

Sixty-ninth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2298

Introduced by

Senator Mathern

A BILL for an Act to create and enact a new section to chapter 57-02 of the North Dakota Century Code, relating to a valuation reduction for property used as a primary residence; to amend and reenact subdivision b of subsection 4 of section 15.1-27-04.1, subsection 26 of section 57-02-08, sections 57-02-08.1, 57-02-08.3, 57-02-08.9, 57-02-08.10, and 57-02-11.1, subsection 1 of section 57-23-06, and section 57-55-10 of the North Dakota Century Code, relating to the determination of state school aid, removal of the homestead credit, homestead renter refund, and the primary residence credit; to repeal sections 57-02-08.2 and 57-02-08.8 of the North Dakota Century Code, relating to the homestead credit certification and disabled veterans' credit; to provide for retroactive application; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subdivision b of subsection 4 of section 15.1-27-04.1 of the North Dakota Century Code, as effective through June 30, 2025, is amended and reenacted as follows:

- b. Subtract an amount equal to seventy-five percent of all revenue types listed in ~~subdivisions~~ subdivision c and paragraphs 1 and 2 of subdivision d of subsection 1 and revenue from payments in lieu of taxes. Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:
 - (1) Tuition revenue shall be adjusted as follows:
 - (a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility, tuition revenue received for the provision of an adult farm management program, tuition received for the education of

high-cost and special education students, and tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid as directed each school year in paragraph 3 of subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by the school district by the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a cross-border education contract; and

(b) The superintendent of public instruction also shall reduce the total tuition reported by admitting school districts meeting the requirements of subdivision e of subsection 2 of section 15.1-29-12 by the amount of tuition revenue received for the education of students residing in an adjacent school district.

(2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in 2022 by the school district for sinking and interest relative to the total mills levied in 2022 by the school district for all purposes.

SECTION 2. AMENDMENT. Subdivision b of subsection 4 of section 15.1-27-04.1 of the North Dakota Century Code, as effective after June 30, 2025, is amended and reenacted as follows:

b. Subtract an amount equal to seventy-five percent of all revenue types listed in ~~subdivision c~~ subdivision c and paragraphs 1 and 2 of subdivision d of subsection 1 and revenue from payments in lieu of taxes. Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:

(1) Tuition revenue shall be adjusted as follows:

(a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility, tuition revenue received for the provision of an adult

1 farm management program, tuition received for the education of
2 high-cost and special education students, and tuition received under
3 an agreement to educate students from a school district on an
4 air force base with funding received through federal impact aid as
5 directed each school year in paragraph 3 of subdivision c of
6 subsection 1, the superintendent of public instruction also shall reduce
7 the total tuition reported by the school district by the amount of tuition
8 revenue received for the education of students not residing in the
9 state and for which the state has not entered a cross-border education
10 contract; and

11 (b) The superintendent of public instruction also shall reduce the total
12 tuition reported by admitting school districts meeting the requirements
13 of subdivision e of subsection 2 of section 15.1-29-12 by the amount
14 of tuition revenue received for the education of students residing in an
15 adjacent school district.

16 (2) After adjusting tuition revenue as provided in paragraph 1, the
17 superintendent shall reduce all remaining revenues from all revenue types
18 by the percentage of mills levied in 2022 by the school district for sinking
19 and interest relative to the total mills levied in 2022 by the school district for
20 all purposes.

21 **SECTION 3. AMENDMENT.** Subsection 26 of section 57-02-08 of the North Dakota
22 Century Code is amended and reenacted as follows:

23 26. a. Fixtures, buildings, and improvements when owned and occupied as a
24 homestead, as hereinafter defined, by a paraplegic disabled ~~person~~individual, or
25 if the ~~person~~individual is deceased the unremarried spouse, if the income from all
26 sources of the ~~person~~individual and spouse, or if the ~~person~~individual is
27 deceased the income from all sources of the unremarried surviving spouse, in the
28 calendar year prior to the year for which the exemption is claimed did not exceed
29 ~~the maximum amount of income provided in section 57-02-08.1 for receiving a~~
30 ~~homestead credit under that section~~seventy thousand dollars.

b. To obtain the exemption for the first time, a certificate from a medical doctor who is approved by the board of county commissioners, accompanied by an affidavit, showing the facts herein required and a description of the property, must be filed with the county auditor. The affidavit and accompanying certificate must be opened to public inspection. Any ~~person~~individual claiming the exemption for any year after the first year shall furnish to the assessor or other assessment officials when requested to do so any information which the ~~person~~individual believes will support the claim for the exemption for any subsequent year.

c. For purposes of this subsection, ~~"homestead" has the meaning provided:~~

(1) "Dependent" has the same meaning it has for federal income tax purposes.

(2) "Homestead" means a homestead as described in section 47-18-01 except that it also applies to any ~~person~~individual who otherwise qualifies under the provisions of this subsection whether or not the ~~person~~individual is the head of a family.

