

**SENATE BILL NO. 2402**

Introduced by

Senators Hogue, Horne, J. Lee

Representatives Bellew, Berg

1 A BILL for an Act to amend and reenact section 57-02-08.1 of the North Dakota Century Code,  
2 relating to the homestead credit; and to provide an effective date.

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

4 **SECTION 1. AMENDMENT.** Section 57-02-08.1 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **57-02-08.1. Homestead credit.**

- 7 1. a. Any person sixty-five years of age or older or permanently and totally  
8 disabled, in the year in which the tax was levied, with an income that does not  
9 exceed the limitations of subdivision c is entitled to receive a reduction in the  
10 assessment on the taxable valuation on the person's homestead. An  
11 exemption under this subsection applies regardless of whether the person is  
12 the head of a family.
- 13 b. The exemption under this subsection continues to apply if the person does not  
14 reside in the homestead and the person's absence is due to confinement in a  
15 nursing home, hospital, or other care facility, for as long as the portion of the  
16 homestead previously occupied by the person is not rented to another person.
- 17 c. The exemption must be determined according to the following schedule:
- 18 (1) If the person's income is not in excess of ~~ten~~ twenty thousand dollars, a  
19 reduction of one hundred percent of the taxable valuation of the  
20 person's homestead up to a maximum reduction of ~~three~~ four thousand  
21 ~~three~~ five hundred ~~seventy-five~~ dollars of taxable valuation.
- 22 (2) If the person's income is in excess of ~~ten~~ twenty thousand dollars and  
23 not in excess of ~~twelve~~ twenty-four thousand dollars, a reduction of  
24 eighty percent of the taxable valuation of the person's homestead up to

- 1 a maximum reduction of ~~two~~ three thousand ~~seven~~ six hundred dollars  
2 of taxable valuation.
- 3 (3) If the person's income is in excess of ~~twelve~~ twenty-four thousand  
4 dollars and not in excess of ~~fourteen~~ twenty-eight thousand dollars, a  
5 reduction of sixty percent of the taxable valuation of the person's  
6 homestead up to a maximum reduction of two thousand ~~twenty-five~~  
7 seven hundred dollars of taxable valuation.
- 8 (4) If the person's income is in excess of ~~fourteen~~ twenty-eight thousand  
9 dollars and not in excess of ~~sixteen~~ thirty-two thousand dollars, a  
10 reduction of forty percent of the taxable valuation of the person's  
11 homestead up to a maximum reduction of one thousand ~~three~~ eight  
12 hundred ~~fifty~~ dollars of taxable valuation.
- 13 (5) If the person's income is in excess of ~~sixteen~~ thirty-two thousand dollars  
14 and not in excess of ~~seventeen~~ thirty-five thousand ~~five hundred~~  
15 dollars, a reduction of twenty percent of the taxable valuation of the  
16 person's homestead up to a maximum reduction of ~~six~~ nine hundred  
17 ~~seventy-five~~ dollars of taxable valuation.
- 18 d. Persons residing together, as spouses or when one or more is a dependent of  
19 another, are entitled to only one exemption between or among them under  
20 this subsection. Persons residing together, who are not spouses or  
21 dependents, who are coowners of the property are each entitled to a  
22 percentage of a full exemption under this subsection equal to their ownership  
23 interests in the property.
- 24 e. This subsection does not reduce the liability of any person for special  
25 assessments levied upon any property.
- 26 f. Any person claiming the exemption under this subsection shall sign a verified  
27 statement of facts establishing the person's eligibility.
- 28 g. A person is ineligible for the exemption under this subsection if the value of  
29 the assets of the person and any dependent residing with the person,  
30 excluding the unencumbered value of the person's residence that the person  
31 claims as a homestead, exceeds ~~fifty~~ one hundred thousand dollars, including

