$2,880
8. Reduction of PROPERTY TAX	-0-	\$1,620

HB 1273 - REP. JIM KASPER (Jan 28, 2013)

23

Commercial & Farm Land	CURRENT Law	WITH HB 1273
1. True & Full Value (Market Value)	\$300,000	\$300,000
2. Divide $\div 2$ = Assessed Value	\$150,000	\$150,000
3. Taxable Value (10% Comm & Farm Land)	\$15,000	\$15,000
4. HB 1273 Homestead TAX Credit	-0-	\$5,400
5. Taxable Value	\$15,000	\$9,600
6. Mill Rate - Statewide AVERAGE OF 300 Mills	X.300	X.300
7. PROPERTY TAX Payable Commercial & Farm Land	\$4,500	\$2,880
8. Reduction of PROPERTY TAX	-0-	\$1,620

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1273

- Page 1, line 1, replace "sections" with "section"
- Page 1, line 1, remove "and 57-02-11.3"
- Page 1, line 3, remove "and providing an optional residential property tax freeze for owners who"
- Page 1, line 4, remove "are disabled or age sixty-five or older"
- Page 1, line 4, after the semicolon insert "to amend and reenact section 57-20-07.1 of the North Dakota Century Code, relating to contents of property tax statements;"
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- Page 2, line 17, remove "five"
- Page 2, line 18, replace "thousand four hundred dollars or eighty percent, whichever is less," with "twenty percent"
- Page 2, line 19, remove "all"
- Page 2, line 19, replace "an" with "forty percent or more of the"
- Page 2, line 20, remove "eligible for the reduction under"
- Page 2, line 21, replace "subsection 1 or 2" with "in this state"
- Page 2, line 23, replace "each individual having an" with "individuals having forty percent or more of the"
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- Page 2, line 24, remove "eligible for the reduction under"
- Page 2, line 25, replace "subsection 1 or 2" with "in this state"
- Page 2, line 26, remove "five thousand"
- Page 2, remove line 27
- Page 2, line 28, replace "to six hundred forty acres [258.99 hectares]" with "twenty percent"
- Page 2, line 29, remove "all"
- Page 2, line 29, replace "an" with "forty percent or more of the"
- Page 2, line 30, remove "eligible for the reduction under subsection 1 or 2 and do"
- Page 2, line 31, replace "not reside in residential property exempt from property taxes as a farm residence" with "in this state"
- Page 3, line 2, remove "each"
- Page 3, line 3, replace "individual" with "individuals"
- Page 3, line 3, replace "an" with "forty percent or more of the"

#1
P. 2

Page 3, line 3, replace "resides" with "reside"

Page 3, line 4, remove "eligible for the reduction under subsection 1 or 2 and do not"

Page 3, remove lines 5 and 6

Page 3, line 7, remove "against all agricultural property owned by that person"

Page 3, line 9, replace "October first of the year" with "September first of 2013, for taxable year 2013, and by February first of each taxable year after 2013"

Page 4, line 20, remove "(1)"

Page 4, line 20, remove "residential property"

Page 4, line 23, remove "and which is not exempt from property"

Page 4, line 24, remove "taxes as a farm residence"

Page 4, line 24, remove the overstrike over the overstruck period

Page 4, remove lines 25 through 29

Page 5, line 11, remove "in which the"

Page 5, line 12, replace "property was contained" with ", exclusive of any state mill rates, that was applied to other real estate in the taxing districts for the preceding taxable year"

Page 5, remove lines 28 and 29

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1. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. ~~The tax statement must include~~
2. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.
3. Include, for the taxable year to which the statement applies and the two immediately preceding taxable years, an item identified as "legislative property tax relief" showing the dollar amount of the property taxes against

the parcel paid through legislative appropriation pursuant to chapter 57-64
or section 57-02-08.9.

Failure of an owner to receive a statement will not relieve that owner of liability, nor
extend the discount privilege past the February fifteenth deadline."

