

April 3, 2013

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1198

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact two new sections to chapter 57-38 and two new subdivisions to subsection 7 of section 57-38-30.3 of the North Dakota Century Code, relating to a homestead income tax credit and a commercial property income tax credit; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Homestead income tax credit.

1. An individual who has a homestead in this state is entitled to a credit against the tax imposed under section 57-38-30.3 for taxable years 2013 and 2014 in the amount of ten percent of property taxes or mobile home taxes that became due during the income tax taxable year and are paid which were levied against the individual's homestead, residential, or agricultural property in this state.
2. For purposes of this section:
 - a. "Homestead" means the dwelling occupied by the individual as the individual's primary residence in this state.
 - b. "Property taxes or mobile home taxes" includes taxes assessed by a local political subdivision but does not include special assessments.
3. The amount of the credit under this section may not exceed one thousand dollars for married persons filing a joint return or for a single individual, or five hundred dollars for married individuals filing separate returns. The amount of the credit under this section may not exceed the taxpayer's tax liability under this chapter.
4.
 - a. If the credit exceeds the taxpayer's tax liability, the tax commissioner shall issue to the taxpayer a certificate in the amount of the excess credit.
 - b. The taxpayer may redeem the certificate by delivering it to the county treasurer in any county in which the taxpayer paid property or mobile home taxes. If the taxpayer owns multiple parcels of property or mobile homes that are located in different counties, only one certificate will be issued.
 - c. At the time the certificate is redeemed, the county treasurer shall issue monetary payment to the taxpayer for the amount of the certificate.

- d. The county treasurer shall forward redeemed certificates to the tax commissioner, who shall issue payment to the county in the amount of the certificates.
5. If a parcel of property is owned by more than one taxpayer, each taxpayer is entitled to a share of the credit allowed with respect to the property or mobile home taxes levied on the parcel based on the taxpayer's respective ownership interests.
6. If an individual does not meet the filing requirements under section 57-38-31, the individual is entitled to receive a certificate in an amount calculated in the same manner as provided in subsections 1, 2, and 3. The individual shall file the certificate request form with the tax commissioner by the due date prescribed by the tax commissioner. The individual may redeem the certificate with the county treasurer as provided in subsection 4.
7. A person, estate, or trust owning agricultural property in this state is entitled to a credit under this section in the amount of ten percent of property taxes that became due during the income tax taxable year and are paid. Agricultural property that is used as the basis for the credit under subsections 1, 2, and 3 may not be used to calculate the credit under this subsection. The property tax must be passed through to the partners, shareholders, or members in proportion to their respective interest in the passthrough entity. The credit amount under this subsection is determined at the taxpayer level. The amount of the credit in excess of the taxpayer's tax liability may be carried forward for up to five taxable years unless the individual with an ownership interest in the entity has a homestead in the state as defined under subsection 2. If an individual has a homestead in this state, the individual shall receive a property tax certificate provided in subsection 4.
8. The tax commissioner may prescribe the forms, procedures, and guidelines necessary for the administration of this section.

SECTION 2. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Commercial property income tax credit.

1. A taxpayer is entitled to a credit against the tax imposed under section 57-38-30 or 57-38-30.3 for taxable years 2013 and 2014 in the amount of ten percent of property taxes or mobile home taxes that became due during the income tax taxable year and are paid which were levied against commercial property in this state. For purposes of this section, "property taxes" does not include any special assessments.
 - a. The amount of the credit under this section may not exceed one thousand dollars for any taxpayer.
 - b. The amount of the credit under this section may not exceed the taxpayer's tax liability under this chapter.
 - c. In the case of married individuals filing separately, the credit may not exceed five hundred dollars.

2. The amount of the credit under subsection 1 in excess of the taxpayer's tax liability may be carried forward for up to five taxable years.
3. If a parcel of property is owned by more than one taxpayer, each taxpayer is entitled to a share of the credit allowed with respect to the property or mobile home taxes levied on the parcel based on the taxpayer's respective ownership interests.
4. A person, estate, trust, or any passthrough entity owning commercial property in this state is entitled to a credit under this section in the amount of ten percent of property taxes that became due during the income tax taxable year and are paid. Commercial property that is used as the basis for the credit under subsections 1, 2, and 3 may not be used to calculate the credit under this subsection. The total amount of property tax paid by a passthrough entity must be allocated to the partners, shareholders, or members in proportion to their respective interest in the passthrough entity. The credit amount under this subsection must be calculated on the partners', shareholders', or members' allocated share, subject to the limitations in subsection 1.
5. The tax commissioner may prescribe the forms, procedures, and guidelines necessary for the administration of this section.

SECTION 3. Two new subdivisions to subsection 7 of section 57-38-30.3 of the North Dakota Century Code are created and enacted as follows:

A taxpayer filing a return under this section is entitled to the credit provided under section 1 of this Act.

A taxpayer filing a return under this section is entitled to the credit provided under section 2 of this Act.

SECTION 4. EFFECTIVE DATE. This Act is effective for the first two taxable years beginning after December 31, 2012."

Renumber accordingly