

**Tax Commissioner  
Budget No. 127  
House Bill Nos. 1006 and 1176**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2025-27 legislative appropriation	117.00	\$127,587,123 <sup>1</sup>	\$409,025,000	\$536,612,123
2023-25 legislative appropriation	<u>117.00</u>	<u>228,900,522<sup>2</sup></u>	<u>125,000</u>	<u>229,025,522</u>
2025-27 appropriation increase (decrease) to 2023-25 appropriation	0.00	(\$101,313,399)	\$408,900,000	\$307,586,601

<sup>1</sup>This amount includes \$1,000,000 of one-time funding. Excluding this amount, the agency's ongoing General Fund appropriation is \$126,587,123.

<sup>2</sup>This amount includes \$2,000,000 of one-time funding. Excluding this amount, the agency's ongoing General Fund appropriation is \$226,900,522.

**Item Description**

**New and vacant FTE pool** - The Legislative Assembly transferred \$1,119,992 for the new and vacant FTE pool line item, all of which is for estimated savings from vacant positions.

**One-time funding** - The Legislative Assembly provided \$1 million of one-time funding from the General Fund for information technology and advertising expenses related to the primary residence credit.

**Multistate Tax Audit Fund** - The collections from the Multistate Tax Commission audit and National Nexus Program are deposited in the Multistate Tax Audit Fund and the related program expenses are paid from the fund pursuant to a continuing appropriation. Excess collections are transferred to the General Fund at the end of each fiscal year. The fund is codified in North Dakota Century Code Section 57-01-20.

**Primary Residence Credit Program** - The Legislative Assembly created a Primary Residence Credit Program in House Bill No. 1158 (2023) to provide up to \$500 of property tax relief per year for each primary residence beginning with tax year 2024, paid in calendar year 2025. The Primary Residence Credit Program is available to eligible homeowners based on applications submitted to the Tax Department. The bill included \$103,225,000 from the General Fund to provide funding for the credit for the 2023-25 biennium.

In House Bill No. 1176, the Legislative Assembly increased the primary residence credit limit from \$500 to \$1,600 and appropriated \$408.9 million from the Legacy Property Tax Relief Fund derived from Legacy Fund earnings to provide funding for the credit for the 2025-27 biennium.

**Homestead Tax Credit Program and Disabled Veterans' Property Tax Credit Program** - The Homestead Tax Credit Program provides tax credits to eligible homeowners who are aged 65 or older or who are certified as

**Status/Result**

Through January 2026, the agency had estimated vacant FTE position savings of \$488,923 and used \$20,706 of the savings for accrued leave payouts, extra temporary salary funding, and extra overtime funding. The number of vacancies ranged from 7 to 11 with an average monthly vacancy rate of 8.86 FTE positions.

Through March 2026, the agency spent \$347,398 and anticipates approximately \$595,000 more to be spent by the end of the biennium leaving approximately \$50,000 from the General Fund being unspent.

For the 2023-25 biennium, \$3,113,113 was deposited in the Multistate Tax Audit Fund. The fees for the Multistate Tax Commission audit and National Nexus Program totaled \$465,078, and \$2,647,913 was transferred to the General Fund during the biennium. The balance of \$233,606 is available to pay for future fees.

For the 2025-27 biennium through March 2026, \$2,649,868 has been deposited in the fund. The fees are estimated to be \$473,507 for the 2025-27 biennium. Transfers to the General Fund for the biennium are anticipated to total \$2,631,745.

In the 2023-25 biennium, the property tax relief under the primary residence credit totaled \$65,793,706.

For the 2025-27 biennium to date through April 2026, the property tax relief under the primary residence credit totaled \$207,509,530. The Tax Department estimates the primary residence credit will total \$443,500,000 for the 2025-27 biennium and may request a deficiency appropriation if the funding available is not sufficient for the credits.

The schedules below provide information on the number of eligible homeowners, renters, disabled veterans, and the payments made in recent years.

permanently and totally disabled regardless of age. Renters who are aged 65 or older or who are certified as permanently and totally disabled regardless of age may qualify for a rent refund. The Disabled Veterans' Property Tax Credit Program provides tax credits to disabled veterans with an armed forces service-connected disability of 50 percent or greater.

The 2021 Legislative Assembly expanded the property tax credit for disabled veterans to increase the credit from the first \$6,750 of taxable value to \$8,100 of taxable value. The 2023 Legislative Assembly expanded the homestead tax credit by replacing the current six thresholds of varying income levels up to a maximum of \$42,000 with two thresholds, one for incomes up to \$40,000, and another for incomes between \$40,000 and \$70,000, and by increasing the taxable value exemption from the current limit of \$5,625 to \$9,000. The 2025 Legislative Assembly adjusted the disabled veterans' tax credit by increasing the taxable value exempt from taxation to align with the homestead tax credit.

House Bill No. 1006 includes \$60.6 million from the General Fund for the Homestead Tax Credit Program and \$29.4 million from the General Fund for the Disabled Veterans' Property Tax Credit Program and authorizes transfers between the two programs during the 2025-27 biennium as needed.

Payment Year	Number Eligible for the Programs			
	Homeowners	Renters	Disabled Veterans	Total
2016	8,659	2,749	3,111	14,519
2017	8,621	2,497	3,329	14,447
2018	9,075	2,844	3,571	15,490
2019	9,399	2,169	4,017	15,585
2020	9,316	2,565	4,375	16,256
2021	9,173	2,480	4,837	16,490
2022	8,892	2,351	5,087	16,330
2023	8,687	2,285	5,617	16,589
2024	14,627	2,544	6,073	23,244
2025	19,490	2,836	6,767	29,093

Payment Year	Payments Made Under the Programs			
	Homeowners	Renters	Disabled Veterans	Total
2016	\$6,112,599	\$772,099	\$3,544,430	\$10,429,128
2017 <sup>1</sup>	\$6,920,844	\$724,443	\$3,771,607	\$11,416,894
2018	\$7,141,146	\$788,913	\$4,083,489	\$12,013,548
2019	\$7,500,709	\$787,855	\$4,722,742	\$13,011,306
2020	\$7,629,207	\$757,872	\$5,231,637	\$13,618,716
2021	\$7,473,676	\$755,235	\$5,846,365	\$14,075,276
2022	\$7,504,783	\$723,662	\$7,200,084	\$15,428,529
2023	\$7,425,515	\$662,569	\$8,324,663	\$16,412,747
2024	\$19,523,578	\$743,638	\$9,318,894	\$29,586,110
2025 <sup>2</sup>	\$26,644,499	\$843,647	\$10,598,340	\$38,086,486

<sup>1</sup>In May 2017, the Tax Department transferred \$750,000 from the homestead tax credit line item to the disabled veterans' tax credit line item to adjust the 2015-17 biennium appropriations for the programs because the new actual disabled veterans' tax credits exceeded the appropriation, while the actual homestead tax credits were less than the appropriation.

<sup>2</sup>In April 2025, the Tax Department transferred \$1 million from the homestead tax credit line item to the disabled veterans' tax credit line item.