

April 16, 2013

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2036

- Page 1, line 1, replace "section 57-02-08.9" with "sections 46-03-10.1, 57-15-01.2, and 57-20-07.2"
- Page 1, line 2, after the first "to" insert "statutory references to mills, determination of political subdivision budgets, and"
- Page 1, line 2, replace "residential" with "state-paid"
- Page 1, line 2, after "tax" insert "relief"
- Page 1, line 2, after "sections" insert "57-20-07.1, 57-20-09, 57-20-21.1,"
- Page 1, line 2, after "57-51.1-07.5" insert a comma
- Page 1, line 3, after "to" insert "property tax statement information to identify legislative property tax relief for the subject property, priority for delinquent taxes, the discount for early payment of property taxes,"
- Page 1, line 4, after "taxes" insert a comma
- Page 1, line 5, after the first semicolon insert "to repeal section 57-15-01.1 of the North Dakota Century Code, relating to property tax levies;"
- Page 1, line 5, replace "an appropriation" with "appropriations"
- Page 1, line 5, remove "to provide for a legislative management
- Page 1, line 6, remove "study; to provide for a report by the tax commissioner;"
- Page 1, remove lines 9 through 24
- Page 2, remove lines 1 through 31
- Page 3, remove lines 1 through 30
- Page 4, remove 1 through 31
- Page 4, after line 31, insert:

**"SECTION 1.** Section 46-03-10.1 of the North Dakota Century Code is created and enacted as follows:

**46-03-10.1. Expression of mills references in decimal form.**

In arranging the laws for publication and in publishing and maintaining the laws, the legislative council shall change statutory references to mills in reference to property tax imposition to a decimal expression in numerals of the number of cents per dollar of taxable valuation equivalent to the number of mills stated.

**SECTION 2.** Section 57-15-01.2 of the North Dakota Century Code is created and enacted as follows:

**57-15-01.2. Taxing district budget basis.**

1. This section may not be interpreted as authority to increase any levy limitation otherwise provided by law and must be applied to determine the initial budget to be used in budget deliberations by a taxing district.
2. The initial budget to be used as the starting point for budget deliberations by the governing body of a taxing district may not exceed the final budget of that taxing district in the previous taxable year, subject to the following:
  - a. When a taxable improvement to property has been made or property has been added to the taxing district which was not taxable in the previous taxable year, the final budget of the taxing district in the previous taxable year for purposes of this section may be increased by an amount equal to the sum determined by the application of the previous year's calculated mill rate for that taxing district to the increase in taxable valuation of that property.
  - b. When a property tax exemption that existed in the previous taxable year has been reduced or no longer exists, the final budget of the taxing district in the previous taxable year for purposes of this section may be increased by an amount equal to the sum determined by the application of the previous year's calculated mill rate for that taxing district to the increase in taxable valuation of that property.
  - c. When a property tax exemption exists for property that was taxable in the previous year, the final budget of the taxing district in the previous year for purposes of this section must be reduced by the amount determined by applying the previous year's calculated mill rate for that taxing district to the reduction in the previous year's taxable valuation of that property.
  - d. When temporary mill levy increases authorized by the electors of the taxing district or mill levies authorized by state law existed in the previous taxable year but are no longer applicable or have been reduced, the final budget of the taxing district in the previous year for purposes of this section must be adjusted by an amount in dollars to reflect the expired temporary mill levy increases and the reduced or eliminated mill levies authorized by state law.
3. The final budget adopted by the taxing district must enumerate individually the change in dollars and by percentage for each line item in the final budget as compared to the initial budget as determined under this section.

**SECTION 3. 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 - Contents of 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 tax statement applies and the two immediately preceding taxable years, a line item identified as "legislative property tax relief" showing the amount in dollars paid through legislative appropriation pursuant to section 57-20-07.2 and chapter 57-64 against the property taxes levied against the property.

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.

