

SENATE BILL NO. 2307

Introduced by

Senators Dotzenrod, Axness, Sinner

Representatives Kelsh, Mooney, Schneider

1 A BILL ~~for an Act to create and enact section 57-02-08.9, a new section to chapter 57-38, and a~~
2 ~~new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code,~~
3 ~~relating to provision of property tax relief through a residential property tax reduction and to~~
4 ~~provide a renter's income tax credit; and to provide an effective date.~~for an Act to amend and
5 reenact section 57-20-07.2 of the North Dakota Century Code, relating to extension of the
6 effective date of the state-paid property tax relief credit; 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 property tax credit – Certification – Distribution.**~~

11 ~~1. An individual is entitled to receive a reduction of fifty thousand dollars or fifty percent,~~
12 ~~whichever is less, of the true and full valuation of the individual's primary residence as~~
13 ~~provided in this section. A reduction under this section applies regardless of whether~~
14 ~~the individual is the head of a family. If an individual is entitled to a reduction in true~~
15 ~~and full valuation under this section and section 57-02-08.1 or 57-02-08.8, any~~
16 ~~reduction under this section must be applied first and then any reduction under~~
17 ~~sections 57-02-08.1 and 57-02-08.8 must be applied. The reduction under this section,~~
18 ~~alone or in combination with any other reduction allowed by law, may not exceed the~~
19 ~~true and full valuation of the primary residence.~~

20 ~~2. An estate or trust or a corporation or passthrough entity that owns residential property~~
21 ~~used as part of a farming or ranching operation is entitled to a reduction as provided in~~
22 ~~subsection 1 if that residential property is occupied as a primary residence, as of the~~
23 ~~assessment date of the taxable year, by an individual who is a beneficiary of the estate~~
24 ~~or trust or who holds an ownership interest in the corporation or passthrough entity.~~

1 ~~Either the occupant or the entity that owns the residence may be the applicant for~~
2 ~~purposes of this subsection. An estate, trust, corporation, or passthrough entity may~~
3 ~~not claim a reduction for more than one property under this section.~~

4 ~~3. The reduction under this section continues to apply if the individual does not reside in~~
5 ~~the primary residence if the individual's absence is due to confinement in a nursing~~
6 ~~home, hospital, or other care facility, for as long as that confinement lasts and the~~
7 ~~portion of the primary residence previously occupied by the individual is not rented to~~
8 ~~another individual.~~

9 ~~4. Individuals residing together, as spouses or when one or more is a dependent of~~
10 ~~another, are entitled to only one reduction between or among them under this section.~~
11 ~~Individuals residing together, who are not spouses or dependents, who are coowners~~
12 ~~of the property are each entitled to a percentage of a full reduction under this section~~
13 ~~equal to their ownership interests in the property.~~

14 ~~5. To claim the reduction under this section, an applicant must sign and file with the~~
15 ~~assessor, by March first of the year for which the initial claim for a reduction under this~~
16 ~~section is claimed, a claim form containing a verified statement of facts establishing~~
17 ~~the applicant's eligibility as of February first of that year. The reduction for that property~~
18 ~~continues to apply for subsequent years but the county director of tax equalization~~
19 ~~may require the signing and filing of an updated claim form for a subsequent year to~~
20 ~~verify continued eligibility.~~

21 ~~6. The assessor shall attach the statement filed under subsection 5 to the assessment~~
22 ~~sheet and shall show the reduction on the assessment sheet.~~

23 ~~7. All forms necessary to effectuate this section must be prescribed, designed, and made~~
24 ~~available by the tax commissioner. Claim forms must include the full name, address,~~
25 ~~and social security or taxpayer identification number of the applicant, and any other~~
26 ~~information prescribed by the tax commissioner. The tax commissioner shall include~~
27 ~~on claim forms a statement to the effect that the applicant, by signing, declares the~~
28 ~~application to be true, correct, and complete and subject to the penalties under section~~
29 ~~12.1-11-02 for making a false statement in a governmental matter. The county director~~
30 ~~of tax equalization shall make these forms available to applicants upon request.~~