(3) "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law with the exception of income from social security benefits, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

(4) "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the individual may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

d. The board of county commissioners ~~is hereby authorized to may~~ cancel the unpaid taxes for any year in which the ~~person~~individual has held title to the exempt property.

SECTION 4. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead ~~credit~~ renter refund.

1.
 - a. ~~Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.~~
 - b. ~~The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.~~
 - c. ~~The exemption must be determined according to the following schedule:~~
 - (1) ~~If the person's income is not in excess of forty thousand dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of nine thousand dollars of taxable valuation.~~
 - (2) ~~If the person's income is in excess of forty thousand dollars and not in excess of seventy thousand dollars, a reduction of fifty percent of the taxable valuation of the person's homestead up to a maximum reduction of four thousand five hundred dollars of taxable valuation.~~
 - d. ~~Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are co-owners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.~~
 - e. ~~This subsection does not reduce the liability of any person for special assessments levied upon any property.~~
 - f. ~~Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility. Any income information contained in the statement of facts is a confidential record.~~
 - g. ~~The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.~~

- 1 h. ~~An exemption under this subsection terminates at the end of the taxable year of~~
2 ~~the death of the applicant.~~
- 3 2. a. ~~Any person who would qualify for an exemption under subdivisions a and c of~~
4 ~~subsection 1 except for the fact that the person rents living quarters~~An individual
5 sixty-five years of age or older or permanently and totally disabled with an
6 income not in excess of seventy thousand dollars is eligible for refund of a portion
7 of the ~~person's~~individual's annual rent deemed by this subsection to constitute
8 the payment of property tax for the individual's rental homestead. A refund under
9 this section applies regardless of whether the individual is the head of a family.
- 10 b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of
11 any federal rent subsidy and of charges for any utilities, services, furniture,
12 furnishings, or personal property appliances furnished by the landlord as part of
13 the rental agreement, whether expressly set out in the rental agreement, must be
14 considered as payment made for property tax. When any part of the twenty
15 percent of the annual rent exceeds four percent of the annual income of a
16 qualified applicant, the applicant is entitled to receive a refund from the state
17 general fund for that amount in excess of four percent of the ~~person's~~individual's
18 annual income, but the refund may not be in excess of four hundred dollars. If the
19 calculation for the refund is less than five dollars, a minimum of five dollars must
20 be sent to the qualifying applicant.
- 21 c. ~~Persons~~Individuals who reside together, as spouses or when one or more is a
22 dependent of another, are entitled to only one refund between or among them
23 under this subsection. ~~Persons~~Individuals who reside together in a rental unit,
24 who are not spouses or dependents, are each entitled to apply for a refund based
25 on the rent paid by that ~~person~~individual.
- 26 d. Any individual claiming the refund under this section shall sign a verified
27 statement of facts establishing the individual's eligibility. Each application for
28 refund under this subsection must be made to the tax commissioner before the
29 first day of June of each year by the ~~person~~individual claiming the refund. Any
30 income information contained in the statement of facts is a confidential record.

1 The tax commissioner may grant an extension of time to file an application for
2 good cause. The tax commissioner shall issue refunds to applicants.

3 e. This subsection does not apply to rents or fees paid by a ~~person~~an individual for
4 any living quarters, including a nursing home licensed pursuant to section
5 23-16-01, if those living quarters are exempt from property taxation and the
6 owner is not making a payment in lieu of property taxes.

7 f. ~~A person~~An individual may not receive a refund under this section for a taxable
8 year in which that ~~person~~individual received an ~~exemption~~a valuation reduction
9 under ~~subsection 4~~section 7 of this Act.

10 ~~3.2.~~ All forms necessary to effectuate this section must be prescribed, designed, and made
11 available by the tax commissioner. The county directors of tax equalization shall make
12 these forms available upon request.

13 ~~4.~~ ~~A person~~

14 ~~3.~~ An individual whose homestead is a farm structure exempt from taxation under
15 subsection 15 of section 57-02-08 may not receive any property tax credit under this
16 section.

17 ~~5.4.~~ For the purposes of this section:

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

19 b. ~~"Homestead" has the same meaning as provided in section 47-18-01.~~

20 e. "Income" means income for the most recent complete taxable year from all
21 sources, including the income of any dependent of the applicant, and including
22 any county, state, or federal public assistance benefits, social security, or other
23 retirement benefits, but excluding any federal rent subsidy, any amount excluded
24 from income by federal or state law with the exception of income from social
25 security benefits, and medical expenses paid during the year by the applicant or
26 the applicant's dependent which is not compensated by insurance or other
27 means.

28 ~~d.c.~~ "Medical expenses" has the same meaning as it has for state income tax
29 purposes, except that for transportation for medical care the ~~person~~individual
30 may use the standard mileage rate allowed for state officer and employee use of
31 a motor vehicle under section 54-06-09.