Renumber accordingly

#1
p. 3

Sixty-third
Legislative Assembly
of North Dakota

HOUSE BILL NO..1273

Introduced by

Representatives Kasper, Beadle, Becker, Bellew, Dosch, Meier, Ruby, Streyle, Thoreson

Senators Berry, Miller, Schaible

A BILL for an Act to create and enact ~~sections~~section 57-02-08.9 and ~~57-02-11.3~~ of the North Dakota Century Code, relating to property tax relief through a residential, agricultural, and commercial property tax reduction ~~and providing an optional residential property tax freeze for owners who are disabled or age sixty-five or older;~~ to amend and reenact section 57-20-07.1 of the North Dakota Century Code, relating to contents of property tax statements; to repeal chapter 57-64 of the North Dakota Century Code, relating to providing property tax relief through allocation of state funding to school districts for mill levy reduction grants; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 57-02-08.9 of the North Dakota Century Code is created and enacted as follows:

57-02-08.9. Residential, agricultural, and commercial property tax credit -

Certification - Distribution.

1. An individual is entitled to receive a reduction of five thousand four hundred dollars or eighty percent, whichever is less, of the taxable valuation of the individual's primary residence as provided in this section. A reduction under this section applies regardless of whether the individual is the head of a family. If an individual is entitled to a reduction in taxable valuation under this section and section 57-02-08.1 or 57-02-08.8, any reduction under sections 57-02-08.1 and 57-02-08.8 must be applied first and then the reduction under this section must be applied. The reduction under this section, alone or in combination with any other reduction allowed by law, may not exceed the taxable valuation of the primary residence.
2. An estate or trust, or a corporation or passthrough entity that owns residential property used as part of a farming or ranching operation is entitled to a reduction as provided in

1 subsection 1 if that residential property is not exempt from property taxes as a farm
2 residence and is occupied as a primary residence, as of the assessment date of the
3 taxable year, by an individual who is a beneficiary of the estate or trust or who holds
4 an ownership interest in the corporation or passthrough entity. Either the occupant or
5 the entity that owns the residence may be the applicant for purposes of this subsection
6 and the definition of primary residence under subsection 15. An estate, trust,
7 corporation, or passthrough entity may not claim a reduction for more than one
8 property residence under this subsection.

9 3. The reduction under subsection 1 or 2 continues to apply if the individual does not
10 reside in the primary residence because the individual's absence is due to
11 confinement in a nursing home, hospital, or other care facility, for as long as that
12 confinement lasts and the portion of the primary residence previously occupied by the
13 individual is not rented to another individual.

14 4. Individuals residing together, as spouses or when one or more is a dependent of
15 another, are entitled to only one reduction between or among them under subsection 1
16 or 2. Individuals residing together, who are not spouses or dependents, who are
17 coowners of the property are each entitled to a percentage of a full reduction under
18 subsection 1 or 2 equal to their ownership interests in the property.

19 5. The owner of a parcel of commercial property is entitled to receive a reduction of five
20 thousand four hundred dollars or eighty percent, whichever is less, twenty percent of
21 the taxable valuation of the property if all individuals having an forty percent or more of
22 the ownership interest in that parcel of commercial property reside in a primary
23 residence eligible for the reduction under subsection 1 or 2 in this state. If a parcel of
24 commercial property is owned in whole or in part by a corporation or passthrough
25 entity, the reduction under this subsection applies to that property only if each
26 individual having an individuals having forty percent or more of the ownership interest
27 in the corporation or passthrough entity resides in a primary residence eligible
28 for the reduction under subsection 1 or 2 in this state.

29 6. The owner of agricultural property is entitled to receive a reduction of five thousand
30 four hundred dollars or eighty percent, whichever is less, of the taxable valuation of up
31 to six hundred forty acres [258.99 hectares] twenty percent of agricultural property

23

1 owned by the applicant if all individuals having an forty percent or more of the
2 ownership interest in that agricultural property reside in primary residences eligible for
3 the reduction under subsection 1 or 2 and do not reside in residential property exempt
4 from property taxes as a farm residence in this state. If agricultural property is owned in
5 whole or in part by a corporation or passthrough entity, the reduction under this
6 subsection applies to that property only if each individual individuals having an forty
7 percent or more of the ownership interest in the corporation or passthrough entity
8 resides reside in a primary residence eligible for the reduction under subsection 1 or 2
9 and do not reside in residential property exempt from property taxes as a farm
10 residence. An owner of agricultural property is eligible for only one reduction under this
11 section against all agricultural property owned by that person in this state.