- 1 ~~8. A social security or taxpayer identification number contained in any form under this~~
2 ~~section is confidential and may be disclosed only to county officers, the tax~~
3 ~~commissioner, or a court and only for purposes of administering this section. A county~~
4 ~~officer, the tax commissioner, or a court in possession of a form or other document~~
5 ~~under this section shall delete or obscure any social security or taxpayer identification~~
6 ~~number on any copy of the form or other document released to the public.~~
- 7 ~~9. A reduction under this section is effective for the entire taxable year for which the~~
8 ~~application was approved, without regard to any change of ownership of the residence~~
9 ~~which occurs after the assessment date.~~
- 10 ~~10. If any applicant is found to have claimed a reduction under this section for more than~~
11 ~~one primary residence for the same taxable year, all reductions under this section for~~
12 ~~that applicant for that taxable year and the ensuing two taxable years must be~~
13 ~~canceled. If an applicant received a reduction that is canceled under this section, the~~
14 ~~auditor of the county in which such property is located shall enter the amount of the~~
15 ~~canceled reduction as omitted property on the assessment roll of property that has~~
16 ~~escaped taxation.~~
- 17 ~~11. Determinations concerning eligibility for a reduction under this section may be~~
18 ~~appealed through the informal equalization process and formal abatement process.~~
- 19 ~~12. This section does not reduce the liability of any individual for special assessments~~
20 ~~levied upon any property.~~
- 21 ~~13. 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. "Primary residence":~~
- 28 ~~(1) For purposes of a residential property taxable valuation reduction under this~~
29 ~~section, means a dwelling, including a mobile home, in this state owned and~~
30 ~~occupied by the applicant as that applicant's primary residence as of the~~

1 ~~assessment date of the taxable year and which is not exempt from property~~
2 ~~taxes as a farm residence.~~

3 ~~(2) For an applicant whose primary residence as of the assessment date of the~~
4 ~~taxable year is exempt from property taxes as a farm residence under~~
5 ~~section 57-02-08, includes up to six hundred forty acres [258.99 hectares] of~~
6 ~~contiguous agricultural property owned by the applicant but the reduction~~
7 ~~under this paragraph is limited to forty five thousand or fifty percent,~~
8 ~~whichever is less, of the true and full valuation of the agricultural property.~~

9 ~~14. 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 true and full value of the property, the dollar amount of~~
14 ~~each reduction in true and full value allowed, and the total of the tax mill rates for the~~
15 ~~preceding year of all taxing districts in which the property was contained, exclusive of~~
16 ~~any state mill rates, and any other information prescribed by the tax commissioner.~~

17 ~~15. By June first of each year, the tax commissioner shall review the certifications under~~
18 ~~subsection 14, 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, converted to taxable valuation, allowed for each qualifying primary~~
21 ~~residence in the county for the preceding year by the total of the tax mill rates for the~~
22 ~~preceding year of all taxing districts in which the property was contained. In reviewing~~
23 ~~certifications, the tax commissioner may refer to any income tax return information or~~
24 ~~other information available to the tax commissioner.~~

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

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

~~reduction allowed under this section for the preceding year for all primary residences
in the state.~~

~~18. Supplemental certifications by the county auditor and the tax commissioner and
supplemental payments by the state treasurer may be made after the dates prescribed
in this section to make any corrections necessary because of errors or approval of any
application for equalization or abatement filed by an individual or entity because all or
part of the reduction under this section was not allowed.~~

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

~~**Renter's income tax credit - Property tax relief.**~~

~~1. An individual who rents living quarters in this state which are that individual's primary
residence is eligible for a refundable credit against state income tax liability under
section 57-38-30.3 for a portion of the individual's annual rent for that residence
deemed by this section to constitute the payment of property taxes or mobile home
taxes.~~

~~2. For purposes of this section, fifteen percent of the annual rent, exclusive of any federal
rent subsidy and of charges for any utilities, services, furniture, furnishings, or
personal property appliances furnished by the landlord as part of the rental agreement,
whether or not expressly set out in the rental agreement, is deemed to be payment
made for property taxes or mobile home taxes and the applicant is entitled to a credit
for that amount, but not in excess of nine hundred dollars.~~

~~3. Individuals who reside together in a rental unit, as spouses or when one or more is a
dependent of another, are entitled to only one credit between or among them under
this section. Individuals who reside together in a rental unit, who are not spouses or
dependents, are each entitled to apply for a portion of a full credit based on the portion
of the rent paid by the applicant.~~

~~4. This section does not apply to rents or fees paid by, or on behalf of, an individual for
any living quarters, including a nursing home licensed pursuant to section 23-16-01, if
those living quarters are exempt from property taxation and mobile home taxes and
the owner is not making a payment in lieu of property taxes.~~