1 e.d. "Permanently and totally disabled" means the inability to engage in any
2 substantial gainful activity by reason of any medically determinable physical or
3 mental impairment which can be expected to result in death or has lasted or can
4 be expected to last for a continuous period of not less than twelve months as
5 established by a certificate from a licensed physician or a written determination of
6 disability from the social security administration or any federal or state agency
7 that has authority to certify an individual's disability.

8 e. "Rental homestead" means a homestead as described in section 47-18-01,
9 except for the fact that the individual rents living quarters.

10 **SECTION 5. AMENDMENT.** Section 57-02-08.3 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **57-02-08.3. Homestead credit for special assessments - Certification - Lien.**

- 13 1. ~~Any person who has qualified for the property tax credit provided for in section~~
14 ~~57-02-08.1~~An individual who is sixty-five years of age or older or permanently and
15 totally disabled with an income not in excess of seventy thousand dollars may elect to
16 also qualify for ~~an additional homestead~~a credit against that ~~person's~~individual's
17 homestead for the portion of any special assessment levied by a taxing district which
18 becomes due for the same year.
- 19 2. The total amount of credits allowed for any one property must not exceed six thousand
20 dollars, adjusted annually on January first of each year after December 31, 2019, by
21 the consumer price index, excluding any interest charged by the body levying the
22 special assessment.
- 23 3. This credit may be granted only at the election of the qualifying ~~person~~individual. The
24 ~~person~~individual making the election shall do so by filing with the county auditor a
25 claim for the special assessment credit on a form prescribed by the tax commissioner.
26 The claim must be filed with the county auditor on or before February first of the year
27 in which the special assessment installment thereof becomes payable.
- 28 4. For purposes of this subsection, ~~"consumer;~~
29 a. "Consumer price index" means the percentage change in the consumer price
30 index for all urban consumers in the midwest region as determined by the United

States department of labor, bureau of labor statistics, for the most recent year ending December thirty-first.

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

c. "Homestead" means a homestead as described in section 47-18-01.

d. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law with the exception of income from social security benefits, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

e. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the individual may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.

f. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician or a written determination of disability from the social security administration or any federal or state agency that has authority to certify an individual's disability.

2-5. a. By March first of each year, the county auditor of each county shall certify to the state tax commissioner, on forms prescribed by the tax commissioner, the following information:

(1) The name and address of each ~~person~~individual for whom the special assessment credit provided for in subsection 1 was allowed for the preceding year.

(2) The amount of credit allowed for the special assessment installment thereof due for the preceding year.

1 (3) The total amount of the special assessment credits due in each special
2 assessment district.

3 (4) Other information that the tax commissioner requires.

4 b. The tax commissioner shall audit the certifications, make such corrections as
5 may be required, and certify to the state treasurer for payment to each county by
6 June first of each year the sum of the amounts computed by adding the credits
7 allowed for portions of special assessments which were due for each homestead
8 in the county for the preceding year. No more than the portion of special
9 assessments due for the preceding year shall be allowed as a credit for any
10 homestead in any year.

11 c. The county treasurer upon receipt of the payment from the state treasurer shall
12 ~~forthwith~~ apportion and distribute the payment to each special assessment district
13 in the county according to the total credits allowed for each respective special
14 assessment district.

15 d. Supplemental certifications by the county auditor and by the state tax
16 commissioner and supplemental payments by the state treasurer may be made
17 after the dates prescribed ~~herein~~ to make such corrections as may be necessary
18 because of errors ~~therein~~.

19 3-6. a. Any credit allowed under subsection 1, plus interest in the amount of six percent
20 per year from June first of the year for which the special assessment installment
21 for which a credit is taken becomes payable, creates a lien in favor of the state
22 against the property upon which the special assessment credit is allowed and
23 remains a lien upon the property from the time the credit is allowed until the lien
24 is fully satisfied by depositing the amount of the lien in the state general fund. If
25 the amount of the lien exceeds the market value of the property, the state may
26 accept the amount of the market value of the property as payment in full on the
27 lien.

28 b. (1) Except as otherwise provided in this subdivision, a transfer of title to the
29 homestead because of sale, death, or otherwise may not be made without
30 the lien being satisfied. When a credit under subsection 1 is allowed, the

county auditor shall cause a notice of lien of record to be filed against
subject property with the recorder.

(2) The recorder may not record any deed for property on which the county
auditor has determined that there is an unsatisfied lien created under this
section, except for a transfer between spouses because of the death of one
of them as provided in paragraph 3.

(3) When a transfer occurs between spouses because of the death of one of
them, the lien allowed by this section need not be satisfied until the property
is again transferred.

c. This lien has precedence over all other liens except general tax liens and prior
special assessment liens and shall not be divested at any judicial sale. A mistake
in the description of the property covered by this lien or in the name of the owner
of the property does not defeat the lien if the property can be identified by the
description in the special assessment list.