12 7. To claim a reduction under this section, an applicant must sign and file with the
13 assessor, by October first of the year September first of 2013, for taxable year 2013,
14 and by February first of each taxable year after 2013 for which a reduction is claimed,
15 a claim form containing a verified statement of facts establishing the applicant's
16 eligibility as of February first of that year.

17 8. The assessor shall attach the statement filed under subsection 7 to the assessment
18 sheet and shall show the reduction on the assessment sheet.

19 9. The tax commissioner shall prescribe, design, and make available all forms necessary
20 to effectuate this section. Claim forms must include the full name, address, and social
21 security or taxpayer identification number of the applicant, and any other information
22 prescribed by the tax commissioner. The tax commissioner shall include on claim
23 forms a statement to the effect that the applicant, by signing, declares the application
24 to be true, correct, and complete and subject to the penalties under section 12.1-11-02
25 for making a false statement in a government matter. The county director of tax
26 equalization shall make these forms available to applicants upon request.

27 10. A social security or taxpayer identification number contained in any form under this
28 section is confidential and may be disclosed only to county officers, the tax
29 commissioner, or a court and only for purposes of administering this section. A county
30 officer, the tax commissioner, or a court in possession of a form or other document

#2
p.c.f.

- 1 under this section shall delete or obscure any social security or taxpayer identification
2 number on any copy of the form or other document released to the public.
- 3 11. A reduction under this section is valid for the entire taxable year for which the
4 application was approved, without regard to any change of ownership of the property
5 which occurs after the assessment date. A reduction remains effective for succeeding
6 taxable years without the owner filing a claim for the exemption, but the assessor may
7 require the owner to file a renewed claim or verify eligibility for succeeding taxable
8 years.
- 9 12. If any applicant is found to have fraudulently claimed a reduction under this section to
10 which that applicant is not entitled, all reductions under this section for that applicant
11 for that taxable year and the ensuing two taxable years must be canceled. If an
12 applicant received a reduction that is canceled under this section, the auditor of the
13 county in which such property is located shall enter the amount of the canceled
14 reduction as omitted property on the assessment roll of property that has escaped
15 taxation.
- 16 13. Determinations concerning eligibility for a reduction under this section may be
17 appealed through the informal equalization process and formal abatement process.
- 18 14. This section does not reduce the liability of any individual for special assessments
19 levied upon any property.
- 20 15. For the purposes of this section:
- 21 a. "Dependent" has the same meaning it has for federal income tax purposes.
22 b. "Owned" means the applicant holds a present ownership interest, including
23 ownership in fee simple, holding a present life estate or other terminable present
24 ownership interest, or being a purchaser under a contract for deed, but does not
25 include a mere right of occupancy or a tenancy under a lease.
- 26 c. (1) —"Primary residence", for purposes of a residential property-taxable
27 valuation reduction under this section, means a dwelling in this state owned and
28 occupied by the applicant as that applicant's primary residence as of the
29 assessment date of the taxable year and which is not exempt from property taxes
30 as a farm residence.

#5
p. 5

- 1 ~~(2) "Primary residence", for an applicant whose primary residence as of the~~
2 ~~assessment date of the taxable year is exempt from property taxes as a~~
3 ~~farm residence under section 57-02-08, includes up to six hundred forty~~
4 ~~acres [258.99 hectares] of agricultural property owned by the applicant and~~
5 ~~which contains, or is contiguous to, that residence.~~
- 6 16. Before April first of each year, the county auditor of each county shall certify to the tax
7 commissioner, on forms prescribed by the tax commissioner, the full name, address,
8 and social security or taxpayer identification number of each individual or entity for
9 whom the reduction under this section was allowed for the preceding year, the legal
10 description of the property, the taxable value of the property, the dollar amount of each
11 reduction in taxable value allowed, and the total of the tax mill rates for the preceding
12 year of all taxing districts in which the property was contained, exclusive of any state
13 mill rates, and any other information prescribed by the tax commissioner.
- 14 17. By June first of each year, the tax commissioner shall review the certifications under
15 subsection 16, make any required corrections, and certify to the state treasurer for
16 payment to each county the sum of the amounts computed by multiplying the
17 reduction allowed for each qualifying property in the county for the preceding year by
18 the total of the tax mill rates for the preceding year of all taxing districts in which the
19 property was contained, exclusive of any state mill rates, that was applied to other real
20 estate in the taxing districts for the preceding taxable year. In reviewing certifications,
21 the tax commissioner may refer to any income tax return information or other
22 information available to the tax commissioner.
- 23 18. Upon receipt of the payment from the state treasurer, the county treasurer shall
24 apportion and distribute it without delay to the county and to the taxing districts of the
25 county on the same basis the general real estate tax for the preceding year is
26 apportioned and distributed.
- 27 19. The tax commissioner shall certify annually to the state treasurer for deposit in the
28 state medical center fund the amount computed by multiplying one mill times the
29 reduction allowed under this section for the preceding year for all eligible property in
30 the state.

