

SENATE BILL NO. 2177

Introduced by

Senators Kreun, Elkin, Meyer

Representatives D. Anderson, Hatlestad, O'Brien

1 A BILL for an Act to create and enact a new section to chapter 57-02 of the North Dakota
2 Century Code, relating to an optional residential property tax freeze for seniors; and to provide
3 an effective date.

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

5 **SECTION 1.** A new section to chapter 57-02 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Optional property tax freeze for primary residence of owner who is age sixty-five or**
8 **older.**

9 1. For purposes of this section:

10 a. "Direct relative" means a spouse, parent, grandparent, uncle, aunt, child, sibling,
11 niece, or nephew, whether by blood, adoption, or marriage.

12 b. "Improvement" means any structural change to a primary residence made after
13 the most recent assessment of the property which increases the true and full
14 value of the property. The term does not include:

15 (1) Ordinary maintenance of an existing structure or the grounds of the
16 property.

17 (2) A replacement structure for a structure rendered uninhabitable or unusable
18 by a casualty or by wind or water damage, unless:

19 (a) The square footage of the replacement structure exceeds that of the
20 replaced structure as that structure existed before the casualty or
21 damage occurred; or

22 (b) The exterior of the replacement structure is of higher quality
23 construction and composition than that of the replaced structure.

- 1 c. "Primary residence" means a dwelling in this state owned and occupied by a
2 claimant as that claimant's primary residence as of the assessment date of the
3 taxable year and which is not exempt from property taxes as a farm residence.
- 4 2. An individual age sixty-five or older may file an irrevocable claim that freezes the
5 property tax most recently levied against the true and full valuation of a primary
6 residence owned and occupied by the individual. A property tax freeze claimed under
7 this section remains in effect until:
- 8 a. Subject to subsections 4 through 6, the first full taxable year after the claimant no
9 longer owns and occupies the residence; or
- 10 b. An improvement is made to the residence as provided in this section.
- 11 3. A property tax freeze claimed under this section by one of the co-owners of the
12 property is valid for the entire residence, regardless of the age of the other co-owners.
- 13 4. A property tax freeze claimed under this section continues to apply if the claimant does
14 not reside in the primary residence due to confinement in a nursing home, hospital, or
15 other care facility for up to one year of confinement, as long as the portion of the
16 primary residence previously occupied by the claimant is not rented to another person.
- 17 5. If any individual other than a direct relative of the claimant resides in the primary
18 residence, the claimant is not eligible to receive the property tax freeze under this
19 section.
- 20 6. The surviving spouse of a claimant who was eligible for a property tax freeze under
21 this section immediately preceding the claimant's death may continue to qualify for the
22 property tax freeze if the surviving spouse is age sixty-two or older and is a co-owner
23 of the primary residence.
- 24 7. A claimant who makes or causes to be made an improvement under this section may
25 file an irrevocable claim to continue the property tax freeze at the amount previously
26 provided, plus an additional amount to account for the improvement to the primary
27 residence. In determining the amount to be added to the frozen amount most recently
28 levied against the property:
- 29 a. The assessor shall determine the taxable value of the improvement; and
30 b. The county auditor shall apply to the taxable value of the improvement the mill
31 rate applied to calculate the frozen tax amount most recently levied against the

1 property. The frozen tax amount most recently levied against the property plus
2 the additional amount of tax attributable to the improvement comprises the new
3 frozen tax amount for the property.

4 8. The county auditor shall notify a claimant of the claimant's right to reapply for a
5 property tax freeze if the total mill rate that otherwise would be applied to the taxable
6 value of the property in the absence of a tax freeze is less than the mill rate applied to
7 calculate the frozen tax amount most recently levied against the property. A claimant
8 who receives notice under this subsection may file an irrevocable claim to freeze the
9 claimant's property tax using the current mill rate. In determining the new frozen tax
10 amount for the property, the county auditor shall apply the current mill rate to the
11 taxable value of the property used to calculate the frozen tax amount most recently
12 levied against the property.

13 9. All forms necessary to effectuate this section must be prescribed, designed, and made
14 available by the tax commissioner. The county directors of tax equalization shall make
15 these forms available upon request.

16 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
17 December 31, 2022.