SECTION 6. AMENDMENT. Section 57-02-08.9 of the North Dakota Century Code is
amended and reenacted as follows:

**57-02-08.9. Primary residence credit - Qualification - Application. (Effective for the
first two taxable years beginning after through December 31, 20232026)**

1. ~~An individual~~For taxable year 2024:

a. A taxpayer that has not previously received a credit under this section is entitled
to a credit of five hundred dollars against the property tax due on the
~~individual's~~taxpayer's primary residence. The credit may not exceed the amount
of property tax due. The credit must be applied to reduce the property tax owed
on the ~~individual's~~taxpayer's primary residence after other exemptions or credits
under this chapter have been applied.

2. b. For purposes of this section, "primary:

(1) "Owned" means an individual holds a present ownership interest, including
ownership in fee simple, holds a present life estate or other terminable
present ownership interest, holds a beneficial interest in a qualifying trust, or
is a purchaser under a contract for deed. The term does not include a mere
right of occupancy or a tenancy under a lease.

- 1 (2) (a) "Primary residence" means a dwelling in this state owned and
2 ~~occupied by an individual as that individual's primary place of~~
3 ~~residence and includes residences taxed under chapter 57-55,~~
4 including the land, appurtenances, and improvements used in the
5 residential occupancy of the dwelling, that, subject to subparagraph b
6 and subdivision c, is:
- 7 [1] Owned by one or more individuals, directly, through a beneficial
8 interest in a qualifying trust, or through an ownership interest in a
9 corporation or passthrough entity;
- 10 [2] Designed or adapted for human residence;
- 11 [3] Used as a residence; and
- 12 [4] Occupied as a primary place of residence by an owner, by an
13 owner's surviving spouse who has a life estate in the property, or,
14 for property owned through a beneficial interest in a qualifying
15 trust, by a trustor or beneficiary of the trust who qualifies for the
16 credit.
- 17 (b) For purposes of the term:
- 18 [1] An individual may not have more than one primary residence.
- 19 [2] A primary residence includes a primary residence taxed under
20 chapter 57-55.
- 21 (3) "Qualifying trust" means a trust:
- 22 (a) In which the agreement, will, or court order creating the trust, an
23 instrument transferring property to the trust, or any other agreement
24 that is binding on the trustee provides that the trustor of the trust or a
25 beneficiary of the trust has the right to use and occupy as the trustor's
26 or beneficiary's primary residence rent free and without charge except
27 for taxes and other costs and expenses specified in the instrument or
28 court order:
- 29 [1] For life;
- 30 [2] For the lesser of life or a term of years; or

1 [3] Until the date the trust is revoked or terminated by an instrument
2 or court order that describes the property with sufficient certainty
3 to identify it and is recorded in the real property records of the
4 county in which the property is located; and

5 (b) That acquires the property in an instrument of title or under a court
6 order that:

7 [1] Describes the property with sufficient certainty to identify it and
8 the interest acquired; and

9 [2] Is recorded in the real property records of the county in which the
10 property is located.

11 (4) "Trustor" means an individual who transfers an interest in real or personal
12 property to a qualifying trust, whether during the individual's lifetime or at
13 death, or the individual's spouse.

14 ~~3.c.~~ An individual who does not reside in the primary residence ~~in this state~~ is eligible
15 for the credit under this section if the individual's absence is due to confinement
16 in a nursing home, hospital, or other care facility, for as long as that confinement
17 lasts and the portion of the primary residence previously occupied by the
18 individual is not rented to another ~~individual~~ person.

19 ~~4.d.~~ Only one credit under this section may be applied against the property taxes
20 levied against any primary residence.

21 ~~5.e.~~ An individual whose primary residence is a farm structure exempt from taxation
22 under subsection 15 of section 57-02-08 is not eligible for a credit under this
23 section.

24 ~~6.f.~~ The credit may not reduce the liability for special assessments levied upon any
25 property.

26 ~~7.g.~~ To apply for a credit under this section, an applicant shall sign and file with the
27 tax commissioner, by April first of each year, an application containing a verified
28 statement of facts establishing the applicant's eligibility as of the date of the claim
29 on a form and in the manner prescribed by the tax commissioner.

8.h. The tax commissioner, in consultation with the county auditors, shall prescribe, design, and make available all forms necessary to effectuate this section. The tax commissioner shall make these forms available upon request.

2. The credit under subsection 1 may not be claimed for taxable years after taxable year 2024, except to the extent the credit may be claimed retroactively as provided in this subsection. A taxpayer who, regardless of the application requirements and deadlines under subsection 1, qualifies for a credit under subsection 1 against taxes levied in taxable year 2024 may file an abatement claim to receive a refund of taxes paid equal to the amount of the credit allowed under subsection 1. Supplemental certifications by the county auditor and the tax commissioner and supplemental payments by the state treasurer shall be made and distributed according to the procedures provided under section 57-02-08.10, as it existed on July 1, 2025, and may be made after the dates prescribed in section 57-02-08.10, as it existed on July 1, 2025.

