

**SECOND ENGROSSMENT
with Senate Amendments
REENGROSSED HOUSE BILL NO. 1198**

Introduced by

Representatives Headland, Brandenburg, Pollert

Senator Wanzek

1 A BILL for an Act to create and enact two new sections to chapter 57-38 and two new
2 subdivisions to subsection 7 of section 57-38-30.3 of the North Dakota Century Code, relating
3 to a homestead income tax credit and a commercial property income tax credit; and to provide
4 an effective date.

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

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

8 **Homestead income tax credit.**

- 9 1. An individual who has a homestead in this state is entitled to a credit against the tax
10 imposed under section 57-38-30.3 for taxable years 2013 and 2014 in the amount of
11 ten percent of property taxes or mobile home taxes that became due during the
12 income tax taxable year and are paid which were levied against the individual's
13 homestead, residential, or agricultural property in this state.
- 14 2. For purposes of this section:
- 15 a. "Homestead" means the dwelling occupied by the individual as the individual's
16 primary residence in this state.
- 17 b. "Property taxes or mobile home taxes" includes taxes assessed by a local
18 political subdivision but does not include special assessments.
- 19 3. The amount of the credit under this section may not exceed one thousand dollars for
20 married persons filing a joint return or for a single individual, or five hundred dollars for
21 married individuals filing separate returns. The amount of the credit under this section
22 may not exceed the taxpayer's tax liability under this chapter.
- 23 4. a. If the credit exceeds the taxpayer's tax liability, the tax commissioner shall issue
24 to the taxpayer a certificate in the amount of the excess credit.

- 1 b. The taxpayer may redeem the certificate by delivering it to the county treasurer in
2 any county in which the taxpayer paid property or mobile home taxes. If the
3 taxpayer owns multiple parcels of property or mobile homes that are located in
4 different counties, only one certificate will be issued.
- 5 c. At the time the certificate is redeemed, the county treasurer shall issue monetary
6 payment to the taxpayer for the amount of the certificate.
- 7 d. The county treasurer shall forward redeemed certificates to the tax
8 commissioner, who shall issue payment to the county in the amount of the
9 certificates.
- 10 5. If a parcel of property is owned by more than one taxpayer, each taxpayer is entitled to
11 a share of the credit allowed with respect to the property or mobile home taxes levied
12 on the parcel based on the taxpayer's respective ownership interests.
- 13 6. If an individual does not meet the filing requirements under section 57-38-31, the
14 individual is entitled to receive a certificate in an amount calculated in the same
15 manner as provided in subsections 1, 2, and 3. The individual shall file the certificate
16 request form with the tax commissioner by the due date prescribed by the tax
17 commissioner. The individual may redeem the certificate with the county treasurer as
18 provided in subsection 4.
- 19 7. A person, estate, or trust owning agricultural property in this state is entitled to a credit
20 under this section in the amount of ten percent of property taxes that became due
21 during the income tax taxable year and are paid. Agricultural property that is used as
22 the basis for the credit under subsections 1, 2, and 3 may not be used to calculate the
23 credit under this subsection. The property tax must be passed through to the partners,
24 shareholders, or members in proportion to their respective interest in the passthrough
25 entity. The credit amount under this subsection is determined at the taxpayer level.
26 The amount of the credit in excess of the taxpayer's tax liability may be carried forward
27 for up to five taxable years unless the individual with an ownership interest in the entity
28 has a homestead in the state as defined under subsection 2. If an individual has a
29 homestead in this state, the individual shall receive a property tax certificate provided
30 in subsection 4.

1 8. The tax commissioner may prescribe the forms, procedures, and guidelines necessary
2 for the administration of this section.

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

5 **Commercial property income tax credit.**

6 1. A taxpayer is entitled to a credit against the tax imposed under section 57-38-30 or
7 57-38-30.3 for taxable years 2013 and 2014 in the amount of ten percent of property
8 taxes or mobile home taxes that became due during the income tax taxable year and
9 are paid which were levied against commercial property in this state. For purposes of
10 this section, "property taxes" does not include any special assessments.

11 a. The amount of the credit under this section may not exceed one thousand dollars
12 for any taxpayer.

13 b. The amount of the credit under this section may not exceed the taxpayer's tax
14 liability under this chapter.

15 c. In the case of married individuals filing separately, the credit may not exceed five
16 hundred dollars.

17 2. The amount of the credit under subsection 1 in excess of the taxpayer's tax liability
18 may be carried forward for up to five taxable years.

19 3. If a parcel of property is owned by more than one taxpayer, each taxpayer is entitled to
20 a share of the credit allowed with respect to the property or mobile home taxes levied
21 on the parcel based on the taxpayer's respective ownership interests.

22 4. A person, estate, trust, or any passthrough entity owning commercial property in this
23 state is entitled to a credit under this section in the amount of ten percent of property
24 taxes that became due during the income tax taxable year and are paid. Commercial
25 property that is used as the basis for the credit under subsections 1, 2, and 3 may not
26 be used to calculate the credit under this subsection. The total amount of property tax
27 paid by a passthrough entity must be allocated to the partners, shareholders, or
28 members in proportion to their respective interest in the passthrough entity. The credit
29 amount under this subsection must be calculated on the partners', shareholders', or
30 members' allocated share, subject to the limitations in subsection 1.

1 5. The tax commissioner may prescribe the forms, procedures, and guidelines necessary
2 for the administration of this section.

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

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

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

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