1 ~~5. If any applicant is found to have fraudulently claimed and received a credit under this~~
2 ~~section, in addition to any other penalty provided by law, any credit to which that~~
3 ~~applicant would be entitled for that taxable year and the ensuing two taxable years~~
4 ~~under this section must be canceled. The tax commissioner shall seek return of any~~
5 ~~credit allowed under this section to which an applicant is not entitled.~~

6 ~~6. For purposes of a renter's credit under this section, "primary residence" means a~~
7 ~~dwelling, including a mobile home, in this state rented and occupied by the applicant~~
8 ~~as that applicant's primary residence. For purposes of a renter's credit, an individual~~
9 ~~may have more than one primary residence during a taxable year but not more than~~
10 ~~one at a time.~~

11 ~~SECTION 3. A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota~~
12 ~~Century Code is created and enacted as follows:~~

13 ~~Renter's income tax credit under section 2 of this Act.~~

14 ~~SECTION 4. EFFECTIVE DATE. This Act is effective for taxable years beginning after~~
15 ~~December 31, 2014.~~

16 **SECTION 1. AMENDMENT.** Section 57-20-07.2 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **57-20-07.2. (Effective for the first two taxable years beginning after December 31,**
19 **2012) State-paid property tax relief credit.**

- 20 1. The owner of taxable property is entitled to a credit against property taxes levied
21 against the total amount of property or mobile home taxes in dollars levied against the
22 taxable value of the property. The credit is equal to twelve percent of property or
23 mobile home taxes levied in dollars against that property.
- 24 2. The owner, operator, or lessee of railroad property assessed by the state board of
25 equalization under chapter 57-05 or public utility operative property assessed by the
26 state board of equalization under chapter 57-06 is entitled to a credit against property
27 taxes levied within each county against that property in the amount provided in
28 subsection 1 against property taxes levied in dollars against that property in that
29 county.
- 30 3. The owner, operator, or lessee of operative property of an air carrier transportation
31 company assessed and taxed under chapter 57-32 is entitled to a credit in the amount

1 provided in subsection 1 against property taxes in dollars levied against that property.
2 The tax commissioner shall determine the total amount of credits under this
3 subsection and certify the amount to the state treasurer for transfer from the general
4 fund to the air transportation fund. The credit for each air transportation company must
5 be allocated to each city or municipal airport authority where that company makes
6 regularly scheduled landings, in the same manner as the tax collected from that
7 company is allocated.

8 4. The tax commissioner shall estimate the amount necessary to provide each county
9 advance payment of seventy-five percent of the amount the county and the taxing
10 districts in the county will ultimately receive for a taxable year under this section and
11 certify the estimated amounts to the state treasurer by March fifteenth for transfer by
12 April first to the county treasurer and distribution to the county and taxing districts in
13 the county as provided in subsection 5.

14 5. The tax commissioner shall determine the total amount of credits under this section for
15 each county from the abstract of the tax list filed by the county auditor under section
16 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner
17 shall certify to the state treasurer for payment, by June first following receipt of the
18 abstract of the tax list, the amount determined for each county under this subsection.
19 No penalty or interest applies to any state payment under this section, regardless of
20 when the payment is made. The tax commissioner shall reduce the June certification
21 of payments to reflect the April estimated payments previously made to counties under
22 subsection 4.

23 6. Upon receipt of the payment from the state treasurer under subsections 4 and 5, the
24 county treasurer shall apportion and distribute it to the county and the taxing districts
25 in the county on the basis on which the general real estate tax for the preceding year
26 is apportioned and distributed.

27 7. After payments to counties under subsection 5 have been made, the tax commissioner
28 shall certify to the state treasurer as necessary any supplemental amounts payable to
29 counties or the air transportation fund or any amounts that must be returned by
30 counties or returned from the air transportation fund for deposit in the state general
31 fund to correct any errors in payments or reflect any abatement or compromise of

1 taxes, court-ordered tax reduction or increase, or levy of taxes against omitted
2 property. The county auditor shall provide any supplemental information requested by
3 the tax commissioner after submission of the abstract of the tax list. The county
4 treasurer shall apply to the tax commissioner for any supplemental payments to which
5 the county treasurer believes the county is entitled.

6 8. Notwithstanding any other provision of law, for any property other than mobile homes,
7 the property tax credit under this section does not apply to any property subject to
8 payments or taxes that are stated by law to be in lieu of personal or real property
9 taxes.

10 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
11 December 31, 2014.