SECTION 7. AMENDMENT. Section 57-02-08.10 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.10. Primary residence credit - Certification - Distribution. (Effective through June 30, 2026August 1, 2025)

1. ~~By June first of each year~~June 1, 2025, the tax commissioner shall:
 - a. Review the applications received under section 57-02-08.9, as it existed on December 31, 2024, and determine which applicants qualify for the credit allowed under section 57-02-08.9, as it existed on December 31, 2024; and
 - b. Provide to each county auditor:
 - (1) A copy of each approved application under subdivision a which identifies a primary residence located in the county; and
 - (2) The sum of the credits allowed under section 57-02-08.9, as it existed on December 31, 2024, in the county for the current taxable year.
2. The county auditor shall apply the credit under section 57-02-08.9, as it existed on December 31, 2024, to each primary residence identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.
3. ~~By January first of each year, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under subsection 1 which~~

1 ~~were applied toward property taxes owed on primary residences in the county for the~~
2 ~~preceding year.~~

3 4. ~~By June first of each year after 2024~~June 1, 2025, the tax commissioner shall review a
4 sampling of information provided by the county auditor to verify the accuracy of the
5 application of the credit and certify to the state treasurer for payment to each county
6 the aggregate dollar amount of credits allowed under section 57-02-08.9, as it existed
7 on December 31, 2024, in each county for the preceding year.

8 ~~5.4.~~ Within fourteen days of receiving the payment from the state treasurer, but no later
9 than ~~June thirtieth of each year after 2024~~June 30, 2025, the county treasurer shall
10 apportion and distribute the payment to the county and to the taxing districts of the
11 county on the same basis as property taxes for the preceding year were apportioned
12 and distributed.

13 ~~6.5.~~ Supplemental certifications by the county auditor and the tax commissioner and
14 supplemental payments by the state treasurer may be made after the dates prescribed
15 in this section to make corrections necessary because of errors.

16 ~~7.6.~~ The county auditors shall provide information requested by the tax commissioner to
17 effectuate this section.

18 ~~8.7.~~ The tax commissioner shall prescribe, design, and make available all forms necessary
19 to effectuate this section.

20 **SECTION 8.** A new section to chapter 57-02 of the North Dakota Century Code is created
21 and enacted as follows:

22 **Primary residence valuation reduction - Qualification - Application - Certification -**
23 **State reimbursement.**

- 24 1. An individual is entitled to a reduction of one hundred percent of the taxable valuation
25 of the individual's primary residence up to a maximum reduction of nine thousand
26 dollars of taxable valuation as provided in this section. The reduction under this
27 section applies to a primary residence taxed as a mobile home under chapter 57-55.
28 2. A dwelling does not lose its character as a primary residence if the owner of the
29 dwelling does not reside in the primary residence because the individual is confined in
30 a nursing home, hospital, or other care facility, for as long as that confinement lasts

1 and the portion of the primary residence previously occupied by the individual is not
2 rented to another individual.

3 3. Individuals residing together who are co-owners of the property but who are not
4 spouses or dependents each are entitled to a percentage of a full reduction under
5 subsection 1 equal to their ownership interests in the property.

6 4. To apply for the reduction under this section, an owner shall sign and file with the tax
7 commissioner an application containing a verified statement of facts establishing the
8 owner's property meets the eligibility requirements to be considered a primary
9 residence under this section as of the date of the application on a form and in the
10 manner prescribed by the tax commissioner.

11 a. An application must be filed by August 1, 2025, to request a primary residence
12 valuation reduction for:

13 (1) Taxable year 2025 for a primary residence taxed as real estate under this
14 title.

15 (2) Taxable years 2025 and 2026 for a primary residence taxed as a mobile
16 home under chapter 57-55.

17 b. For primary residence valuation reductions after 2025 for a primary residence
18 taxed as real estate under this title and primary residence valuation reductions
19 after 2026 for a primary residence taxed as a mobile home under chapter 57-55,
20 an application must be filed by August first of each year to request a reduction
21 under this section beginning:

22 (1) The taxable year during which the application is filed for a primary residence
23 taxed as real estate under this title.

24 (2) The taxable year succeeding the taxable year during which the application
25 is filed for a primary residence taxed as a mobile home under chapter
26 57-55.

27 c. By October 1, 2025, the tax commissioner shall:

28 (1) Review the applications received under subdivision a and determine which
29 applications qualify for the reduction under this section; and