- 1                   the value of any assets divested within the last three years. For purposes of  
2                   this subdivision, the unencumbered valuation of the homestead is limited to  
3                   one hundred thousand dollars.
- 4                   h. The assessor shall attach the statement filed under subdivision f to the  
5                   assessment sheet and shall show the reduction on the assessment sheet.
- 6                   i. An exemption under this subsection terminates at the end of the taxable year  
7                   of the death of the applicant.
- 8                   2. a. Any person who would qualify for an exemption under subdivisions a and c of  
9                   subsection 1 except for the fact that the person rents living quarters is eligible  
10                  for refund of a portion of the person's annual rent deemed by this subsection  
11                  to constitute the payment of property tax.
- 12                  b. For the purpose of this subsection, twenty percent of the annual rent,  
13                  exclusive of any federal rent subsidy and of charges for any utilities, services,  
14                  furniture, furnishings, or personal property appliances furnished by the  
15                  landlord as part of the rental agreement, whether expressly set out in the  
16                  rental agreement, must be considered as payment made for property tax.  
17                  When any part of the twenty percent of the annual rent exceeds four percent  
18                  of the annual income of a qualified applicant, the applicant is entitled to  
19                  receive a refund from the state general fund for that amount in excess of four  
20                  percent of the person's annual income, but the refund may not be in excess of  
21                  two four hundred ~~forty~~ dollars. If the calculation for the refund is less than five  
22                  dollars, a minimum of five dollars must be sent to the qualifying applicant.
- 23                  c. Persons who reside together, as spouses or when one or more is a  
24                  dependent of another, are entitled to only one refund between or among them  
25                  under this subsection. Persons who reside together in a rental unit, who are  
26                  not spouses or dependents, are each entitled to apply for a refund based on  
27                  the rent paid by that person.
- 28                  d. Each application for refund under this subsection must be made to the tax  
29                  commissioner before the first day of June of each year by the person claiming  
30                  the refund. The tax commissioner may grant an extension of time to file an

- 1 application for good cause. The tax commissioner shall issue refunds to  
2 applicants.
- 3 e. This subsection does not apply to rents or fees paid by a person for any living  
4 quarters, including a nursing home licensed pursuant to section 23-16-01, if  
5 those living quarters are exempt from property taxation and the owner is not  
6 making a payment in lieu of property taxes.
- 7 f. A person may not receive a refund under this section for a taxable year in  
8 which that person received an exemption under subsection 1.
- 9 3. All forms necessary to effectuate this section must be prescribed, designed, and  
10 made available by the tax commissioner. The county directors of tax equalization  
11 shall make these forms available upon request.
- 12 4. A person whose homestead is a farm structure exempt from taxation under  
13 subsection 15 of section 57-02-08 may not receive any property tax credit under  
14 this section.
- 15 5. For the purposes of this section:
- 16 a. "Dependent" has the same meaning it has for federal income tax purposes.  
17 b. "Homestead" has the same meaning as provided in section 47-18-01.  
18 c. "Income" means income for the most recent complete taxable year from all  
19 sources, including the income of any dependent of the applicant, and  
20 including any county, state, or federal public assistance benefits, social  
21 security, or other retirement benefits, but excluding any federal rent subsidy,  
22 any amount excluded from income by federal or state law, and medical  
23 expenses paid during the year by the applicant or the applicant's dependent  
24 which is not compensated by insurance or other means.
- 25 d. "Medical expenses" has the same meaning as it has for state income tax  
26 purposes, except that for transportation for medical care the person may use  
27 the standard mileage rate allowed for state officer and employee use of a  
28 motor vehicle under section 54-06-09.
- 29 e. "Permanently and totally disabled" means the inability to engage in any  
30 substantial gainful activity by reason of any medically determinable physical or  
31 mental impairment which can be expected to result in death or has lasted or

1                            can be expected to last for a continuous period of not less than twelve months  
2                            as established by a certificate from a licensed physician or a written  
3                            determination of disability from the social security administration.

4                    **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after  
5                    December 31, 2008.