

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

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

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

12 | **57-02-08.9. Residential, agricultural, and commercial property tax credit -**
13 | **Certification - Distribution.**

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

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 ~~initially~~ 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 ~~initially~~
15 claimed, a claim form containing a verified statement of facts establishing the
16 applicant's eligibility as of February first of that year. ~~A claim of the reduction under this~~
17 ~~section remains in effect until the ownership of the property changes or the owner no~~
18 ~~longer qualifies for the reduction.~~

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

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

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

1 officer, the tax commissioner, or a court in possession of a form or other document
2 under this section shall delete or obscure any social security or taxpayer identification
3 number on any copy of the form or other document released to the public.

4 11. A reduction under this section is valid for the entire taxable year for which the
5 application was approved, without regard to any change of ownership of the property
6 which occurs after the assessment date. A reduction remains effective for succeeding
7 taxable years without the owner filing a claim for the exemption, but the assessor may
8 require the owner to file a renewed claim or verify eligibility for succeeding taxable
9 years.

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

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

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

21 15. For the purposes of this section:

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

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

27 c. (1) — "Primary residence", for purposes of a residential property taxable
28 valuation reduction under this section, means a dwelling in this state owned and
29 occupied by the applicant as that applicant's primary residence as of the
30 assessment date of the taxable year and which is not exempt from property taxes
31 as a farm residence and, for purposes of an agricultural or commercial property

1 taxable valuation reduction under this section, includes a dwelling in this state
2 rented and occupied by the applicant as that applicant's primary residence as of
3 the assessment date of the taxable year.

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

9 16. Before April first of each year, the county auditor of each county shall certify to the tax
10 commissioner, on forms prescribed by the tax commissioner, the full name, address,
11 and social security or taxpayer identification number of each individual or entity for
12 whom the reduction under this section was allowed for the preceding year, the legal
13 description of the property, the taxable value of the property, the dollar amount of each
14 reduction in taxable value allowed, and the total of the tax mill rates for the preceding
15 year of all taxing districts in which the property was contained, exclusive of any state
16 mill rates, and any other information prescribed by the tax commissioner.

17 17. By June first of each year, the tax commissioner shall review the certifications under
18 subsection 16, make any required corrections, and certify to the state treasurer for
19 payment to each county the sum of the amounts computed by multiplying the
20 reduction allowed for each qualifying property in the county for the preceding year by
21 the total of the tax mill rates for the preceding year of all taxing districts~~in which the~~
22 ~~property was contained, exclusive of any state mill rates, that was applied to other real~~
23 estate in the taxing districts for the preceding taxable year. In reviewing certifications,
24 the tax commissioner may refer to any income tax return information or other
25 information available to the tax commissioner.

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

30 19. The tax commissioner shall certify annually to the state treasurer for deposit in the
31 state medical center fund the amount computed by multiplying one mill times the

1 reduction allowed under this section for the preceding year for all eligible property in
2 the state.

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

8 ~~— **SECTION 2.** Section 57-02-11.3 of the North Dakota Century Code is created and enacted~~
9 ~~as follows:~~

10 ~~— **57-02-11.3. Optional property valuation freeze for primary residence of owner who is**~~
11 ~~**disabled or age sixty-five or older.**~~

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

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

26 **57-20-07.1. County treasurer to mail real estate tax statement.**

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

1 treasurer shall send only one statement to one of the owners of that property. Additional copies
2 of the tax statement will be sent to the other owners upon their request and the furnishing of
3 their names and addresses to the county treasurer. The tax statement must ~~include~~:

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

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

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

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

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

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