- 1 (2) Provide to each county director of tax equalization a copy of each approved
2 or rejected application received under subdivision a which identifies property
3 located in the county.
- 4 d. By October first of each year after 2025, the tax commissioner shall:
- 5 (1) Review the applications received under subdivision b and determine which
6 applicants qualify for the reduction under this section; and
- 7 (2) Provide to each county director of tax equalization a copy of each approved
8 or rejected application received under subdivision b which identifies property
9 located in the county.
- 10 e. The county director of tax equalization shall attach each application approved
11 under this subsection to the assessment list and list the amount of the reduction
12 on the assessment list.
- 13 f. The tax department may request additional documentation from the applicant
14 when making the determination of eligibility.
- 15 g. If any claimant is found to have claimed a reduction fraudulently under this
16 section to which that claimant is not entitled, all reductions under this section for
17 that claimant for that taxable year must be canceled. If a claimant received a
18 reduction that is canceled under this section, the auditor of the county in which
19 the property is located shall enter the amount of the canceled reduction as
20 omitted property on the assessment list of property that has escaped taxation.
- 21 h. Determinations of eligibility for a reduction under this section may be appealed
22 through the equalization and abatement process.
- 23 5. a. For taxable year 2025:
- 24 (1) The county auditor shall apply the reduction under this section to each
25 primary residence taxed as real estate under this title and identified as a
26 qualifying primary residence on the corresponding tax statement.
- 27 (2) The county auditor shall consider an application received under
28 subsection 4 for a primary residence taxed as a mobile home under chapter
29 57-55 and identified by the tax commissioner as a primary residence eligible
30 for the reduction under this section as an application for an abatement and
31 refund of taxes in an amount consistent with the reduction allowed. The

1 county auditor shall present the application for abatement and refund of
2 taxes to the board of county commissioners at its next regular meeting. The
3 county commissioners shall approve the applications filed under this
4 paragraph as soon as practicable and refunds must be issued without delay
5 according to the procedures in section 57-23-09. The application, notice,
6 and hearing requirements and procedures under chapter 57-23 and
7 sections 57-55-04.1 and 57-55-12 do not apply to an application for
8 abatement and refund filed under this paragraph.

9 b. For taxable years after 2025, the county auditor shall apply the reduction under
10 this section to each primary residence identified as a qualifying primary residence
11 on the corresponding property tax statement or mobile home tax statement.

12 6. A reduction under this section is valid for the entire taxable year for which the claim
13 was approved, without regard to any change of ownership of the property which
14 occurs after the claim was approved for the taxable year.

15 7. This section does not reduce the liability of any individual for special assessments
16 levied upon any property.

17 8. A reduction of taxable valuation under this section may not be applied to reduce the
18 taxable valuation used for purposes of determining the amount subtracted from a
19 school district's state aid payment under subdivision a of subsection 4 of section
20 15.1-27-04.1.

21 9. The tax commissioner shall prescribe, design, and make available all forms necessary
22 to effectuate this section. Application forms must include the full name and address of
23 the applicant and any other information prescribed by the tax commissioner. The
24 county director of tax equalization shall make these forms available to applicants upon
25 request.

26 10. For purposes of this section:

27 a. "Owned" means an individual holds a present ownership interest, including
28 ownership in fee simple, holds a present life estate or other terminable present
29 ownership interest, holds a beneficial interest in a qualifying trust, or is a
30 purchaser under a contract for deed. The term does not include a mere right of
31 occupancy or a tenancy under a lease.

- 1 b. (1) "Primary residence" means a dwelling in this state, including the land,
2 appurtenances, and improvements used in the residential occupancy of the
3 dwelling, which is not exempt from property taxes as a farm residence and,
4 subject to subsection 2 and paragraph 2, is:
5 (a) Owned by one or more individuals, either directly or through a
6 beneficial interest in a qualifying trust;
7 (b) Designed or adapted for human residence;
8 (c) Used as a residence; and
9 (d) Occupied as a primary place of residence by an owner, an individual
10 who has a life estate in the property, or, for property owned through a
11 beneficial interest in a qualifying trust, by a trustor or beneficiary of the
12 trust who qualifies for the reduction.
13 (2) For purposes of the term:
14 (a) An individual may not have more than one primary residence.
15 (b) A primary residence includes a primary residence taxed as a mobile
16 home under chapter 57-55.
17 c. "Qualifying trust" means a trust:
18 (1) In which the agreement, will, or court order creating the trust, an instrument
19 transferring property to the trust, or any other agreement that is binding on
20 the trustee provides that the trustor of the trust or a beneficiary of the trust
21 has the right to use and occupy as the trustor's or beneficiary's primary
22 residence rent free and without charge except for taxes and other costs and
23 expenses specified in the instrument or court order:
24 (a) For life;
25 (b) For the lesser of life or a term of years; or
26 (c) Until the date the trust is revoked or terminated by an instrument or
27 court order that describes the property with sufficient certainty to
28 identify it and is recorded in the real property records of the county in
29 which the property is located; and
30 (2) That acquires the property in an instrument of title or under a court order
31 that:

(a) Describes the property with sufficient certainty to identify it and the interest acquired; and

(b) Is recorded in the real property records of the county in which the property is located.

d. "Trustor" means an individual who transfers an interest in real or personal property to a qualifying trust, whether during the individual's lifetime or at death, or the individual's spouse.