#2
P.C.

1 20. Supplemental certifications by the county auditor and the tax commissioner and
2 supplemental payments by the state treasurer may be made after the dates prescribed
3 in this section to make any corrections necessary because of errors or approval of any
4 application for equalization or abatement filed by an individual or entity because all or
5 part of the reduction under this section was not allowed.

6 ~~SECTION 2. Section 57-02-11.3 of the North Dakota Century Code is created and enacted~~
7 ~~as follows:~~

8 ~~**57-02-11.3. Optional property valuation freeze for primary residence of owner who is**~~
9 ~~**disabled or age sixty-five or older.**~~

10 ~~An individual who is permanently and totally disabled for purposes of section 57-02-08.1,~~
11 ~~eligible for the disabled veteran credit under section 57-02-08.8, or age sixty-five or older may~~
12 ~~file an irrevocable claim that freezes the true and full valuation most recently assessed against~~
13 ~~the primary residence owned and occupied by the individual. A claim may not be made to freeze~~
14 ~~the valuation of a residence most recently assessed with a true and full valuation exceeding~~
15 ~~seven hundred thousand dollars. A property valuation freeze claimed under this section remains~~
16 ~~in effect until the first full taxable year after the claimant no longer owns and occupies the~~
17 ~~residence. A property tax freeze claimed under this section by one of the coowners of property~~
18 ~~is valid for the entire residence, regardless of the age of the other coowners. For purposes of~~
19 ~~this section, "primary residence" means a dwelling in this state owned and occupied by the~~
20 ~~applicant as that applicant's primary residence as of the assessment date of the taxable year~~
21 ~~and which is not exempt from property taxes as a farm residence.~~

22 **SECTION 2. AMENDMENT.** Section 57-20-07.1 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **57-20-07.1. County treasurer to mail real estate tax statement.**

25 On or before December twenty-sixth of each year, the county treasurer shall mail a real
26 estate tax statement to the owner of each parcel of real property at the owner's last-known
27 address. The statement must be provided in a manner that allows the taxpayer to retain a
28 printed record of the obligation for payment of taxes and special assessments as provided in
29 the statement. If a parcel of real property is owned by more than one individual, the county
30 treasurer shall send only one statement to one of the owners of that property. Additional copies

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1 of the tax statement will be sent to the other owners upon their request and the furnishing of
2 their names and addresses to the county treasurer. The tax statement must include:

3 1. Include a dollar valuation of the true and full value as defined by law of the property
4 and the total mill levy applicable. ~~The tax statement must include~~

5 2. Include, or be accompanied by a separate sheet, with three columns showing, for the
6 taxable year to which the tax statement applies and the two immediately preceding
7 taxable years, the property tax levy in dollars against the parcel by the county and
8 school district and any city or township that levied taxes against the parcel.

9 3. Include, for the taxable year to which the statement applies and the two immediately
10 preceding taxable years, an item identified as "legislative property tax relief" showing
11 the dollar amount of the property taxes against the parcel paid through legislative
12 appropriation pursuant to chapter 57-64 or section 57-02-08.9.

13 Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the
14 discount privilege past the February fifteenth deadline.

15 **SECTION 3. REPEAL.** Chapter 57-64 of the North Dakota Century Code is repealed.

16 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
17 December 31, 2012.