**SECTION 4.** Section 57-20-07.2 of the North Dakota Century Code is created and enacted as follows:

**57-20-07.2. State-paid property tax relief credit.**

1. The owner of taxable property is entitled to a credit against property taxes levied against the total amount of property or mobile home taxes in dollars levied against the taxable value of the property. The credit is equal to eighteen percent of property or mobile home taxes levied in dollars against that property.
2. The owner, operator, or lessee of railroad property assessed by the state board of equalization under chapter 57-05 or public utility operative property assessed by the state board of equalization under chapter 57-06 is entitled to a credit against property taxes levied within each county against that property in the amount provided in subsection 1 against property taxes levied in dollars against that property in that county.
3. The owner, operator, or lessee of operative property of an air carrier transportation company assessed and taxed under chapter 57-32 is entitled to a credit in the amount provided in subsection 1 against property taxes in dollars levied against that property. The tax commissioner shall determine the total amount of credits under this subsection and certify the amount to the state treasurer for transfer from the general fund to the air transportation fund. The credit for each air transportation company must be allocated to each city or municipal airport authority where that company makes regularly scheduled landings, in the same manner as the tax collected from that company is allocated.
4. The tax commissioner shall estimate the amount necessary to provide each county advance payment of seventy-five percent of the amount the county and the taxing districts in the county will ultimately receive for a

taxable year under this section and certify the estimated amounts to the state treasurer by March fifteenth for transfer by April first to the county treasurer and distribution to the county and taxing districts in the county as provided in subsection 5.

5. The tax commissioner shall determine the total amount of credits under this section for each county from the abstract of the tax list filed by the county auditor under section 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner shall certify to the state treasurer for payment, by June first following receipt of the abstract of the tax list, the amount determined for each county under this subsection. No penalty or interest applies to any state payment under this section, regardless of when the payment is made. The tax commissioner shall reduce the June certification of payments to reflect the April estimated payments previously made to counties under subsection 4.
6. Upon receipt of the payment from the state treasurer under subsections 4 and 5, the county treasurer shall apportion and distribute it to the county and the taxing districts in the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.
7. After payments to counties under subsection 5 have been made, the tax commissioner shall certify to the state treasurer as necessary any supplemental amounts payable to counties or the air transportation fund or any amounts that must be returned by counties or returned from the air transportation fund for deposit in the state general fund to correct any errors in payments or reflect any abatement or compromise of taxes, court-ordered tax reduction or increase, or levy of taxes against omitted property. The county auditor shall provide any supplemental information requested by the tax commissioner after submission of the abstract of the tax list. The county treasurer shall apply to the tax commissioner for any supplemental payments to which the county treasurer believes the county is entitled.
8. Notwithstanding any other provision of law, for any property other than mobile homes, the property tax credit under this section does not apply to any property subject to payments or taxes that are stated by law to be in lieu of personal or real property taxes.

**SECTION 5. AMENDMENT.** Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

**57-20-09. Discount for early payment of tax.**

Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, after deduction of any credit allowed under section 57-20-07.2, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

**SECTION 6. AMENDMENT.** Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

**57-20-21.1. Priority for delinquent taxes.**

When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of state-paid property tax relief credit made by the state must be applied to taxes for the year for which the state-paid property tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent."

Page 6, after line 16, insert:

**"SECTION 9. REPEAL.** Section 57-15-01.1 of the North Dakota Century Code is repealed."

Page 6, after line 21 insert:

**"SECTION 11. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$338,767,000, or so much of the sum as may be necessary, to the state treasurer for the purpose of state-paid property tax relief credits under section 57-20-07.2, for the biennium beginning July 1, 2013, and ending June 30, 2015."

Page 6, remove lines 25 through 30

Page 7, remove lines 1 through 4

Page 7, line 5, replace "becomes effective July 1, 2013" with "is effective for taxable years beginning after December 31, 2012"

Re-number accordingly