11. a. Before January 15, 2026, the county auditor of each county shall certify to the tax commissioner, on forms prescribed by the tax commissioner the following information applicable to taxable year 2025 for primary residences taxed as real estate under this title and taxable years 2025 and 2026 for primary residences taxed as a mobile home under chapter 57-55:

(1) The full name, address, and social security or taxpayer identification number of each individual or entity for whom the reduction under this section was allowed;

(2) The legal description of the property;

(3) The taxable value of the property;

(4) The dollar amount of each reduction in taxable value allowed;

(5) The total of the tax mill rates used to calculate taxes for the corresponding year of all taxing districts in which the property was contained, exclusive of any state mill rates; and

(6) Any other information prescribed by the tax commissioner.

b. Before January fifteenth of each year after 2026, the county auditor of each county shall certify to the tax commissioner, on forms prescribed by the tax commissioner the following information applicable to the taxable year during which the application is filed for a primary residence taxed as real estate under this title and the taxable year succeeding the taxable year during which the application is filed for a primary residence taxed as a mobile home under chapter 57-55:

- (1) The full name, address, and social security or taxpayer identification number of each individual or entity for whom the reduction under this section was allowed for the corresponding taxable year;
- (2) The legal description of the property;
- (3) The taxable value of the property;
- (4) The dollar amount of each reduction in taxable value allowed;
- (5) The total of the tax mill rates used to calculate taxes for the corresponding year of all taxing districts in which the property was contained, exclusive of any state mill rates; and
- (6) Any other information prescribed by the tax commissioner.

12. a. By March 15, 2026, the tax commissioner shall:

- (1) Review the certifications under subdivision a of subsection 11, make any required corrections, and certify to the state treasurer for payment to each county the sum of the amounts computed by:
 - (a) For primary residence valuation reductions for primary residences taxed as real estate for taxable year 2025, multiplying the reduction allowed for each qualifying primary residence taxed as real estate under this title in the county for taxable year 2025 by the total of the tax mill rates for taxable year 2025 of all taxing districts in which the property was located.
 - (b) For primary residence valuation reductions for primary residences taxed as mobile homes under chapter 57-55 for taxable year 2025, multiplying the reduction allowed for each qualifying primary residence taxed as a mobile home under chapter 57-55 in the county for taxable year 2025 by the total of the tax mill rates used to calculate mobile home taxes under chapter 57-55 in taxable year 2025 of all taxing districts in which the property was located.
 - (c) For primary residence valuation reductions for primary residences taxed as mobile homes under chapter 57-55 for taxable year 2026, multiplying the reduction allowed for each qualifying primary residence taxed as a mobile home under chapter 57-55 in the county for taxable

1 year 2026 by the total of the tax mill rates used to calculate mobile
2 home taxes under chapter 57-55 in taxable year 2026 of all taxing
3 districts in which the property was located.

4 (2) Certify to the state treasurer for deposit in the state medical center fund the
5 amount computed by multiplying one mill times the reduction allowed under
6 this section for primary residences taxed as real estate for taxable year
7 2025 and mobile homes under chapter 57-55 for taxable years 2025 and
8 2026.

9 b. By March fifteenth of each year after 2026, the tax commissioner shall:

10 (1) Review the certifications under subdivision b of subsection 11, make any
11 required corrections, and certify to the state treasurer for payment to each
12 county the sum of the amounts computed by:

13 (a) Multiplying the reduction allowed for each qualifying primary residence
14 taxed as real estate under this title in the county for the preceding
15 year by the total of the tax mill rates for the preceding year of all
16 taxing districts in which the property was located.

17 (b) Multiplying the reduction allowed for each qualifying primary residence
18 taxed as as a mobile home under chapter 57-55 in the county for the
19 current year by the total of the tax mill rates used to calculate mobile
20 home taxes under chapter 57-55 for the current taxable year of all
21 taxing districts in which the property was located.

22 (2) Certify annually to the state treasurer for deposit in the state medical center
23 fund the amount computed by multiplying one mill times the reduction
24 allowed under this section for all eligible primary residences in the state for:

25 (a) The taxable year during which the application is filed for a primary
26 residence taxed as real estate under this title.

27 (b) The taxable year succeeding the taxable year during which the
28 application is filed for a primary residence taxed as a mobile home
29 under chapter 57-55.

30 c. In reviewing certifications, the tax commissioner may refer to any income tax
31 return information or other information available to the tax commissioner.

- 1 13. Within fourteen days of receiving the payment from the state treasurer, the county
2 treasurer shall apportion and distribute the payment without delay to the county and to
3 the taxing districts of the county on the same basis property taxes under this chapter
4 and mobile home taxes under chapter 57-55 were apportioned and distributed for the
5 taxable year in which the taxes were levied.
- 6 14. Supplemental certifications by the county auditor and the tax commissioner and
7 supplemental payments by the state treasurer may be made after the dates prescribed
8 in this section to make any corrections necessary because of errors or approval of any
9 application for equalization or abatement filed by an individual or entity because all or
10 part of the reduction under this section was not allowed.