PROPOSED AMENDMENTS TO HOUSE BILL NO. 1273

- Page 1, line 1, replace "sections" with "section"
- Page 1, line 1, remove "and 57-02-11.3"
- Page 1, line 3, remove "and providing an optional residential property tax freeze for owners who"
- Page 1, line 4, remove "are disabled or age sixty-five or older"
- Page 1, line 4, after the semicolon insert "to amend and reenact section 57-20-07.1 of the North Dakota Century Code, relating to contents of property tax statements;"
- Page 2, line 6, replace "property" with "residence"
- Page 2, line 17, remove "five"
- Page 2, line 18, replace "thousand four hundred dollars or eighty percent, whichever is less," with "twenty percent"
- Page 2, line 19, remove "all"
- Page 2, line 19, replace "an" with "forty percent or more of the"
- Page 2, line 20, remove "eligible for the reduction under"
- Page 2, line 21, replace "subsection 1 or 2" with "in this state"
- Page 2, line 23, replace "each individual having an" with "individuals having forty percent or more of the"
- Page 2, line 24, replace "resides" with "reside"
- Page 2, line 24, remove "eligible for the reduction under"
- Page 2, line 25, replace "subsection 1 or 2" with "in this state"
- Page 2, line 26, remove "five thousand"
- Page 2, remove line 27
- Page 2, line 28, replace "to six hundred forty acres [258.99 hectares]" with "twenty percent"
- Page 2, line 29, remove "all"
- Page 2, line 29, replace "an" with "forty percent or more of the"
- Page 2, line 30, remove "eligible for the reduction under subsection 1 or 2 and do"
- Page 2, line 31, replace "not reside in residential property exempt from property taxes as a farm residence" with "in this state"
- Page 3, line 2, remove "each"
- Page 3, line 3, replace "individual" with "individuals"
- Page 3, line 3, replace "an" with "forty percent or more of the"

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2. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.
 3. Include, for the taxable year to which the statement applies and the two immediately preceding taxable years, an item identified as "legislative property tax relief" showing the dollar amount of the property taxes against the parcel paid through legislative appropriation pursuant to chapter 57-64 or section 57-02-08.9.

Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline."

Renumber accordingly



PROPOSED AMENDMENTS TO HOUSE BILL NO. 1273

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Page 3, line 3, replace "individual" with "individuals"

Page 3, line 3, replace "an" with "forty percent or more of the"

Page 3, line 3, replace "resides" with "reside"

Page 3, line 4, remove "eligible for the reduction under subsection 1 or 2 and do not"

Page 3, remove lines 5 and 6

Page 3, line 7, remove "against all agricultural property owned by that person"

Page 3, line 8, after "To" insert "initially"

Page 3, line 9, replace "October first of the year" with "September first of 2013, for taxable year 2013, and by February first of each taxable year after 2013"

Page 3, after line 8 insert "initially"

Page 3, line 11, after the underscored period insert "A claim of the reduction under this section remains in effect until the ownership of the property changes or the owner no longer qualifies for the reduction."

Page 4, line 20, remove "(1)"

Page 4, line 20, remove "residential property"

Page 4, line 23, remove "and which is not exempt from property"

Page 4, line 24, replace "taxes as a farm residence" with "and, for purposes of an agricultural or commercial property taxable valuation reduction under this section, includes a dwelling in this state rented and occupied by the applicant as that applicant's primary residence as of the assessment date of the taxable year"

Page 4, remove lines 25 through 29

Page 5, line 11, remove "in which the"

Page 5, line 12, replace "property was contained" with ", exclusive of any state mill rates, that was applied to other real estate in the taxing districts for the preceding taxable year"

Page 5, remove lines 28 and 29

Page 6, replace lines 1 through 14 with:

"SECTION 2. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement.

On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. The tax statement must ~~include~~:

1. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. ~~The tax statement must include~~

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2. Include, or be accompanied by a separate sheet; with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.
 3. Include, for the taxable year to which the statement applies and the two immediately preceding taxable years, an item identified as "legislative property tax relief" showing the dollar amount of the property taxes against the parcel paid through legislative appropriation pursuant to chapter 57-64 or section 57-02-08.9.

Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline."

Renumber accordingly