

HOUSE BILL NO. 1273

Introduced by

Representatives Kasper, Beadle, Becker, Bellew, Dosch, Meier, Ruby, Streyle, Thoreson
Senators Berry, Miller, Schaible

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

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

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

10 **57-02-08.9. Residential, agricultural, and commercial property tax credit -**

11 **Certification - Distribution.**

- 12 1. An individual is entitled to receive a reduction of five thousand four hundred dollars or
13 eighty percent, whichever is less, of the taxable valuation of the individual's primary
14 residence as provided in this section. A reduction under this section applies regardless
15 of whether the individual is the head of a family. If an individual is entitled to a
16 reduction in taxable valuation under this section and section 57-02-08.1 or 57-02-08.8,
17 any reduction under sections 57-02-08.1 and 57-02-08.8 must be applied first and
18 then the reduction under this section must be applied. The reduction under this
19 section, alone or in combination with any other reduction allowed by law, may not
20 exceed the taxable valuation of the primary residence.
- 21 2. An estate or trust, or a corporation or passthrough entity that owns residential property
22 used as part of a farming or ranching operation is entitled to a reduction as provided in
23 subsection 1 if that residential property is not exempt from property taxes as a farm
24 residence and is occupied as a primary residence, as of the assessment date of the

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

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

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

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

26 6. The owner of agricultural property is entitled to receive a reduction of five thousand
27 four hundred dollars or eighty percent, whichever is less, of the taxable valuation of up
28 to six hundred forty acres [258.99 hectares] of agricultural property owned by the
29 applicant if all individuals having an ownership interest in that agricultural property
30 reside in primary residences eligible for the reduction under subsection 1 or 2 and do
31 not reside in residential property exempt from property taxes as a farm residence. If

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

8 7. To claim a reduction under this section, an applicant must sign and file with the
9 assessor, by October first of the year for which a reduction is claimed, a claim form
10 containing a verified statement of facts establishing the applicant's eligibility as of
11 February first of that year.

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

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

22 10. A social security or taxpayer identification number contained in any form under this
23 section is confidential and may be disclosed only to county officers, the tax
24 commissioner, or a court and only for purposes of administering this section. A county
25 officer, the tax commissioner, or a court in possession of a form or other document
26 under this section shall delete or obscure any social security or taxpayer identification
27 number on any copy of the form or other document released to the public.

28 11. A reduction under this section is valid for the entire taxable year for which the
29 application was approved, without regard to any change of ownership of the property
30 which occurs after the assessment date. A reduction remains effective for succeeding
31 taxable years without the owner filing a claim for the exemption, but the assessor may

1 require the owner to file a renewed claim or verify eligibility for succeeding taxable
2 years.

3 12. If any applicant is found to have fraudulently claimed a reduction under this section to
4 which that applicant is not entitled, all reductions under this section for that applicant
5 for that taxable year and the ensuing two taxable years must be canceled. If an
6 applicant received a reduction that is canceled under this section, the auditor of the
7 county in which such property is located shall enter the amount of the canceled
8 reduction as omitted property on the assessment roll of property that has escaped
9 taxation.

10 13. Determinations concerning eligibility for a reduction under this section may be
11 appealed through the informal equalization process and formal abatement process.

12 14. This section does not reduce the liability of any individual for special assessments
13 levied upon any property.

14 15. For the purposes of this section:

15 a. "Dependent" has the same meaning it has for federal income tax purposes.

16 b. "Owned" means the applicant holds a present ownership interest, including
17 ownership in fee simple, holding a present life estate or other terminable present
18 ownership interest, or being a purchaser under a contract for deed, but does not
19 include a mere right of occupancy or a tenancy under a lease.

20 c. (1) "Primary residence", for purposes of a residential property taxable valuation
21 reduction under this section, means a dwelling in this state owned and
22 occupied by the applicant as that applicant's primary residence as of the
23 assessment date of the taxable year and which is not exempt from property
24 taxes as a farm residence.

25 (2) "Primary residence", for an applicant whose primary residence as of the
26 assessment date of the taxable year is exempt from property taxes as a
27 farm residence under section 57-02-08, includes up to six hundred forty
28 acres [258.99 hectares] of agricultural property owned by the applicant and
29 which contains, or is contiguous to, that residence.

30 16. Before April first of each year, the county auditor of each county shall certify to the tax
31 commissioner, on forms prescribed by the tax commissioner, the full name, address,

1 and social security or taxpayer identification number of each individual or entity for
2 whom the reduction under this section was allowed for the preceding year, the legal
3 description of the property, the taxable value of the property, the dollar amount of each
4 reduction in taxable value allowed, and the total of the tax mill rates for the preceding
5 year of all taxing districts in which the property was contained, exclusive of any state
6 mill rates, and any other information prescribed by the tax commissioner.

7 17. By June first of each year, the tax commissioner shall review the certifications under
8 subsection 16, make any required corrections, and certify to the state treasurer for
9 payment to each county the sum of the amounts computed by multiplying the
10 reduction allowed for each qualifying property in the county for the preceding year by
11 the total of the tax mill rates for the preceding year of all taxing districts in which the
12 property was contained. In reviewing certifications, the tax commissioner may refer to
13 any income tax return information or other information available to the tax
14 commissioner.

15 18. Upon receipt of the payment from the state treasurer, the county treasurer shall
16 apportion and distribute it without delay to the county and to the taxing districts of the
17 county on the same basis the general real estate tax for the preceding year is
18 apportioned and distributed.

19 19. The tax commissioner shall certify annually to the state treasurer for deposit in the
20 state medical center fund the amount computed by multiplying one mill times the
21 reduction allowed under this section for the preceding year for all eligible property in
22 the state.

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

28 **SECTION 2.** Section 57-02-11.3 of the North Dakota Century Code is created and enacted
29 as follows:

1 **57-02-11.3. Optional property valuation freeze for primary residence of owner who is**
2 **disabled or age sixty-five or older.**

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

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.