11 **SECTION 9. AMENDMENT.** Section 57-02-11.1 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **57-02-11.1. Townhouses - Common areas - Assessment and taxation.**

14 Townhouse property must be classified and valued as is other property except that the
15 value of the townhouse property must be increased by the value added by the right to use any
16 common areas in connection with the townhouse development. The common areas of the
17 development may not be separately taxed. The value of a common area of the townhouse
18 development must be assessed in an equal amount to each townhouse in the development
19 unless a declaration setting out a different apportionment is recorded in the office of the county
20 recorder. The total value of the townhouse property, including the value added as provided
21 herein, must have the benefit of any homestead credit under section 57-02-08.4 or other special
22 classification if the townhouse otherwise qualifies.

23 **SECTION 10. AMENDMENT.** Subsection 1 of section 57-23-06 of the North Dakota
24 Century Code is amended and reenacted as follows:

- 25 1. Within ten days after receiving an application for abatement, the city auditor or the
26 township clerk shall give the applicant a notice of a hearing to be held before the
27 governing body of the city or township, or such other committee as it may designate, in
28 which the assessed property is located. ~~Said~~The hearing must be set for no more than
29 sixty days after the date of the notice of hearing, and in any event, must be held
30 before the recommendations provided for in subsection 2 are made. The applicant
31 may waive, in writing, the hearing before ~~such~~the governing body or designated

committee at any time before the hearing. Any recommendations provided for in subsection 2 must be transmitted to the county auditor no more than thirty days after the date set for the hearing. ~~The provisions of this subsection do not apply to applications for abatement pursuant to section 57-02-08.2.~~

SECTION 11. AMENDMENT. Section 57-55-10 of the North Dakota Century Code is amended and reenacted as follows:

57-55-10. Exemptions - Exceptions.

1. A mobile home described in this subsection to the extent herein limited is exempt from taxation under this chapter; provided, that the mobile home shall have a tax permit as provided in section 57-55-06:
 - a. If it is owned and used as living quarters of a military ~~person~~individual on active military duty in this state who is a resident of another state.
 - b. If it is owned and occupied by a welfare recipient, provided the mobile home is not permanently attached to the land and classified as real property. For the purposes of this subdivision, "welfare recipient" means any ~~person~~individual who is certified to the county director of tax equalization by the human service zone as receiving the major portion of income from any state or federal public assistance program.
 - c. ~~If it is owned and used as living quarters by a disabled veteran or unremarried surviving spouse who meets the requirements of subsection 20 of section 57-02-08 or section 57-02-08.8.~~
 - d. If it is owned and used as living quarters by a permanently and totally disabled ~~person~~individual or unremarried surviving spouse who meets the requirements of subsection 20 of section 57-02-08.
 - e.d. If it is owned and used as the living quarters for a blind ~~person~~individual who meets the requirements of subsection 22 of section 57-02-08.
 - f.e. If it is owned and used by a ~~person~~an individual who uses it as living quarters and who qualifies for the ~~homestead credit~~primary residence valuation reduction provided in ~~section 57-02-08.1~~section 8 of this Act, and the mobile home shall be regarded for the purposes of this exemption as the ~~homestead~~primary residence of the ~~person~~individual claiming the exemption.

2. This chapter does not apply to a mobile home that:

a. Is used only for the temporary living quarters of the owner or other occupant while the ~~person~~individual is engaged in recreational or vacation activities, provided the unit:

(1) Displays a current travel trailer license; or

(2) Is a park model trailer that is used only for seasonal or recreational living quarters and not as a primary residence, and which is located in a trailer park or campground, and for which the owner has paid a park model trailer fee under section 39-18-03.2. For purposes of this paragraph, "park model" trailer means a recreational vehicle not exceeding forty feet [12.19 meters] in length which is primarily designed to provide temporary living quarters for recreation, camping, or seasonal use, is built on a single chassis, is mounted on wheels, has a gross trailer area not exceeding four hundred square feet [37.16 square meters] of enclosed living space in the setup mode, and is certified by the manufacturer as complying with American national standards institute standard A119.5.

b. Qualifies as a farm residence as described by subsection 15 of section 57-02-08, provided ~~such~~the mobile home is permanently attached to a foundation.

c. Is permanently attached to a foundation and is assessed as real property, provided the owner of ~~such~~the mobile home also owns the land on which ~~such~~the mobile home is located or is in possession of the real property under the terms of a lease in recordable form which has a term that continues for at least twenty years after the date of execution with the consent of the lessor of the real property.

d. Is owned by a licensed mobile home dealer who holds ~~such~~the mobile home solely for the purpose of resale, and provided that ~~such~~the mobile home is not used as living quarters or as the place for the conducting of any business.

SECTION 12. REPEAL. Sections 57-02-08.2 and 57-02-08.8 of the North Dakota Century Code are repealed.

SECTION 13. RETROACTIVE APPLICATION. Section 6 of this Act applies retroactively as provided in subsection 2 of section 57-02-08.9.

1 **SECTION 14. EFFECTIVE DATE.** Sections 3, 4, 5, 6, 8, 9, 11, and 12 of this Act are
2 effective for taxable years beginning after December 31, 2024.